

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser duly authorised in this regard. Shares are available for subscription on the basis of the information contained in this Prospectus and the documents referred to herein.

## **PROSPECTUS**

# **1167 ACTIVE FUNDS ICAV**

*(an Irish collective asset-management vehicle with variable capital constituted as an umbrella fund with segregated liability between sub-funds, registered with the number C156721 and authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))*

### **INVESTMENT MANAGER**

**1167 Capital LLP**

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**GLOBAL HIGH INCOME BOND FUND  
GLOBAL TOTAL RETURN BOND FUND**

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**Dated 6 June 2018**

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## IMPORTANT INFORMATION

**If you are in any doubt about the contents of this Prospectus and the relevant Supplement, you should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**The Directors of the 1167 Active Funds ICAV (the "ICAV") whose names appear in this Prospectus under "MANAGEMENT - Directors of the ICAV" accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information. The Directors accept responsibility accordingly.**

### **AUTHORISATION BY THE CENTRAL BANK**

The ICAV is an open-ended umbrella type Irish collective asset-management vehicle with variable capital, registered number C156721 pursuant to the Act on 25 July 2016 and authorised in Ireland as undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended). There exists segregated liability between the Funds of the ICAV.

**Authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. 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 Funds of the ICAV are referred to on the title page of the Prospectus and under the section "The ICAV's Funds" below which lists the existing Funds and the Shares in issue.

The ICAV issues a Supplement to this Prospectus relating to each Fund of the ICAV. A separate Supplement will be issued at the time of establishment of each Fund. Each Supplement shall form part of, and should be read in the context of and together with, this Prospectus.

Distribution of this Prospectus (including its Supplements) is not authorised in any jurisdiction unless accompanied by the latest annual and/or, if more recent, semi-annual report of the ICAV. Such reports and this Prospectus (including its Supplements) together form the Prospectus for the subscription of Shares. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Instrument of the ICAV, copies of which are available as mentioned herein.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale or redemption of Shares other than those contained in this Prospectus (including its Supplements) and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the ICAV. Neither the delivery of this Prospectus (including its Supplements) nor the offer, placement, allotment or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

This Prospectus (including its Supplements) does not constitute, and may not be used for the purposes of, an offer or solicitation to 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 (including its Supplements) and the offering of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus (including its Supplements) comes are required to inform themselves about, and to observe, such restrictions.

Whilst this Prospectus is issued outside of the United Kingdom by the ICAV and the Directors are responsible for its contents, wherever issued, this Prospectus (a) is being communicated in the United Kingdom by 1167 Capital LLP which is authorised and regulated by the FCA, only to persons of a kind to whom this document may, for the time being, be communicated by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended), rule 4.12.1 of the New Conduct of Business Sourcebook of the FCA or any other exemption to section 238 of the FSMA (“permitted recipients”) and (b) has been approved by 1167 Capital LLP solely for the purpose of communication in the United Kingdom to such permitted recipients. Any recipient of this document who is an authorised person may (if and to the extent it is permitted to do so by the rules of the FCA applicable to it) communicate this document or any invitation or inducement to participate in the ICAV or its Shares in the United Kingdom to other authorised persons or permitted recipients but not otherwise.

**The ICAV is a recognised scheme under section 264(1) of the United Kingdom (“UK”) Financial Services and Markets Act 2000 (“FSMA”).**

Shares in the ICAV may be promoted in the UK by persons authorised for the purposes of FSMA (as set out in section 31(1) of FSMA) (“authorised persons”) and such authorised persons are not subject to restrictions on the promotion of collective investment schemes contained in section 238 of FSMA.

1176 Capital LLP maintains in the UK the facilities required of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the UK Financial Conduct Authority (“FCA”) as part of the FCA’s Handbook of Rules and Guidance governing recognised schemes. Further details as to these facilities are set out under “UK Facilities” on page 47 of this Prospectus. The ICAV does not have a permanent place of business in the UK.

As against the ICAV, and any overseas agent thereof who is not an authorised person in the UK, a UK investor will not benefit from most of the protections afforded by the UK regulatory system, and in particular will not benefit from rights under the Financial Services Compensation Scheme or access to the Financial Ombudsman Service.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “1933 Act”), or qualified under any applicable state statutes, and the Shares may not be offered, sold or transferred in the United States of America (including its territories and possessions) or to or for the benefit of, directly or indirectly, any US Person (as that term is defined herein), except pursuant to registration or an exemption. The ICAV is not, and will not be, registered under the US Investment Advisers Act of 1940, as amended (the “1940 Act”), and investors will not be entitled to the benefit of such registration. The ICAV may make a private placement of the Shares to a limited number or category of US Persons. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

Under the Instrument of the ICAV the Directors have the power to redeem or require the transfer of Shares held by or for the account of any person or entity in breach of the laws or requirements of any country or government authority or by any person or persons in circumstances where the holding of such Shares may, in the opinion of the Directors, result in legal, pecuniary, tax, regulatory or material administrative disadvantage for the ICAV or a Fund or their respective shareholders or to maintain such minimum holding of Shares as shall be prescribed from time to time by the Directors.

**Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their country of citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares. Prices of Shares in the ICAV may fall as well as rise and an investor may not get back the amount he/she invests. The difference at any one time between the Net Asset Value of Shares for the purposes of purchases and redemptions means that investment in the**

**Fund should be viewed as medium to long term. The attention of potential subscribers is drawn to the “RISK FACTORS” below and the Supplement for each Fund.**

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

#### **Erosion of Capital**

**Potential investors should note that in the event that the Directors decide in accordance with the Instrument to permit investment advisory fees and expenses of a particular Fund to be charged to the capital of the relevant Fund that this could lead to the erosion of capital in that Fund and that income will be achieved by foregoing the potential for future capital growth. For the avoidance of doubt, on redemptions of holdings, shareholders may not receive back the full amount invested. In the event that fees and/or expenses are charged to capital in respect of any Fund, details will be provided in the relevant Supplement for the Fund. The rationale for any such policy will be set out in the relevant Supplement for the Fund.**

## DIRECTORY

### 1167 ACTIVE FUNDS ICAV

<b>ICAV's Registered Office</b>	5 George's Dock IFSC Dublin 1 Ireland
<b>Directors</b>	David James Hammond (Chairman) Barry Harrington Toby Hampden-Acton
<b>Investment Manager</b>	1167 Capital LLP C/o Haggards Crowther Heathman's House 19 Heathman's Road London, SW6 4TJ United Kingdom
<b>Distributor</b>	1167 Capital LLP C/o Haggards Crowther Heathman's House 19 Heathman's Road London, SW6 4TJ United Kingdom
<b>Administrator, Registrar and Transfer Agent</b>	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
<b>Depositary</b>	Northern Trust Fiduciary Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants & Registered Auditors One Spencer Dock North Wall Quay Dublin 1 Ireland
<b>Legal Advisers</b>	Walkers The Exchange George's Dock IFSC Dublin 1 Ireland

**Irish Tax Advisers**

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

**Secretary**

KB Associates  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

**UK Facilities Agent**

1167 Capital LLP  
C/o Haggards Crowther  
Heathman's House  
19 Heathman's Road  
London, SW6 4TJ  
United Kingdom

## DEFINITIONS

The following is a glossary of certain terms used frequently throughout this Prospectus (and the relevant Supplement) including the **SUMMARY** below:

<b>“Accounting Date”</b>	the date by reference to which the annual accounts of the ICAV shall be prepared, being 31 December in each year or such other date as the Directors may from time to time decide and notified in advance to the Central Bank and to Shareholders;
<b>“Accumulating Shares”</b>	a class of Shares available in certain Funds of the ICAV which generally do not pay a dividend or other distribution as more particularly described under the heading “DIVIDEND AND REINVESTMENT POLICY”;
<b>“Act”</b>	the Irish Collective Asset-management Vehicles Act 2015 as may be amended, and all applicable notices issued by the Central Bank or conditions imposed thereunder;
<b>“Administrator”</b>	Northern Trust International Fund Administration Services (Ireland) Limited or any successor company appointed by the ICAV in accordance with the requirements of the Central Bank as administrator of the ICAV’s affairs;
<b>“Administration Agreement”</b>	an agreement dated 2 December 2016, between the ICAV and the Administrator as may be amended from time to time;
<b>“Allocation Date”</b>	the date on which new income is allocated to a Share Class;
<b>“Application Form”</b>	any application form to be completed by subscribers for Shares as prescribed by the ICAV or its delegate from time to time;
<b>“Appointed Representative”</b>	a firm or person who runs regulated activities and acts as an agent for a firm directly authorised by the FCA;
<b>“Base Currency”</b>	the currency of account of a Fund as determined by the Directors at the time of the creation of the Fund;
<b>“Business Day”</b>	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in both London and Dublin and/or such other or further places as the Directors may from time to time determine or such other day or days as may be determined by the Directors and notified to Shareholders;
<b>“Central Bank”</b>	the Central Bank of Ireland or any successor body thereto;
<b>“Central Bank UCITS Regulations”</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended;
<b>“Dealing Day”</b>	in relation to a Fund, such day or days as shall be specified in the relevant Supplement for that Fund provided that there shall be at least one Dealing Day per fortnight;
<b>“Dealing Deadline”</b>	the time by which applications must be received by the Administrator for subscriptions and redemptions as set out in the relevant Supplement for each Fund;

<b>“Depository”</b>	Northern Trust Fiduciary Services (Ireland) Limited or any successor company appointed by the ICAV and approved by the Central Bank as depository of the assets of the ICAV including those attributable to each Fund;
<b>“Depository Agreement”</b>	the agreement dated 2 December 2016, between the ICAV and the Depository as may be amended from time to time;
<b>“Directors”</b>	the directors of the ICAV, including a duly authorised committee thereof;
<b>“Distributor”</b>	1167 Capital LLP;
<b>“Distribution Agreement”</b>	an agreement between the ICAV and the Distributor dated 6 June 2018;
<b>“Distributing Shares”</b>	a class of Shares available in certain Funds of the ICAV which generally pay a dividend or other distribution as more particularly described under the heading “DIVIDEND AND REINVESTMENT POLICY”;
<b>"Duties and Charges"</b>	in relation to any Fund, means all stamp and other duties, taxes, governmental charges, brokerage, bank charges, foreign exchange spreads, interest, depository or sub-custodian charges (relating to sales and purchases), transfer fees, registration fees and other duties and charges whether in connection with the original acquisition or increase of the assets of the relevant Fund or the creation, issue, sale, conversion or repurchase of Shares or the sale or purchase of Investments or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or in connection with or arising out of or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, which, for the avoidance of doubt, includes, when calculating subscription and redemption prices, any provision for spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription and sold as a result of a redemption), but shall not include any commission payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund;
<b>"EEA"</b>	means the countries for the time being comprising the European Economic Area (being at the date of this Prospectus, European Union Member States, Norway, Iceland, Liechtenstein);
<b>"ESMA"</b>	means the European Securities and Markets Authority and any successor body from time to time carrying out all or any part of the relevant functions thereof;
<b>"ESMA Guidelines"</b>	means ESMA's Guidelines on sound remuneration policies under the UCITS Regulations and Alternative Investment Fund Managers Directive 2011/61/EU (the "AIFMD") published on 31 March 2016 as may be amended from time to time;
<b>"Exempt Investor"</b>	means any of the following Irish Residents: (i) the Administrator, for so long as the Administrator is a qualified management company as referred to in Section 739B TCA; (ii) a company carrying on life business within the meaning of Section 706 TCA; (iii) a pension scheme which is an exempt approved scheme within the meaning of Section 774 TCA, or a retirement annuity contract or Trust scheme to which Section 784 or Section 785 TCA applies; (iv) any other investment undertaking as referred to in Section

739B TCA or an investment limited partnership within the meaning of Section 739J TCA; (v) a special investment scheme as referred to in Section 737 TCA; (vi) a unit trust of a type referred to in Section 731(5)(a) TCA; (vii) a person who is entitled to exemption from income tax by virtue of Section 207(1)(b) TCA; (viii) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA in circumstances where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund; (ix) a specified company as referred to in Section 739B TCA; (x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA in circumstances where the shares are assets of a PRSA; (xi) a credit union with the meaning of Section 739B TCA; (xii) the Courts Service within the meaning of Section 739B TCA; (xiii) the National Treasury Management Agency or a Fund investment vehicle or the Irish State acting through the National Treasury Management Agency as referred to in Section 739D(kb) TCA; (xiv) the National Asset Management Agency; (xv) a company within the charge to corporation tax in accordance with Section 110(2) TCA; or (xvi) any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the 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;

<b>"FATCA"</b>	means (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any government authority or taxation authority in any other jurisdiction;
<b>"FCA"</b>	the Financial Conduct Authority of the United Kingdom;
<b>"FDI"</b>	financial derivative instruments as described herein and used by the ICAV from time to time;
<b>"Fund" or "Funds"</b>	a separate portfolio of the ICAV established by the Directors (with the prior approval of the Central Bank) from time to time with the prior approval of the Central Bank represented by one or more classes of Shares with segregated liability from the other Funds and invested in accordance with the investment objective and policies applicable to such fund as specified in the relevant Supplement;
<b>"ICAV"</b>	1167 Active Funds ICAV;
<b>"Initial Issue Date"</b>	the Business Day following the last day of the Initial Offer Period, if any, in respect of particular Shares of a Fund class and thereafter each Dealing Day or such other day or days in relation as the Directors of the ICAV may determine;
<b>"Initial Offer Period"</b>	the initial offer period, if any, for Shares of each Fund as set out in the Supplement for the relevant Fund;

<b>"Intermediary"</b>	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons;
<b>"Instrument"</b>	the instrument of incorporation of the ICAV for the time being in force and as may be modified from time to time;
<b>"Investments"</b>	any securities, instruments or obligations of whatsoever nature in which the ICAV may invest in respect of a Fund;
<b>"Investment Manager"</b>	1167 Capital LLP or any successor or any addition thereto duly appointed in accordance with the requirements of the Central Bank Regulations and/or as specified in the Supplement in respect of each Fund as the investment manager for that relevant Fund;
<b>"Investment Management Agreement"</b>	an investment management agreement between the ICAV and the Investment Manager dated 6 June 2018;
<b>"Ireland"</b>	the Republic of Ireland;
<b>"Irish Resident"</b>	means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the "Taxation" section below for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
<b>"Irish Revenue Commissioners"</b>	the Irish authority responsible for taxation;
<b>"Irish Stock Exchange"</b>	the Irish Stock Exchange Limited;
<b>"Management Share"</b>	a management share in the capital of the ICAV;
<b>"Member State"</b>	a member state of the European Union;
<b>"MiFID II"</b>	Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 and Commission Regulation (EC) No 600/2014 of 15 May 2014 and any applicable implementing EU legislation, delegated acts (directives or regulations), technical standards and including, without limitation, the MiFID Regulations and any and all Central Bank regulations, notices, guidance notes and codes of conduct issued thereunder or in connection therewith;
<b>"MiFID Regulations"</b>	means the European Communities (Markets in Financial Instruments) Regulations 2017;
<b>"Net Asset Value of a Fund"</b>	the net asset value of a Fund calculated in accordance with the provisions of the Instrument, as described under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS - Calculation of Net Asset Value" below;
<b>"Net Asset Value per Share"</b>	the net asset value per Share in respect of Shares of each Fund class calculated in accordance with the provisions of the Instrument, as described under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS – Calculation of Net

Asset Value per Share” below;

<b>“OECD”</b>	the Organisation for Economic Co-operation and Development, which includes each of Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Republic of Ireland, Israel, Italy, Japan, Republic of Korea, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States and any other country which may from time to time become a member;
<b>“Ordinarily Resident in Ireland”</b>	<p>in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes.</p> <p>in the case of a trust, means a trust that is ordinarily resident in Ireland for tax purposes</p> <p>An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (that is, he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2013 to 31 December 2013 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2017 to 31 December 2017.</p> <p>The concept of a trust’s ordinary residence is somewhat obscure and linked to its tax residence.</p>
<b>“Ordinary Resolution”</b>	a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the ICAV or on matters affecting the relevant Class, as the case may be, or a resolution in writing signed by all the Shareholders entitled to vote on such resolution;
<b>“Paying Agent”</b>	one or more paying agents appointed by the ICAV in certain jurisdictions in accordance with the requirements of the Central Bank;
<b>“Permitted US Person”</b>	a US Person who also falls within the meaning of the US Internal Revenue Code of 1986, as amended, that is subject to the US Employee Retirement Income Security Act of 1974, as amended, or is otherwise exempt from payment of US Federal Income Tax or an entity substantially all of the ownership interests in which are held by tax-exempt US Persons;
<b>“Prospectus”</b>	this document, any supplement designed to be read and construed together with and to form part of this document and the ICAV’s most recent annual report and accounts (if issued) or, if more recent, its interim report and accounts;
<b>“Recognised Exchange”</b>	any regulated stock exchange or market on which a Fund may invest. A list of these stock exchanges and markets is set out under “RECOGNISED EXCHANGES” below and is included in Article 18 of the Instrument;

<b>“Relevant Declaration”</b>	the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act;
<b>“Reporting Shares”</b>	refers to both Accumulating and Distributing Shares for which the Directors intend to seek certification as a reporting fund for United Kingdom tax purposes as more particularly described under the heading “DIVIDEND AND REINVESTMENT POLICY”.
<b>“Shares”</b>	participating shares of no par value in the capital of the ICAV, which may be designated in different classes with reference to one or more Funds. Shares of a Fund class may be denominated in currencies other than the Base Currency of the Fund;
<b>“Shareholders”</b>	holders of Shares;
<b>“Special Resolution”</b>	a resolution passed with the support of 75% or more of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the ICAV or on matters affecting the relevant Class as the case may be, or a resolution in writing signed by all the Shareholders entitled to vote on such resolution;
<b>“Subscriptions/Redemptions Account”</b>	the account in the name of the ICAV through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled, the details of which are specified in the Application Form;
<b>“Subscriber Shares”</b>	the initial issued share capital of 2 Shares of €1 each and initially designated as Subscriber Shares;
<b>“Subscriber Shareholder” or “Subscriber Shareholders”</b>	a holder or holders of Subscriber Shares;
<b>“Supplement”</b>	a document supplemental to this Prospectus which contains specific information in relation to a Fund;
<b>“TCA 1997”</b>	the Taxes Consolidation Act 1997 of Ireland;
<b>“TT”</b>	telegraphic transfer;
<b>“Taxes Act”</b>	the Taxes Consolidation Act, 1997 (of Ireland), as amended;
<b>“UCITS”</b>	means an undertaking for collective investment in transferable securities, the sole object of which is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the UCITS Regulations, of capital raised from the public, which operates on the principle of risk spreading, and the shares or units of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of the undertaking’s assets;
<b>“UK Facilities Agent”</b>	means 1167 Capital LLP;
<b>“UCITS Regulations”</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and any amendment thereto for the time being in force;

**“United Kingdom” or “UK”**

the United Kingdom of Great Britain and Northern Ireland;

**“United States”**

the United States of America, its territories and possessions, any State of United States and the District of Columbia;

**“US Person”**

A “US Person” for purposes of this Prospectus is a person who is in either of the following two categories: (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 Commodity Futures Trading Commission (“CFTC”) Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it does not satisfy any of the definitions of “U.S. person” in Rule 902 and qualifies as a “Non-United States person” under CFTC Rule 4.7.

“US Person” under Rule 902 generally includes the following:

- (i) any natural person resident in the United States;
- (ii) any partnership or corporation organised or incorporated under the laws of the United States;
- (iii) any estate of which any executor or administrator is a U.S. person;
- (iv) any trust of which any trustee is a U.S. person;
- (v) any agency or branch of a non-U.S. entity located in the United States;
- (vi) 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;
- (vii) any 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
- (viii) any partnership or corporation if:
  - (ix) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (x) (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.
- (xi) 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-United States

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.

- (xii) CFTC Rule 4.7 currently provides in relevant part that the following persons are considered “Non-United States persons”:
- (xiii) a natural person who is not a resident of the United States;
- (xiv) a partnership, corporation or other entity, other than an 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;
- (xv) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (xvi) 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 ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons 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; or
- (xvii) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

**“Valuation Point”**

the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share of the relevant class is calculated. The Valuation Point in respect of Shares of each Fund is set out in the Supplement to this document for each Fund.

In this Prospectus, unless otherwise specified, all references to “billion” are to one thousand million, to “US Dollars”, “US\$” or “cents” are to United States Dollars or cents, “£”, “GBP”, “Pounds Sterling” or “Sterling” are to pounds sterling of the United Kingdom and “Euro” or “Euros”, “€” are to the European Euro .

## SUMMARY

The following is a summary of the key information concerning the ICAV, each of its Funds and the offering of Shares of each Fund. It is derived from, and should be read in conjunction with, the full text of this Prospectus, the Supplement for the relevant Fund and with the documents available for inspection referred to under "GENERAL INFORMATION - Documents For Inspection" below.

### **The ICAV**

1167 Active Funds ICAV is an open-ended umbrella type Irish collective asset-management vehicle with variable capital, registered number C156721 pursuant to the Act on 25 July 2016 and authorised in Ireland and authorised as a UCITS by the Central Bank. There exists segregated liability between the Funds of the ICAV.

### **The ICAV's Funds**

As the ICAV is an umbrella fund, the Directors are empowered to issue and redeem Shares divided into different classes representing one or more Funds. Each Fund represents a separate portfolio of the ICAV with its own distinct investment objective and policy and is not a separate legal entity and must be approved by the Central Bank in advance.

### **Share classes**

The rights of Shareholders in the ICAV's Funds will be represented by separate classes of Share. Each Fund will have a single currency of account (the Base Currency of the Fund). However, one or more classes of Share may be created representing different currencies and/or representing different charging structures, distribution policies or other terms and conditions of issue.

The existing Funds of the ICAV are summarised under "The ICAV's Funds" in this Prospectus. Detailed information relating to each Fund is contained in the relevant Supplement.

### **Investment Objectives and Policies**

The investment objective and policy and investment powers and restrictions in respect of each Fund appear in the Supplement for the relevant Fund.

### **Dividend and Reinvestment Policy**

The amount available for distribution (if any) will vary between the classes of the Funds of the ICAV. Accumulating Shares and Distributing Shares are available for subscription in certain Funds of the ICAV.

The Supplement for each Fund sets out further information on the Directors intention with regards to any dividends or other distributions that will be paid to the holders of classes of Distributing Shares out of the earnings and profits of the Funds attributable to such classes of Distributing Shares.

The Directors do not anticipate that any dividends or other distributions will be paid to the holders of classes of Accumulating Shares of the Funds of the ICAV out of the earnings and profits of the Funds attributable to such classes of Accumulating Shares. The amount of income attributable to a class of Shares at an Allocation Date which is not distributed shall become part of the capital property of that class and, if Shares of any other class of a particular Fund were in issue at the relevant Allocation Date, the interests of the holders of Shares of one in that amount will be satisfied by an adjustment, as at the relevant Allocation Date, in the proportion of the value of the property of the relevant Fund to which the price of a Share of the relevant class is related. This adjustment will ensure that the price of a Share remains unchanged despite the transfer of income to the capital property.

**Distributor**

Pursuant to the Distribution Agreement the ICAV has appointed 1167 Capital LLP to carry out distribution and marketing services for each Fund. The Distributor is a limited liability partnership incorporated in England and authorised and regulated by the FCA.

**Investment Manager**

Pursuant to the Investment Management Agreement the ICAV has appointed 1167 Capital LLP to act as discretionary investment manager of each Fund, or any successor or any addition thereto duly appointed in accordance with the requirements of the Central Bank Regulations and/or as specified in the Supplement in respect of each Fund as the investment manager for that relevant Fund. The Investment Manager is a limited liability partnership incorporated in England and authorised and regulated by the FCA.

**Depositary**

The ICAV has appointed Northern Trust Fiduciary Services (Ireland) Limited to act as depositary to the ICAV and in respect of the assets of each Fund.

**The Administrator**

The ICAV has appointed Northern Trust International Fund Administration Services (Ireland) Limited to act as administrator of the ICAV's affairs.

**Taxation**

The attention of prospective Shareholders is drawn to "ICAV AND SHAREHOLDER TAXATION" in this Prospectus.

**Portfolio Valuations**

The portfolio attributable to each Fund will be valued for the purpose of calculating subscription and redemption prices of Shares of each Fund as of the Valuation Point for the relevant Dealing Day. The Valuation Point for Shares of each Fund is set out in the Supplement to this document for each Fund.

The method of calculation of the Net Asset Value of each Fund and the Net Asset Value per Share of each Fund is explained under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS" below.

**Initial Offers**

Initial subscriptions for Shares of each Fund will be effected on the Initial Issue Date following the termination of the Initial Offer Period, if any, in respect of Shares of the relevant Fund. The Initial Offer Period for Shares of each Fund is set out in the Supplement for each Fund.

**Subscriptions**

Thereafter investors may apply on each subscription

Dealing Day to purchase Shares of the relevant Fund at subscription prices calculated with reference to the Net Asset Value per Share of the relevant Fund as of the Valuation Point for the relevant Dealing Day. The Directors may limit or close subscriptions for Shares of a Fund at their discretion.

Details of the subscription Dealing Days and Valuation Points in respect of Shares of each Fund are set out in the Supplement for each Fund.

**Minimum Investment**

The minimum initial investment and minimum additional investment in Shares of each Fund is set out in the Supplement for the relevant Fund. The Directors may at their discretion specify different minimum subscriptions amounts for Shares of each Fund and in respect of different classes of Shares issued in respect of a Fund.

These minimums may be lowered, increased or waived at the discretion of the Directors either generally or in specific cases.

**Redemptions**

Redemptions of Shares of each Fund may be effected on each redemption Dealing Day at prices calculated with reference to the Net Asset Value per Share of the relevant Fund as of the Valuation Point for the relevant Dealing Day.

Details of the redemption Dealing Days and Valuation Points in respect of Shares of each Fund and any limitations on redemption are set out in the Supplement for each Fund.

**Minimum Redemptions and Holdings**

The minimum redemption amount and the minimum residual holding of Shares of each Fund is set out in the Supplement for each Fund.

**Publication of Prices**

The most up-to-date Net Asset Value per Share of each Fund is published following calculation on

www.bloomberg.com. In addition, the most up-to-date Net Asset Value per Share of each Fund may be obtained from the Administrator during normal business hours and may also be published in such other newspaper or journal as the Directors in their sole discretion may determine.

**Switching**

Shareholders are entitled to switch their investment in Shares of a class of a particular Fund into Shares of another class of the same Fund or of another Fund, subject to the switching terms outlined under “SUBSCRIPTIONS, REDEMPTIONS AND SWITCHING” below and in the Supplement for the relevant Fund.

**Eligible Investors**

Shares of each Fund may currently be purchased only by investors who are not a “US Person” or any other “Restricted Persons” as defined below under “SUBSCRIPTIONS, REDEMPTIONS AND SWITCHING - Subscriptions: *Eligible Investors*” below.

**Subscription and Redemption Charges**

An initial charge of up to five per cent of the Net Asset Value per Share is payable on subscription of Shares of each Fund class where provided for in the relevant Supplement. This charge, which is payable to the Investment Manager, may be waived in relation to a particular Class of Shares at the discretion of the Investment Manager. The Investment Manager is entitled to authorise the payment of the whole or part of such charge to the Distributor, sub-distributors, intermediaries and introducing agents.

A redemption charge of up to three per cent of the Net Asset Value per Share is payable on redemption of Shares of each Fund class where provided for in the relevant Supplement.

**Other Charges and Expenses**

Are detailed under “FEES AND EXPENSES” below.

**Annual and half yearly Accounting Period**

The Annual Accounting Period of the ICAV is 31 December in each year.

The half yearly accounting period of the ICAV is 30 June in each year.

The ICAV’s annual report incorporating audited financial statements will be published and sent to Shareholders within 4 months of the end of the Annual Accounting Period. The ICAV’s semi-annual report will be published and sent to Shareholders within two months of the end of the half-year period to which it relates.

**Reporting Currencies**

For the purposes of the completion of the semi-annual report and annual report and accounts of the ICAV, the reporting currency of each Fund will be its Base Currency of account.

## THE ICAV

### ***Establishment and Structure***

The ICAV was registered on 25 July 2016 with the registered number C156721 under the laws of Ireland as an open-ended umbrella type Irish collective asset-management vehicle in which different Funds may be created from time to time. There exists segregated liability between the Funds of the ICAV. The ICAV is empowered to issue and redeem Shares divided into different classes representing one or more Funds. Each Fund represents a separate portfolio of the ICAV and is not a separate legal entity. Overall responsibility for the management of the ICAV is vested in the Directors.

The ICAV is authorised in Ireland by the Central Bank as UCITS pursuant to the UCITS Regulations.

### ***The ICAV's Funds***

At the date of this Prospectus the following Funds of the ICAV have been established by the Directors with the approval of the Central Bank:

1. Global High Income Bond Fund
2. Global Total Return Bond Fund

The rights of Shareholders in each Fund are represented by separate classes of Share. Each Fund will have a single currency of account (the Base Currency of the Fund) and a separate portfolio of the ICAV will be established by the Directors in respect of the Fund. However, the Directors may at their discretion, create one or more classes of Shares of a Fund representing different currencies, charging structures, distribution policies or other terms and conditions of issue. The creation of further Share classes must be notified to and cleared in advance by the Central Bank. Such Share classes will not be represented by separate portfolios of assets but will represent different interests in the separate portfolio of assets represented by a Fund.

Additional Funds may, with the prior approval of the Central Bank, be added by the Directors.

### ***Supplements***

This Prospectus may only be issued with the relevant Supplement containing specific information relating to a particular Fund. This Prospectus and the relevant Supplement should be read and construed as one document. Supplements may be added to or removed from this Prospectus from time to time as Funds are added to the ICAV or closed, as the case may be.

The Directors may register some or all Funds in overseas jurisdictions. The cost of such registration will be borne by the appropriate Fund or Funds. Such registration may necessitate the production of documentation for a particular Fund in foreign languages and may necessitate further changes to the Prospectus and/or Supplement(s). The Directors will not consult with Shareholders prior to registering in any country or jurisdiction.

### ***Investment Objectives and Policies***

The assets of each Fund will be invested separately in accordance with the investment objectives and policies of the Fund which are set out in the Supplement to this Prospectus for the relevant Fund. The investment strategy will be set by the Investment Manager, in compliance with the investment objectives and policies of the Fund.

The investment return to Shareholders in a particular Fund is related to the Net Asset Value of that Fund which in turn is primarily determined by the performance of the portfolio of investments held by that Fund.

The Investment Manager is also generally permitted to use financial derivative instruments to more effectively manage the level of investment risk and to facilitate efficient investment and management of cash and liquidity in each Fund, as set out in more detail in Appendix I. The Investment Manager may also use financial derivative instruments for investment purposes as will be indicated in the relevant Fund Supplement. Using derivatives in this way may increase the degree of leverage in a Fund relative to the market, or by taking short positions; reduce a Fund's overall exposure to particular markets, individual securities or specific market factors, such as currency and interest rates. Where permitted by the investment objective and policy for a particular Fund, and by the investment strategy as set out in the relevant Supplements, the Investment Manager may also use short positions in derivatives to create negative exposures to certain securities or market factors, so as to benefit from falling prices, without the Fund having any corresponding or related long position.

In using derivatives, the Investment Manager's intention will be to improve the level of return generated from the level of investment risk incurred, while maintaining consistency with each Fund's investment objective. The Investment Manager's use of derivatives will however be restricted by the need to provide cover for each derivatives position taken, and by the limits on leverage and exposure set out in the relevant Supplement for a Fund.

Pending full investment of the assets attributable to a Fund after its Initial Offer Period or a substantial new subscription, a greater proportion of the assets attributable to the relevant Fund than may be anticipated by its investment objective and/or policy may for a time be held in liquid assets pending full investment of its portfolio.

Where reference to a specific index or indices is made in the investment policy of a Fund against which the performance of that Fund is measured, the ICAV may, without assuming a change in that investment policy, change the reference index or indices to any other index or indices. The reference index or indices should represent a similar or generally consistent exposure where, for reasons outside the ICAV's control, the original reference index or indices are no longer the index or indices for that exposure. Details of any change to a reference index or indices will be provided for in the accounts of the ICAV.

A Fund may be established as a feeder fund pursuant to the provisions of the UCITS Regulations ("Feeder Fund"). A Feeder Fund is a Fund which has been approved by the Central Bank to invest at least 85% of its assets in the units of another UCITS fund, by way of derogation from the provisions of the UCITS Regulations. A Fund may also convert to a Feeder Fund in accordance with the requirements of the Central Bank. Details of any such Feeder Fund established shall be disclosed in the relevant Supplement.

### ***Amendments to Investment Objectives and Policies***

The Directors are responsible for the formulation of each Fund's investment objectives and investment policies and any subsequent changes to those objectives or policies.

Subject thereto, the policy of a Fund may be amended from time to time by the Directors, if they shall deem it to be in the best interests of the relevant Fund to do so provided that a change in the investment objective and/or a material change in policy of a Fund cannot take effect without the prior written approval of all shareholders or without the approval of the shareholders of the Fund on the basis of a majority of votes cast at a general meeting. In the event of a change of objective and/or a material change in policy, on the basis of a majority of votes cast at a general meeting, a reasonable notification period shall be provided by the Directors to enable Shareholders of a particular Fund to seek to redeem their Shares prior to implementation of such changes.

## INVESTMENT RESTRICTIONS

The assets of each Fund must be invested in accordance with the restrictions on investments set out in the Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors in respect of any Fund. The ICAV will comply with the Central Bank UCITS Regulations and relevant guidance issued by the Central Bank. The principal investment restrictions applying to each Fund under the Regulations are described as follows:

### 1 Permitted Investments

Investments of a Fund are confined to:

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

### 2 Investment Restrictions

- 2.1 A Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 Subject to paragraph 2, a Fund may invest no more than 10% of net assets of a Fund in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply.

Paragraph 1 does not apply to an investment by a responsible person in US Securities known as “ Rule 144 A securities” provided that;

- (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by a Fund within 7 days at the price, or approximately at the price, which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
  - 2.4 The limit of 10% (in paragraph 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

2.5 The transferable securities and money market instruments referred to in paragraph 2.4 shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.

2.6 Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank Regulations held as ancillary liquidity shall not exceed:

10% of the NAV of the UCITS; or

where the deposit is made with the Depositary 20% of the net assets of the UCITS.

2.7 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA, a credit institution authorised in a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

2.8 Notwithstanding paragraphs 2.3, 2.6 and 2.7 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

(i) investments in transferable securities or money market instruments;

(ii) deposits; and/or

(iii) risk exposures arising from OTC derivatives transactions.

2.9 The limits referred to in paragraphs 2.3, 2.4, 2.6, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

2.10 Group companies are regarded as a single issuer for the purposes of paragraphs 2.3, 2.4, 2.6, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

2.11 A Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank and Tennessee Valley Authority.

A Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

3 Investment in Collective Investment Schemes ("CIS")

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which the Fund management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund investment in the units of such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.

#### 4 Index Tracking Fund

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

#### 5 General Provisions

- 5.1 An investment company, ICAV or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A Fund may acquire no more than:
  - (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS; or
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: 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.

- 5.3 Paragraphs 5.1 and 5.2 shall not be applicable to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public

international bodies of which one or more Member States are members;

- (iv) shares held by a Fund in the capital of a company incorporated in a non-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-Member State complies with the limits laid down in paragraphs 2.3 to 2.10, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;

Shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5 The Central Bank may allow recently authorised Funds to derogate from the provisions of paragraphs 2.3 to 2.11, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
  - (i) transferable securities;
  - (ii) money market instruments;
  - (iii) units of investment funds; or
  - (iv) financial derivative instruments.
- 5.8 A Fund may hold ancillary liquid assets.

## 6 Financial Derivative Instruments ("FDIs")

- 6.1 The Fund's global exposure relating to FDI must not exceed its total Net Asset Value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
- 6.3 Funds may invest in FDIs 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.

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

When a Fund (the "**Investing Fund**") invests in the units of another sub-fund of the ICAV (the "**Receiving Fund**"), that investment is subject to the following requirements, in addition to the provisions of paragraph 3.5:

- (i) the Receiving Fund cannot hold units in any other sub-fund within the ICAV; and
- (ii) the rate of the annual management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund's assets invested in Receiving Funds (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Receiving Funds or a combination of both) shall not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund's assets, such that there shall be no double charging of the annual management fee to the Investing Fund as a result of its investments in the Receiving Fund. This provision is also applicable to the annual fee charged by the Investment Manager where this fee is paid directly out of the assets of the Fund.

The investment restrictions apply to any investment at the time that investment is made. The Investment Manager will be responsible for ensuring that the investment restrictions applicable to each Fund are complied with and will report to the Directors accordingly.

With the exception of permitted investments including unlisted securities or units of open-ended collective investment schemes, investment by a Fund will be restricted to those Recognised Exchanges referred to in Appendix II.

It is intended that the ICAV or any Fund shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the UCITS Regulations which would permit investment by the ICAV or any Fund in securities, financial derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

Without limitation, the Directors may adopt additional investment restrictions with respect to any Fund to facilitate the distribution of Shares in the relevant Fund to the public in a particular jurisdiction. Any such additional investment restrictions will be disclosed in the Prospectus. In addition, the investment restrictions set out above may be changed from time to time by the Directors in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares in the Funds are currently offered, provided that the assets of the Fund will at all times be invested in accordance with the restrictions on investments set out in the Regulations. In the event of any such addition to, or change in, the investment restrictions applicable to any Fund, a reasonable notification period will be provided by the ICAV to enable Shareholders in the relevant Fund to redeem their Shares prior to implementation of these changes.

If the limits set forth above are exceeded for reasons beyond the control of the Investment Manager or the Sub-Investment Manager, the Investment Manager or the Sub-Investment Manager must adopt as its primary objective in its sale transactions the remedying of such situation, taking due account of the interests of the relevant Fund's Shareholders.

The ICAV may choose to impose a stricter limit than the one as set out at 3.1 above. Any adjustment to this limit will be disclosed in the relevant Supplement.

The Investment Manager and the sub-investment manager (if applicable) employ a risk management process in respect of the ICAV which enables it to accurately measure, monitor and manage the various risks associated with the FDI. A statement of this risk management process has been submitted to the Central Bank (the "**RMP**"). **A Fund will only utilise those FDIs as set out in the relevant Fund Supplement and as listed in the RMP and that have been cleared by the Central Bank.** The ICAV will, on request, provide supplementary information to Shareholders relating to the

RMP employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

## **BORROWING POLICY**

Under the Instrument, the Directors are empowered to exercise all of the borrowing powers of the ICAV, subject to any limitations under the UCITS Regulations, and to charge the assets of the ICAV as security for any such borrowings provided that all such borrowings are within the limits and conditions laid down by the Central Bank.

Under the UCITS Regulations, a Fund may borrow up to 10% of its assets provided this borrowing is on a temporary basis. A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties.

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

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

## RISK FACTORS

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

The risks which an investor should take into account include risks which are ICAV specific; that is, they apply in respect of all classes of Shares of the ICAV and all Funds of the ICAV in which investors may invest; and which are Fund specific; that is, they are specific to the Shares of the Fund in which the investor may wish to invest and arise from the investment objective, policy and strategy which is adopted in relation to the Fund and from the underlying investments in which it invests. Each prospective investor should carefully consider these risks before investing in the ICAV and in the Shares of any of its Funds.

In addition to those Risk Factors referred to in the Supplement applicable to a particular Fund and its Shares, investors should take into account the following factors when considering the risks associated with investment in the ICAV and in Shares of any particular Fund or class:-

### ***General***

**Potential investors should note that the investments of each Fund are subject to market fluctuations and other risks inherent in investing in securities of the kind and nature in which the Fund invests and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from, Shares of a Fund can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. An investor who realises Shares of a Fund after a short period may, in addition, not realise the amount originally invested in view of any initial charge made on the issue of the Shares. The difference at any one time between the Net Asset Value of Shares for the purposes of purchases and redemptions means that investment in the Fund should be viewed as medium to long term.**

***There can be no guarantee that the investment objective of a Fund will actually be achieved.***

### **Market Timing Risk**

Because a Fund may invest in foreign securities, it is particularly subject to the risk of market timing activities. The Fund generally prices foreign securities using their closing prices from the foreign markets in which they trade, typically prior to the Fund's determination of its Net Asset Value. These prices may be affected by events that occur after the close of a foreign market but before a Fund prices its Shares. In such instances, a Fund may fair value foreign securities. However, some investors may engage in frequent short-term trading in a Fund to take advantage of any price differentials that may be reflected in the Net Asset Value of the Shares. There is no assurance that fair valuation of securities can reduce or eliminate market timing. While the ICAV monitors trading in Shares, there is no guarantee that it can detect all market timing activities.

### **Valuation**

In the event that investments are held which are not listed or dealt on any Recognised Exchange, such investments may be valued by "competent people" who are connected with the Investment Manager and who may have a conflict of interest in relation to any such valuation. For example, where a performance fee is payable, if the value of the assets increases, the performance fee could increase. The Directors have stated under "CONFLICTS OF INTEREST" below that they will ensure any conflict of interest which arises will be resolved fairly and in the interests of Shareholders. When valuing securities of this nature the competent person has a duty to act with care and in good faith in valuing the relevant investment.

### ***Subscriptions/Redemptions Account Risk***

1. Subscription monies will become the property of a Fund upon receipt and accordingly investors will be treated as a general creditor of a Fund during the period between receipt of subscription monies and the issue of Shares. Subscription monies received in advance of Dealing Deadline may be subject to negative interest rates.
2. Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of redemption proceeds or dividend payments. In such circumstances, the Administrator will process any redemption request received by a Shareholder and by doing so that investor will no longer be considered a Shareholder notwithstanding that they have not received the redemption proceeds. Accordingly, Shareholders should note that any redemption proceeds and any sums payable by way of dividend being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund. In the event of the insolvency of the ICAV or the relevant Fund, the Shareholder will rank as an unsecured creditor of the ICAV until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released or the dividend paid (as applicable) to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the ICAV or Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.
3. As detailed under the heading "SUBSCRIPTIONS, REDEMPTIONS AND SWITCHING" below, the Administrator also operates the Subscriptions/Redemptions Account with respect to receipt of subscription monies. In this scenario, the investor is subject to the risk of becoming an unsecured creditor in the event of the insolvency of the ICAV or the relevant Fund during the period between receipt of subscription monies and the Dealing Day on which the Shares are issued.
4. In the event of an insolvency of the ICAV or the relevant Fund, the rights of the investor to money held in the Subscriptions/Redemptions Account which have been received from the investor in advance of Shares being issued, are those of an unsecured creditor of the ICAV. In such a case the investor will not be a Shareholder.
5. The ICAV reserves the right to reverse any allotment of Shares in the event of a failure by the Shareholder to settle the subscription monies on a timely basis. In such circumstances, the ICAV shall compulsorily redeem any Shares issued and the Shareholder shall be liable for any loss suffered by the ICAV in the event that the redemption proceeds are less than the amount originally subscribed for. For the avoidance of doubt, the relevant Shareholder shall not be entitled to any profit arising from such a redemption of shares in the event that the redemption proceeds are worth more than the amount originally subscribed for.

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

### ***Political and/or Regulatory Risks***

The value of the assets attributable to a Fund may be affected by uncertainties such as national, regional or international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

## **United Kingdom Referendum Regarding Departure from the European Union**

On Thursday June 23, 2016, voters in the United Kingdom referendum (the "Referendum") on the question of whether to remain or leave the European Union (the "EU") voted in a majority in favor of leaving the EU. This historic event is widely expected to have consequences that are both profound and uncertain for the economic and political future of the United Kingdom and the EU, and those consequences include a significant legal and business uncertainties pertaining to an investment in the Fund. Due to the very recent occurrence of the Referendum, the full scope and nature of the consequences are not at this time known and are unlikely to be known for a significant period of time. At the same time, it is reasonable to assume that the significant uncertainty in the business, legal and political environment engendered by the Referendum has resulted in immediate and longer term risks that would not have been applicable in the absence of the outcome of the Referendum ("**BREXIT Risks**").

Those risks include short and long term market volatility and currency volatility, macroeconomic risk to the UK and European economies, impetus for further disintegration of the EU and related political stresses (including those related to sentiment against cross border capital movements and activities of investors like the Fund), prejudice to financial services businesses that are conducting business in the EU and which are based in the UK, disruption to regulatory regimes related to the operations of the Fund and the Investment Manager, legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations in view of the expected steps to be taken pursuant to or in contemplation of Article 50 of the Treaty on European Union and negotiations undertaken under Article 218 of the Treaty on the Functioning of the European Union, and the unavailability of timely information as to expected legal, tax and other regimes.

In view of these risks and their application to the Manager and the Fund, prospective investors should take into account the significance of the BREXIT Risks upon a prospective investment in the Fund. The operations of the Fund will coincide with the period during which many of the BREXIT Risks are expected to materialise and be more sharply defined, and prospective investors should take into account the wide ranging and serious nature of these risks, and retain advice as needed, for purposes of evaluating an investment in the Fund. There can be no assurance that the BREXIT Risks will not alter, and alter significantly, the attractiveness of an investment in the Fund by, among other things, giving risk to impediments to the intended implementation of the business strategy of the Fund that would have material effects on performance, including the potential for capital losses, delays, legal and regulatory risk and general uncertainty.

### ***Depositary Risks***

All banks, custodians, depositaries, brokers and dealers with which a Fund will be doing business, may encounter financial difficulties that impair the operational capabilities or capital position of the Fund. Although the Investment Manager as applicable intends to confine each Fund's investments transactions to transferable securities listed on Recognised Exchanges, or other investments permitted by the investment restrictions set out in the section entitled "Investment Restrictions" above, the relevant Investment Manager, will generally have sole discretion to select the financial institutions through which their investment transactions are executed for the underlying investments.

The Depositary and its delegates, if any, will have custody of a Fund's securities, cash, distributions and rights accruing to the Funds' securities accounts. If the Depositary or a delegate holds cash on behalf of a Fund, the Fund may be an unsecured creditor in the event of the insolvency of the Depositary or delegates. Although this is generally done to reduce or diversify risk, there can be no assurance that holding securities through the Depositary or its delegates will eliminate custodial risk.

The Funds will be subject to credit risk with respect to the Depositary and the delegates, if any.

In addition, certain of a Fund's assets may be held by entities other than the Depositary and its delegates. For example, a Fund may provide certain of its assets as collateral to counterparties or brokers in connection with derivatives contracts. If a Fund has over-collateralised derivative contracts, it is likely to be an unsecured creditor of any such counterparty or broker in the event of its insolvency.

The Funds may invest in markets where custodial and/or settlement systems are not fully developed including Emerging Market Countries (as defined below). The assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of sub-custodians is necessary may be exposed to risk. "Emerging Market Country" means any market not included in the following group of industrialised countries: Australia, Austria, Belgium, Bermuda, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States.

In particular, investors should be aware that there is a heightened depositary risk for Funds which may invest in certain countries (including Emerging Marketing Countries) outside of the EU (each a "third country") where the laws of the third country require that the financial instruments are held in custody by a local entity and no local entities satisfy the delegation requirements in the Regulations. Accordingly such entities may not be subject to effective prudential regulation and supervision in the third country or subject to external audit to ensure that the financial instruments are in its possession. In such circumstances, the Depositary may delegate its custody duties under the Depositary Agreement to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements in the Regulations, and only where: (i) Shareholders of the relevant Fund are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation; and (ii) the ICAV, has instructed the Depositary to delegate the custody of such financial instruments to such a local entity.

### ***Foreign Exchange Risk***

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not correspond with the securities positions held.

The Net Asset Value per Share of a Fund will be computed in its Base Currency whereas the investments held for the account of a Fund may be acquired in other currencies. A Fund's Net Asset Value may change significantly when the currencies other than the Base Currency in which some of the Fund's investments are denominated strengthen or weaken against the Base Currency. Currency exchange rates generally are determined by supply and demand in the foreign exchange markets and the perceived relative merits of investments in different countries. Currency exchange rates can also be affected unpredictably by intervention by Government or central banks or by currency controls or political developments.

In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described above. In addition, where a Fund enters into "cross-hedging" transactions (e.g., utilising a currency different from the currency in which the security being hedged is denominated), the Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Fund securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that a forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial quantity of securities are being held for a Fund and are unrelated to the qualitative rating that may be assigned to any particular security..

As identified in the relevant Supplement where it is the intention to hedge currency risk at a Share class level, and where subscription monies and redemption monies are paid in a currency other than the Base Currency of the Fund, investors should be aware that there is an exchange rate risk if such other currencies depreciate against the Base Currency and consequently they may not realise the full amount of their investment in the Fund.

### ***Counterparty and Settlement Considerations***

A Fund will be exposed to credit risk on the counterparties with which it trades in relation to options, futures, contracts and other derivative financial instruments that are not traded on a Recognised Exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. A Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the ICAV trades such instruments, which could result in substantial losses to the ICAV and the relevant Fund.

The ICAV will be obliged to pay margin deposits and option premiums to brokers in relation to futures and option contracts entered into for each Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The Investment Manager will seek to minimise this risk by trading only through high quality names.

A Fund will also be exposed to a credit risk on parties with whom the ICAV trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Shareholders should also note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the ICAV and the relevant Fund in respect to investments in emerging markets. Shareholders should also note that the securities of small capitalisation companies as well as the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the relevant Fund.

### ***Registration Risk***

In some emerging market countries evidence of legal title to shares is maintained in “book-entry” form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers’ representative must physically travel to a registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the ICAV, the purchasers’ representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller’s account maintained on the register and credit such purchased shares to the purchaser’s account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for the ICAV to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If the ICAV register were to be destroyed or mutilated, the ICAV’s holding in respect of a Fund of the relevant shares of the ICAV could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the ICAV and, therefore, a Fund as a result thereof. While the registrar and the ICAV may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the ICAV would be able to bring successfully a claim in respect of a Fund against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the ICAV as the registered holder of shares previously purchased by or in respect of a Fund due to the destruction of the ICAV’s register.

### ***Cross Liability of Funds***

The ICAV is an umbrella fund with segregated liability between sub-funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund, and the assets of other Funds may not be used to satisfy any such liability. In addition, any contract entered into by the ICAV will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Funds other than the Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency.

These provisions, while binding in an Irish court which would be the primary venue for an action to enforce a debt against the ICAV, have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between sub-funds.

### ***Investing in Emerging Markets***

Where a Fund invests in emerging markets, such investments require consideration of certain risks typically not associated with investing in securities in more developed markets.

Numerous emerging market countries have recently experienced serious and potentially continuing, economic and political problems. Stock markets in many emerging countries are relatively small and risky. Investors are often limited in their investment and divestment activities. Additional restrictions may be imposed under emergency conditions. Emerging market securities may decline or fluctuate because of economic and political actions of emerging market governments and less regulated or liquid securities markets. Investors holding the securities are also exposed to emerging market currency risk (the possibility that that emerging market currency will fluctuate against the Base Currency of a Fund). The legal infrastructure and accounting, auditing and reporting standards in emerging market countries in which a Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

The legal and regulatory environment is sometimes uncertain and the standards of corporate governance, accounting, auditing and reporting standards may not provide the same degree of investor information and protection as would apply in more developed markets. Furthermore, corporate governance, investor protection, settlement, clearing, registration and custody procedures may be underdeveloped which increases the risk of error, fraud or default.

Investors' attention is also drawn to the risks referred to as "**Liquidity and Settlement Risks**", "**Political Risks**" and "**Depositary Risks**" outlined in this section.

### ***Liquidity and Settlement Risks***

The Funds will be exposed to a credit risk on parties with whom they trade and may also bear the risk of settlement default. Some of the markets in which the Funds will invest may be less liquid, less developed and more volatile than the world's leading stock markets and this may result in fluctuations in the price of the Shares. In addition, market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks to a Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

### ***Political Risks***

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

## ***Risks of Investing in Russia***

Investments in companies organised in or who principally do business in the independent states that were once part of the Soviet Union, including the Russian Federation pose special risks, including economic and political unrest and may lack a transparent and reliable legal system for enforcing the rights of creditors and shareholders of the Funds. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions. While the Funds may invest to a limited extent in Russian equities traded on the relevant Recognised Exchanges listed in the Prospectus, the exposure to Russian traded securities shall not constitute the principal focus of the Fund.

Evidence of legal title to shares in a Russian company is maintained in book entry form. In order to register an interest of the Fund's shares an individual must travel to the ICAV's registrar and open an account with the registrar. The individual will be provided with an extract of the share register detailing his interests but the only document recognised as conclusive evidence of title is the register itself. Registrars are not subject to effective government supervision. There is a possibility that the Funds could lose their registration through fraud, negligence, oversight or catastrophe such as a fire. Registrars are not required to maintain insurance against these occurrences and are unlikely to have sufficient assets to compensate the Funds in the event of loss. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of legislation, the Funds may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Funds may find it impossible to enforce its right against third parties. Neither the Fund, the Directors, the Investment Manager, the Depositary nor any of their agents make any representation or warranty in respect of, or in guarantee of, the operations or performance of any registrar or sub-custodian.

## ***Derivatives' Risk***

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, 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 markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of derivatives for hedging purposes also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) possible impediments to effective portfolio management or the ability to meet redemption.

In relation to investment in derivative instruments, the use of these instruments involves special risks including (i) dependence on the ability to predict movements in the prices of securities underlying the financial derivative instruments and movements in interest or currency rates; (ii) imperfect correlation between the financial derivative instruments and the securities or market sectors to which they relate; (iii) greater volatility than the securities and/or markets to which they relate; (iv) liquidity risk when, for example, a particular derivative instrument is difficult to purchase or sell; (v) market risk, where the market value of the financial derivative instrument changes in a way that is detrimental to the Fund; (vi) potential conflicts of interest (vii) counterparty risk, where the counterparty with which the Fund trades becomes insolvent, bankrupt or defaults; (viii) settlement risk, where a counterparty defaults in settling a trade; and (ix) legal risk, where the enforceability of a financial derivative instrument contract may be an issue.

## ***Over-the-Counter ("OTC") Transactions and Counterparty Risk***

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. The leaders of the G20 have agreed that all standardised OTC derivative contracts should be traded on exchanges or

electronic trading platforms, where appropriate, and cleared through central counterparties, that OTC derivative contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

In the United States, rules and regulations required under the Dodd-Frank Act, have recently begun to become effective and comprehensively regulate the OTC derivatives markets for the first time. The CFTC has recently required that certain interest rate and credit default index swaps be centrally cleared, and the first requirement to execute certain interest rate swap contracts through a swap execution facility. Additional standardised swap contracts are expected to be subject to new clearing and execution requirements in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or the CFTC. The regulators also have proposed margin requirements on non-cleared OTC derivatives, but have not yet finalised. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called "end-users," the Investment Manager or Sub-Investment Manager is not eligible to rely on such exemptions. In addition, the OTC derivative dealers with which a Fund may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether a Fund is subject to such requirements. OTC derivative dealers are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations for cleared derivatives, as is currently permitted. This will increase the OTC derivative dealers' costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favourable trade pricing, and possible new or increased fees.

The SEC and CFTC are expected to increase the portion of derivatives transactions that will be required to be executed through a regulated securities, futures, or swap exchange or execution facilities. Such requirements may make it more difficult and costly for investment funds, including a Fund, to enter into highly tailored or customised transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivative dealers and major OTC derivatives market participants have now registered with the SEC and/or the CFTC, and the CFTC's broad interpretation of its jurisdiction has recently required additional dealers to register. A Fund may also be required to register as a major participant in the OTC derivatives markets if its swaps positions are too large or leveraged, but the CFTC's and SEC's definition of major swap participant make such registration unlikely. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to business conduct standards, disclosure requirements, additional reporting and recordkeeping requirements, transparency requirements, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. A Fund is also subject to recordkeeping and, depending on the identity of the swaps counterparty, reporting requirements. While many of the requirements of the Dodd-Frank Act have been adopted, the final overall impact of the Dodd-Frank Act on a Fund is uncertain, and it is unclear how the OTC derivatives markets will adapt to the final regulatory regime.

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "EMIR") came into force on 16 August 2012. EMIR introduces uniform requirements in respect of OTC derivative contracts by requiring certain "eligible" OTC derivatives contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC derivatives contracts to trade repositories. In addition, EMIR imposes risk mitigation requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These risk mitigation requirements are expected to include the exchange and segregation of collateral by the parties, including by a Fund.

While many of the obligations under EMIR have come into force, a number of other requirements have not yet come into force or are subject to phase-in periods and certain key issues have not been

finalised by the date of this Prospectus. It is therefore not yet fully clear how the OTC derivatives market will adapt to the new European regulatory regime for OTC derivatives.

The Directors, the Investment Manager and/or the Sub-Investment Manager do not expect that a Fund will be materially affected by some or all of the requirements of EMIR. However, as at the date of this Prospectus, it is difficult to predict the full impact of EMIR on a Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivative contracts. The Directors, the Investment Manager and/or the Sub-Investment Manager will monitor the position. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect a Fund's ability to adhere to its investment approach and achieve its investment objective.

The ICAV on behalf of a Fund may enter into transactions in over-the-counter markets, which will expose a Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. The ICAV on behalf of a Fund may enter into future contracts which may expose a Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the ICAV seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the derivatives are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

During an insolvency procedure (which may last many years) the use by a Fund of certain of its assets held by a counterparty may be restricted and accordingly (a) the ability of the Investment Manager or the Sub-Investment Manager to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, a Fund is likely to be an unsecured creditor in relation to certain assets (including those in respect of which it had previously been a secured creditor) and accordingly a Fund may be unable to recover such assets from the insolvent estate of the counterparty in full, or at all.

### ***Reinvestment of Cash Collateral Risk***

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, that Fund will be exposed to the risk associated with such investments, such failure or default of the issuer of the relevant security.

### ***Use of Leverage***

The use of derivatives to increase the exposure of a Fund to the market or to leverage the Fund, whether by taking positive or short positions, will make the value of the Fund's investments change more quickly in response to increases or decreases in general market prices than would be the case with an unleveraged fund.

If the market recognises the fundamental value the Investment Manager ascribes to a security, or the Investment Manager correctly anticipates the direction in which the market or the specific security price will move, the result will be improved Fund performance by a greater extent than would be possible with an unleveraged fund. Where the Investment Manager takes short positions, the Fund may even profit when security prices fall.

Conversely, if the Investment Manager's assessment of fundamental value or market direction proves to be incorrect, the Fund may be adversely affected to a much greater extent than the actual change in security prices might suggest due to the multiplier effect of using leverage.

### ***High Yielding Bonds***

Certain Funds of the ICAV may invest in high yielding bonds from time to time. Investors should note that investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a

greater risk of default and have a negative impact on income and capital value. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth.

The market value of corporate debt securities rated below investment grade and comparable unrated securities also tends to be more sensitive to company-specific developments and changes in economic conditions than higher rated securities. Issuers of these securities are often highly leveraged, so that their ability to service debt obligations during an economic downturn may be impaired. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater than in the case of investment grade securities because such securities frequently are subordinated to the prior payment of senior indebtedness.

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

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

### ***Liquidity Risk***

The Funds' assets mainly comprise securities that can be readily sold however, certain Funds may invest in securities which may be less liquid than companies in more developed markets. The Investment Manager will endeavour to match the liquidity of the Funds' investments to the liquidity requirements necessary in order to redeem shares, however this may not always be possible, especially in stressed scenarios. See the Redemptions section within the prospectus for measures available to the Directors in the event that large redemption requests are received.

### ***Forward Trading***

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.

### ***Legal Risk***

The use of OTC derivatives such as swaps, forward contracts and contracts for differences will expose the Funds to the risk of loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

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

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### ***Loss of Favourable Performance***

The use of derivatives to hedge or protect against market risk or to generate additional revenue by writing covered call options may reduce the opportunity to benefit from favourable market movements.

### ***Market Risk***

When the Investment Manager purchases a security or an option, the risk of the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps, contracts for difference or writing options, the Fund's liability may be potentially unlimited until the position is closed.

### ***Taxation***

Potential investors' attention is drawn to the taxation risks associated with investing in a Fund. Further details are given under the heading "ICAV AND SHAREHOLDER TAXATION" below.

The taxation position discussed below reflects law and relevant practice of fiscal authorities as at the date of this document and these may change possibly with retrospective effect. Potential investors should not assume that the tax treatments outlined below will necessarily apply to their investment in a Fund.

### ***FATCA Risk***

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Irish tax authorities with certain information on Shareholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by US persons, and the reciprocal exchange of information regarding US financial accounts held by Irish residents. Although the final implementing Irish legislation has yet to be finalised, the ICAV expects to be treated as an FFI and provided it complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be subject to withholding on payments which it makes.

Although the ICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the ICAV will be able to satisfy these obligations. If the ICAV becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected.

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

FATCA generally imposes a new reporting regime designed to require certain US persons' direct and indirect ownership of non-US accounts and certain non-US entities to be reported to the US Internal Revenue Service ("IRS"). If there is a failure by the ICAV or a Sub-Fund to provide required information regarding US ownership or otherwise comply with the requirements of FATCA, a 30% withholding tax would apply with respect to certain US source income and gross proceeds from the sale or other disposition of property that can produce US source interest or dividends.

### ***Cybersecurity Risk***

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

The Funds may be affected by intentional cybersecurity breaches which include unauthorized 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 Investment Manager, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. 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.

### ***MiFID II Regulatory Risk***

MiFID II will be in force from 3 January 2018 and will impose new regulatory obligations and costs on the Investment Manager and the Fund. This may have a negative impact on the Fund. In addition, the increased regulation of the investment industry brought by MiFID II, including increased transparency requirements, may have as yet unforeseen impacts.

***The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in any of the Funds. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time.***

## DIVIDEND AND REINVESTMENT POLICY

The amount available for distribution (if any) will vary between the classes of the Funds of the ICAV. Accumulating Shares and Distributing Shares are available for subscription in certain Funds of the ICAV. The individual Fund Supplements explain which classes of Shares are Distributing Shares and which are Accumulating Shares.

The Instrument empowers the Directors to declare dividends the frequency of which are set out in the relevant Supplement in respect of any Shares out of net income (including dividend and interest income) and the excess of realised and unrealised capital gains attributable to the relevant Shares over realised and unrealised losses in respect of investments of the ICAV.

Any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.

Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering or anti-fraud purposes (as further described in the section entitled "Share Dealings") may result in a delay in the settlement of dividend payments. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator is satisfied that its anti-money-laundering and anti-fraud procedures have been fully complied with, following which such dividend will be paid.

The distribution policy for each Fund will be determined by the Directors from time to time and shall be specified in the relevant Supplement to the Prospectus.

### *Reporting Shares*

The Supplement for each Fund sets out further information on the Directors intention with regard to any dividends or other distributions that will be either paid to the holders of classes of Reporting Shares out of the earnings and profits of the Funds attributable to such classes of Reporting Shares or transferred to the capital property of the relevant class. The amount of income attributable to a class of Reporting Shares at an Allocation Date shall either be paid out or become part of the capital property of that class and, if Shares of any other class of a particular Fund were in issue at the relevant Allocation Date, the interests of the holders of Reporting Shares in that amount will be satisfied by an adjustment, as at the relevant Allocation Date, in the proportion of the value of the property of the relevant Fund to which the price of a Reporting Share of the relevant class is related. Where income is transferred to the capital property of the relevant class, this adjustment will ensure that the price of a Reporting Share remains unchanged despite the transfer of income to the capital property.

However, where dividends are not normally paid out, the relevant dividends may be paid at the Directors' discretion if considered necessary or desirable in respect of shareholders' UK tax position under the reporting fund regime described more fully under "ICAV AND SHAREHOLDER TAX – United Kingdom – Shareholders owning Reporting Shares" below. The ICAV may also maintain an equalisation account in respect of any dividends that may be paid on any Reporting Shares with a view to ensuring that the level of dividends payable on Reporting Shares is not affected by the issue and redemption of such Reporting Shares during an accounting period. The subscription price of such Reporting Shares will therefore be deemed to include an equalisation payment calculated by reference to the accrued income of the Fund and the first distribution in respect of any Reporting Share will include a payment of capital usually equal to the amount of such equalisation payment. The redemption price of each Reporting Share will also include an equalisation payment in respect of the accrued income of the ICAV up to the date of redemption.

### *Accumulating Shares*

The Directors do not anticipate that any dividends or other distributions will be paid to the holders of classes of Accumulating Shares of the Funds of the ICAV out of the earnings and profits of the

Funds attributable to such classes of Accumulating Shares. The amount of income attributable to a class of Accumulating Shares at an Allocation Date shall become part of the capital property of that class and, if Shares of any other class of a particular Fund were in issue at the relevant Allocation Date, the interests of the holders of Accumulating Shares in that amount will be satisfied by an adjustment, as at the relevant Allocation Date, in the proportion of the value of the property of the relevant Fund to which the price of an Accumulating Share of the relevant class is related. This adjustment will ensure that the price of an Accumulating Share remains unchanged despite the transfer of income to the capital property.

## MANAGEMENT

### ***Directors of the ICAV***

The Directors have overall responsibility for the management and administration of the ICAV and for determining the investment objectives, policy and restrictions applicable to each Fund. The Directors of the ICAV are currently as follows:-

**David Hammond (Irish national and resident)** is a solicitor and has over 20 years' experience in the fund management industry. He is General Counsel and Head of the Dublin Office at ML Capital.

Prior to ML Capital, David was Managing Director at Bridge Consulting. From 2003 to 2005, he was Chief Operating Officer of Sanlam Asset Management (Ireland) Limited, part of the Sanlam group of South Africa.

Between 1994 and 2002, David was Director of Legal and Business Development with International Fund Managers (Ireland) Limited, the Irish fund administration subsidiary of Baring Asset Management which is now part of Northern Trust.

David holds a law degree from Trinity College, Dublin and an MBA from Smurfit Graduate School of Business, University College, Dublin. He is also a CFA Charterholder.

**Barry Harrington (Irish national and resident)** is a Senior Consultant at KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore funds.

Prior to joining KB Associates, from 1998 to 2008 Barry worked for BISYS Hedge Fund Services (now Citi Fund Services (Ireland), Limited) in a variety of management roles supporting a number of leading hedge fund managers.

His final role was as Vice President of fund accounting operations. Mr Harrington holds an M.A. in Economics and Finance from the National University of Ireland, Maynooth and is a CFA charterholder.

**Toby Hampden-Acton (English national and resident)** joined 1167 Capital LLP in 2016 as the Chief Compliance and Risk Officer.

From 2014 to 2016 Toby was Chief Compliance and Risk Officer, and a member of the Management Committee, at Nevsky Capital, one of the world's leading global long / short equity fund management firms. He was also a non-executive Director of the firm's flagship fund, Nevsky Fund plc. In 2004, Toby joined Thames River Capital as Chief Administration and Risk Officer and in 2005 became Chief Compliance and Risk Officer managing all forms of operational risk and investment risk oversight, the legal team, and the product development process. Following the acquisition of Thames River Capital by F&C Asset Management plc in 2010, Toby was appointed Chief Executive Officer of both Thames River Capital and Thames River Multi-Capital in 2012.

From 1997 to 2001, Toby was Head of Compliance at Baring Asset Management before moving to Cazenove Capital Management as Head of Compliance and Risk. Prior to that he worked at the then UK investment management regulator IMRO, managing a monitoring team, and also at Yamaichi International Europe as the Deputy Compliance Officer.

Toby has been a Non-Executive Director of a number of UCITS and hedge fund companies during his career.

### ***ICAV Secretary***

The ICAV secretary is KB Associates, 5 George's Dock, IFSC, Dublin 1, Ireland.

## ***Investment Manager***

1167 Capital LLP, a limited liability partnership incorporated 9 May 2016 and authorised by and regulated by the FCA (United Kingdom firm reference number 784978), has been appointed as Investment Manager pursuant to the Investment Management Agreement with its registered office at C/o Haggards Crowther, Heathman's House, 19 Heathman's Road, London, SW6 4TJ, United Kingdom.

The Investment Manager provides investment management, research, and distribution services to investment vehicles, and specialises in global fixed income and currency markets.

Under the terms of the Investment Management Agreement, the Investment Manager is responsible, subject to the overall supervision and control of the Directors, for the day to day investment management of the portfolio attributable to each Fund for which it is investment manager.

The fees payable to the Investment Manager are as set out in the relevant Supplement.

The appointment of the Investment Manager as investment manager may be terminated by either party upon not less than ninety (90) day's written notice and may be terminated by either party at any time in certain other circumstances. The Investment Management Agreement contains indemnities from the ICAV in favour of the Investment Manager and provides limitations on the Investment Manager's liability to the ICAV. The Investment Management Agreement is more particularly described under "GENERAL INFORMATION - Material Contracts" below.

Under the Investment Management Agreement, the Investment Manager is entitled to delegate or subcontract all or any of its functions, powers, discretions, duties and obligations in respect of the Fund to any person approved by the ICAV in accordance with the requirements of the Central Bank, provided that: (i) such delegation or sub-contract shall terminate automatically on the termination of the Investment Management Agreement; (ii) that the Investment Manager shall remain responsible and liable for any acts or omissions of any such delegate as if such acts or omissions were those of the Investment Manager; (iii) such delegates are not paid directly out of the assets of the Fund; and (iv) details of such delegates will be disclosed in the periodic reports and will be available to Shareholders on request.

Any sub-investment manager appointed by the Investment Manager and not paid directly out of the assets of the Fund may be disclosed in the ICAV's periodic reports and not the Prospectus or Supplement in accordance with the Central Bank's requirements. Details of the sub-investment manager shall be made available to Shareholders upon request.

The Investment Manager acts as Investment Manager of and/or Investment Manager to other funds or clients or may act as Investment Manager of and/or Investment Manager to other funds or clients in the future any of which may be competing with the ICAV in the same markets.

The Investment Manager as a delegate of the ICAV will have remuneration policies and practices in place consistent with the requirements of the Regulations and the ESMA Guidelines as required and when applicable, and any further clarifications as may be issued by ESMA, the European Commission or the European Parliament and Council as required and when applicable.

## ***Distributor***

1167 Partners LLP, a limited liability partnership incorporated on 9 May 2016 and authorised by and regulated by the FCA (United Kingdom firm reference number 784978), has been appointed as Distributor pursuant to the Distribution Agreement. Its principle business is asset management and distribution activities. The ICAV has appointed 1167 Capital LLP as Distributor.

Under the terms of the Distribution Agreement, the Distributor is responsible, subject to the overall supervision and control of the Directors, for the day to day distribution and marketing activities for each Fund for which it is the distributor.

The appointment of the Distributor as distributor may be terminated by either party upon not less than 3 months' written notice and may be terminated by either party at any time in certain other circumstances. The Distribution Agreement contains indemnities from the ICAV in favour of the Distributor and provides limitations on the Distributor's liability to the ICAV. The Distribution Agreement is more particularly described under "GENERAL INFORMATION - Material Contracts" below.

Under the terms of the Distribution Agreement, the Distributor will also perform certain marketing and promotional services for the ICAV. However, the Distributor will not collect, receive or transmit orders from investors, nor will it provide investment advice or recommendations to investors or financial intermediaries.

### ***UK Facilities***

In connection with the ICAV's recognition under Section 264 of FSMA, the ICAV maintains the facilities required of a recognised scheme by the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook at the offices of the UK Facilities Agent. At these facilities any person may:

1. inspect (free of charge) a copy (in English) of:
  - a. the registration order and instrument of incorporation of the ICAV;
  - b. the latest version of the Prospectus;
  - c. the latest version of the key investor information document for the relevant Fund;
  - d. the latest annual and half-yearly reports most recently prepared and published by the ICAV;
2. obtain a copy of any of the above documents (free of charge);
3. obtain information (in English) about the prices of Shares in the ICAV; and
4. make a complaint about the operation of the ICAV, which the UK Facilities Agent will transmit to the ICAV.

Further, any Shareholder may redeem or arrange for the redemption of Shares in the ICAV and obtain payment at the offices of the UK Facilities Agent.

### ***Paying Agents/Representatives/Sub-Distributors***

Local laws/regulations in the EEA may require the appointment of Paying Agents /representatives/distributors/sub-distributors/correspondent banks ("Agents") and maintenance of accounts by such Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the directly to the ICAV's Subscriptions/Redemptions Account (for example, a Paying Agent or a sub-distributor in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the ICAV or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of Agents appointed by the ICAV or a Fund which will be at normal commercial rates will be borne by the ICAV or the Fund in respect of which an Agent has been appointed. All Shareholders of the ICAV or the Fund on whose behalf an Agent is appointed may avail of the services provided by the Agents appointed by or on behalf of the ICAV.

Country Supplements dealing with matters pertaining to Shareholders in jurisdictions in which Paying Agents are appointed may be prepared for circulation to such Shareholders and, if so, a summary of the material provisions of the agreements appointing the Paying Agents will be included in the relevant Country Supplements.

### ***Remuneration Policies and Procedures***

The ICAV has remuneration policies and practices in place consistent with the requirements of the Regulations and will also comply with the requirements of the ESMA Guidelines, as required and when applicable. The ICAV will procure that any delegate, including the Investment Manager, to whom such requirements also apply pursuant to the ESMA Guidelines will have equivalent remuneration policies and practices in place as required and when applicable.

The remuneration policy sets out (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. The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the ICAV, led by the independent non-executive chairman of the ICAV, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate for each Fund.

The remuneration policy will be made available by means of a website [www.1167capital.com](http://www.1167capital.com) and a paper copy will be made available to Shareholders free of charge upon request as soon as it becomes available.

## **ADMINISTRATION AND CUSTODY**

### **Administrator, Registrar and Transfer Agent**

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed to act as administrator, registrar and transfer agent of the ICAV pursuant to the Administration Agreement. Under the terms of that agreement, and subject to the overall policy and supervision of the Directors, the Administrator will administer, subject to the general or specific instructions of the Directors, the ICAV's affairs and, inter alia, maintain the ICAV's accounting records, calculate the Net Asset Value of each of the Funds and the Net Asset Value per Share of each Fund and serve as registrar in respect of the registered Shares and as redemption agent. The register of Shareholders may be inspected at the offices of the Administrator.

The Administrator is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 June 2016, the Northern Trust Group's assets under custody totalled in excess of US\$6.4 trillion. The principal business activity of the Administrator is the administration of collective investment schemes.

The Administration Agreement pursuant to which the Administrator has been appointed as administrator to administer the affairs of the ICAV subject to the overall supervision of the Directors. The Administration Agreement provides that the appointment of the Administrator will continue unless and until terminated by the ICAV or the Administrator giving to the other of them not less than 90 days' written notice although in certain circumstances the Administration Agreement may be terminated immediately by either party. The Administration Agreement contains certain indemnities in favour of the Administrator (and its officers, employees, agents, sub-contractors and representatives) which are restricted to exclude, inter alia, matters arising by reason of the fraud, wilful default or negligence of the Administrator or its permitted delegates in the performance of its obligations and duties.

The duties and functions of the Administrator include, inter alia, the calculation of the Net Asset Value and the Net Asset Value per Share, the keeping of all relevant records in relation to the ICAV as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the ICAV's books and accounts, liaising with the Auditor in relation to the audit of the financial statements of the ICAV and the provision of certain Shareholder registration and transfer agency services in respect of shares in the ICAV.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the ICAV and is not responsible for the preparation of this Prospectus other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it.

As at the date of this Prospectus, the Administrator is not aware of any conflicts of interest in respect of its appointment as administrator to the ICAV. If a conflict of interest arises, the Administrator will ensure it is addressed in accordance with the Administration Agreement, applicable laws and in the best interests of the Shareholders.

The Administration Agreement is described in more detail under "GENERAL INFORMATION - Material Contracts" below.

## The Depositary

Northern Trust Fiduciary Services (Ireland) Limited has been appointed to act as Depositary to all of the investments of the ICAV pursuant to the Depositary Agreement. All the assets of the ICAV will be held on behalf of the ICAV by the Depositary or by agents appointed by the Depositary which will, inter alia, be responsible for the collection of all income and other payments, and the holding of any interest credited, with respect to the investments.

The Depositary is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 June 2016, the Northern Trust Group's assets under custody totalled in excess of US\$6.4 trillion.

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 and (iii) Northern Trust has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the ICAV's financial instruments and cash. The global sub-custodian proposes to further delegate these responsibilities to sub-delegates, the identities of which are set forth in Appendix III attached.

The Depositary Agreement provides that the Depositary shall be liable, (i) 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 measures to the contrary, and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

The Depositary Agreement also provides that the appointment of the Depositary will continue unless and until terminated by the ICAV or the Depositary giving to the other parties not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated immediately by the ICAV or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement Depositary approved in advance by the Central Bank has been appointed and provided further that if within a period of 90 days' from the date on which the Depositary notifies the ICAV of its desire to retire or from the date on which the ICAV notifies the Depositary of its intention to remove the Depositary, no replacement Depositary shall have been appointed, the ICAV shall apply to the High Court for an order to wind up the ICAV or convene in an extraordinary general meeting of the Shareholders of the ICAV at which there shall be proposed an ordinary resolution to wind up the ICAV. The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

Shareholders of the ICAV may, directly or indirectly through the ICAV, invoke claims relating to the liability of its Depositary depending on 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 may act as the depositary of other open-ended investment companies and as trustee or depositary of other collective investment schemes. The Depositary has delegated custody services

and asset verification services to The Northern Trust Company, London Branch. The Northern Trust Company has sub-delegated custody services and asset verification services to sub-custodians in certain eligible markets in which a Fund may invest.

It is therefore possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the ICAV or a Fund and/or other funds managed by the relevant Investment Manager or other funds for which the Depositary acts as the depositary or trustee. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

Certain Funds may invest in emerging markets where depositary and/or settlement systems are not fully developed. The assets of the relevant Fund which are traded in such markets and which have been entrusted to safekeeping agents, in circumstances where the use of such safekeeping agents is necessary, may be exposed to risk in circumstances whereby the Depositary will have no liability.

**Prospective investors are referred to the section headed "RISK FACTORS" above.**

The Depositary Agreement is described in more detail under "GENERAL INFORMATION - Material Contracts" below.

## CONFLICTS OF INTEREST

1. The Investment Manager, the Administrator, the Depositary and their respective affiliates, officers and shareholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest with the management of the ICAV. These include the management of other funds, purchases and sales of securities, investment management advice, brokerage services, administration services and depositary services and serving as directors, officers, advisers or agents of other funds or other companies, including companies and/or funds in which the ICAV may invest. The Parties will use reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement that they might have.
2. In particular, it is envisaged that the Investment Manager may be involved in advising or managing other investment funds which may have similar or overlapping investment objectives to or with the ICAV. Each of the parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly.
3. The Directors shall ensure that any conflict of interest involving any such party shall be resolved fairly and in the interests of Shareholders.
4. When allocating investment opportunities, the Investment Manager will ensure that all such investments will be allocated in a fair and equitable manner.
5. There is no prohibition on dealing in assets of the Funds by the relevant Investment Manager, each of the Directors, the Administrator, the Depositary and/or their respective affiliates or any person connected with them provided that such transactions are conducted as if negotiated at arm's length and in the best interests of the Shareholders and:
  - (a) the value of the transaction is certified by a person approved by the Depositary (or in the case of a transaction involving the Depositary, the Directors) as independent and competent; or
  - (b) the execution of the transaction is on best terms on organised investment exchange under the rules of the relevant exchange; or
  - (c) where (a) and (b) are not practical, the execution of the transaction is on terms which the Depositary (or in the case of transactions involving the Depositary, the Directors) is satisfied conform to the principles set out above,
6. The Depositary (or in the case of transactions involving the Depositary, the ICAV) must document how it has complied with the provisions of paragraph (a), (b) or (c) above. Where such transactions are conducted in accordance with (c) above, the Depositary or the ICAV in the case of transactions involving the Depositary, must document their rationale for being satisfied that the transaction conformed to the principles outlined above.
7. Subject to applicable law and the Central Bank's requirements, employees or officers of, or their affiliates may directly or indirectly acquire Shares. Any acquisition or divestment of Shares by such individuals shall be on the terms applicable to all Shareholders and in satisfaction of professional requirements.
8. In selecting brokers to make purchases and sales for a Fund the Investment Manager or sub-investment manager will choose those brokers who provide best execution to that Fund. Best execution will be the best price available in the market, exclusive of any charges but taking account of any other exceptional circumstances such as counterparty risk, order size or client instructions. In determining what constitutes best execution, the Investment Manager or sub-investment manager may take into consideration the overall economic result to the Fund (price and commission plus other costs), the efficiency of the transaction, the brokers' ability

to effect the transaction if a large block is involved, availability of the broker for difficult transactions in the future, other services provided by the broker such as research and the provision of statistical and other information, and the financial strength and stability of the broker. In managing the assets of the Fund, the Investment Manager or sub-investment manager may receive certain research and statistical and other information and assistance from brokers. The Investment Manager or sub-investment manager may allocate brokerage business to brokers who have provided such research and assistance to a Fund and/or other accounts for which the Investment Manager or sub-investment manager exercises investment discretion. The benefits provided under any soft commission arrangements must assist in the provision of investment services to a Fund. Any soft commission arrangements will be disclosed in the periodic reports of the ICAV. The Investment Manager or sub-investment manager will also have regard to the rules and guidance of the Investment Manager's or sub-investment manager's regulator.

In addition, the Administrator may have relationships with providers of technology, data or other services to the ICAV, its Funds, the Investment Manager or the sub-investment manager and the Administrator may receive economic and/or other benefits in connection with the ICAV's, the Investment Manager's or the sub-investment manager's activities in respect of one or more Funds, including but not limited to its or their use of technological, communication or other services. Where the technological, communication or other services relate to execution, the providers of the technology, data or other services have agreed to provide best execution to the ICAV, its Funds, or the Investment Manager or the sub-investment manager. The benefits provided under any such soft commission arrangement must assist in the provision of investment services to a Fund. Any soft commission arrangements will be disclosed in the periodic reports of the ICAV.

The Investment Manager or sub-investment manager or any other member or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds, vehicles or accounts which invest in assets which may also be purchased or sold by the ICAV. None of the Investment Manager or sub-investment manager, or any other member or any person connected with them is 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, but will allocate such opportunities at its discretion on an equitable basis between the ICAV and other clients.

The potential fees payable to the Investment Manager or sub-investment manager might in certain circumstances exceed the potential fees payable by the ICAV. Members of the Investment Manager or sub-investment manager will allocate resources as they in their sole discretion consider appropriate in managing the Funds and any other funds in accordance with their respective investment objectives and approaches

A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Fund or in which a Fund is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein in addition to complying with the requirements of the Central Bank. Unless the Directors determine otherwise, a Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest. At the date of this Prospectus other than as disclosed below, no Director, nor any connected person has any interest, beneficial or non-beneficial, in the share capital of the ICAV or any material interest in the ICAV or in any agreement or arrangement with the ICAV. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

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

Barry Harrington is an employee of the Secretary.

Toby Hampden-Acton is Chief Compliance and Risk Officer of the Investment Manager.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the Fund.

The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

By acquiring or continuing to hold Shares, each investor will be deemed to have acknowledged the existence of the actual or potential conflicts of interests described above and to have waived, to the fullest extent permitted by applicable law, any claim with respect to the existence of any such conflicts.

Details of additional conflicts of interest with the ICAV may be set out in the relevant Supplement.

## **FEES AND EXPENSES**

### **ESTABLISHMENT AND OPERATING EXPENSES**

The establishment expenses for the ICAV are not expected to exceed \$80,000. The establishment expenses for each Fund will be set out on the relevant Supplement. The establishment expenses may be amortised over an initial 5 year period unless otherwise provided for in the relevant Supplement.

The ICAV will pay out of the assets of each Fund (together with VAT thereon where applicable) as more particularly described in the relevant Supplement and in the annual accounts of the relevant Funds/ICAV:

- (i) all taxes and expenses which may be incurred in connection with the acquisition and disposal of Investments and all other assets of the ICAV;
- (ii) all taxes which may be payable on the assets, income and expenses chargeable to the ICAV;
- (iii) all brokerage, bank and other charges incurred by the ICAV in relation to its business transactions;
- (iv) all remuneration, fees and expenses (including value added tax, if applicable) due to the Administrator, the Investment Manager, the Depositary, the Auditors, any external valuer, any independent valuer, any property manager appointed to manage the property of the ICAV, any distributor appointed to distribute Shares, any tax representative appointed for tax reporting purposes and the legal advisers to the ICAV and any other person, firm or corporation providing services to the ICAV;
- (v) all expenses incurred in connection with publication and supply of information to Shareholders and in particular, but without limitation, the cost of printing and distributing the half yearly financial statements (if applicable) and the annual audited financial statements as well as any other reports to the Central Bank or to any other regulatory authority or the Shareholders and the cost of preparing, publishing and distributing the Prospectus and any other offering documents for Shares and the cost of all stationery, printing and postage costs in connection with the preparation and distribution of information to Shareholders;
- (vi) all expenses incurred in registering the ICAV with any governmental agencies or regulatory authorities and maintaining the registration of the ICAV with such governmental agencies or regulatory authorities and the cost of listing and maintaining a listing of Shares on any stock exchange;
- (vii) any and all expenses arising in respect of legal or administrative proceedings concerning the ICAV;
- (viii) all expense arising in respect of issuing, purchasing, repurchasing and redeeming Shares;
- (ix) any and all expenses in relation the liquidation/ winding-up of the ICAV;
- (x) expenses incurred in acquiring and disposing of Investments;
- (xi) expenses incurred in distributing income to Shareholders;
- (xii) fees in respect of the publication and circulation of details of the Net Asset Value of each Fund and each Class of each Fund
- (xiii) the fees and expenses of the auditors, compliance facilitator, legal, money laundering reporting officer, tax and other professional advisers of the ICAV and of the Directors;

- (xiv) the costs of convening and holding meetings of Shareholders (including meetings of Shareholders in any particular Fund or in any particular Class within a Fund and obtaining proxies in relation to such meetings) and meetings of Directors;
- (xv) the costs of printing and distributing reports, accounts and any Prospectus;
- (xvi) the costs of publishing prices and other information which the ICAV is required by law to publish and any other administrative expenses;
- (xvii) taxes and duties payable by the ICAV;
- (xviii) interest on and charges incurred in relation to borrowings;
- (xix) fees and expenses in connection with the listing of Shares on any stock exchange;
- (xx) the cost of obtaining and maintaining the listing of the Shares on the Irish Stock Exchange and any other exchange, including the fees of any sponsoring broker;
- (xxi) any costs incurred in modifying the Instrument of the ICAV or the Prospectus;
- (xxii) insurance which the ICAV may purchase and/or maintain for the benefit of and against any liability incurred by any Director of the ICAV in the performance his or her duties;
- (xxiii) liabilities on amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument forbidding such payment, the Directors are of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer;
- (xxiv) any costs incurred in forming a Fund or a Class (details of which will be set out in the relevant Supplement);
- (xxv) any other costs or expenses that may be taken out of the ICAV's property in accordance with the Instrument;
- (xxvi) any fees payable to the Central Bank and any other costs associated with any reporting or other regulatory requirements;
- (xxvii) any regulatory or other administrative fees, costs and expenses, including the fees, costs and expenses involved in complying with any regulatory, taxation or other requirements;
- (xxviii) any costs incurred in relation to the verification of securities prices;
- (xxix) all costs incurred in relation to the risk management system;
- (xxx) any administrative costs associated with compliance with local companies legislation and tax residency where required by the ICAV or any Fund;
- (xxxi) all expenses incurred in connection with the operation and management of the ICAV and all non-recurring and extraordinary items of expenditure as may arise from time to time.
- (xxxii) any other fees deemed appropriate by the Directors.

Such charges will be at normal commercial rates and will be collected at the time of settlement.

All fees and expenses will normally be charged to the Fund (or Class thereof, if appropriate) in respect of which they were incurred or, where the expense is not considered by the Directors to be attributable to any one Fund (or Class thereof) the expenses will normally be allocated, insofar as practicable to all Classes pro rata to the Net Asset Value of the relevant Funds. Expenses of a Fund which are directly attributable to a specific Class of Shares are charged against the income available for distribution to the holders of such Shares. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

Under the Instrument, the Directors are entitled to a fee as 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 €250,000 without the approval of the board of Directors and notified to Shareholders. The Directors and any alternate Directors may also be paid all travelling, hotel and other properly vouched expenses reasonably incurred in respect of the provision of services to the ICAV provided such expenses are approved by the Board of Directors.

### **INVESTMENT MANAGEMENT AND PERFORMANCE FEES**

The fees of any Investment Manager, sub-investment manager and / or other advisor will be set out in the relevant Supplement if paid out of the assets of the Fund.

### **CHANGES TO MAXIMUM ANNUAL FEE OF INVESTMENT MANAGER**

Any increase in the maximum annual fee (including any performance related fee) charged by the Investment Manager in respect of an open-ended Fund where there is an opportunity to redeem or otherwise exit the Fund, where such annual fee is payable out of the assets of that Fund, may not be effected without prior approval on the basis of at least 50% of votes cast at a meeting of the Shareholders of such Fund.

### **ADMINISTRATION FEES**

The Administrator will be paid a minimum annual fee of US\$100,000 per Fund in existence, exclusive of out-of-pocket expenses, for the provision of fund valuation and accounting services which will be calculated on all Funds of the ICAV in aggregate. The charges will be pro-rata to each Fund in existence based on their respective Net Asset Values at the time when the allocation is made.

The total combined fees payable to the Administrator shall not exceed 0.20% of the aggregate Net Asset Value of all Funds of the ICAV per annum payable monthly in arrears, (exclusive of any VAT). The charges will be pro-rata to each Fund in existence based on their respective Net Asset Values at the time when the allocation is made.

The Administrator will also be entitled to be reimbursed for transaction costs and reasonable out-of-pocket expenses incurred by it in respect of each Fund.

### **DEPOSITARY FEES**

The Depositary will be paid a fee not to exceed 0.02% per annum of the Net Asset Value of the ICAV (exclusive of any VAT), exclusive of any safekeeping charges and transaction charges (plus VAT, if any), subject to a minimum annual fee, exclusive of out-of-pocket expenses of US\$30,000 per Fund in existence. The charges will be pro-rata to each Fund in existence based on their respective Net Asset Values at the time when the allocation is made.

The fees of any sub-custodians appointed by the Depositary will be at normal commercial rates and invoiced separately in respect of each Fund.

## **SUBSCRIPTIONS, REDEMPTIONS AND SWITCHING**

### ***Subscriptions***

#### *Initial Offer of Shares*

Shares of each Fund may be purchased on the Initial Issue Date at the termination of the Initial Offer Period, in respect of the Shares of the relevant Fund. The Initial Offer Period, in respect of Shares of each Fund and the subscription price for Shares is set out in the Supplement for the relevant Fund.

#### *Further Subscriptions of Shares*

Following the Initial Offer Period in respect of Shares of a Fund class, application may be made to purchase Shares of the Fund class on each subscription Dealing Day at subscription prices calculated with reference to the Net Asset Value per Share of the relevant class calculated as at the Valuation Point for that subscription Dealing Day. The subscription price per Share of the relevant Fund is calculated in accordance with the procedures referred to under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS" below.

The Directors may limit or close subscriptions for Shares of a Fund class at their discretion.

Details of the subscription Dealing Days and Valuation Points in respect of Shares of each Fund and any limitations on subscriptions are set out in the Supplement for each Fund.

#### *Minimum Investments*

The minimum initial subscription for Shares and the minimum additional subscription for Shares of each Fund is set out in the Supplement for each Fund. The Directors may at their discretion specify different minimum subscription amounts for Shares of each Fund and in respect of different classes of Shares of a Fund.

These minimums may be lowered, increased or waived at the discretion of the Directors.

#### *Application Procedure*

Applications for Shares of each Fund which are available from the Administrator should be made by facsimile to the fax number specified in the Application Form with the signed original written Application Form to follow. Subscriptions for Shares of the relevant Fund in accordance with the instructions contained in the Application Form. Application Forms, duly completed, should be sent to the ICAV care of the Administrator in accordance with the instructions contained in the Application Form.

Subscriptions for Shares must be made in the currency of the relevant Class or such other currency as the Directors may determine. The ICAV operates a single, omnibus Subscriptions/Redemptions Account for all of the Funds, in accordance with the Central Bank's requirements. Accordingly, monies in the Subscriptions/Redemptions Account will become the property of the ICAV upon receipt and accordingly investors will be treated as a general creditor of the ICAV during the period between receipt of subscription monies and the issue of Shares. Investors' attention is drawn to the risk factor under the heading "Subscriptions/Redemptions Account Risk". Furthermore, the operation of the Subscriptions/Redemptions Account will not compromise the ability of the Depositary to carry out its safe-keeping and oversight duties in accordance with the Regulations. In addition, in circumstances where subscription monies are received with insufficient documentation to identify the owner, the ICAV and the Depositary will ensure that in the event that such monies cannot be applied to the individual Funds they will be returned to the payer within 5 Business Days.

The ICAV has procedures in place with the Depositary to ensure that the amounts within each Subscriptions/Redemption Account are at all times capable of being attributed to the individual Funds

in accordance with the Instrument. Furthermore, the operation of these Subscriptions/Redemptions Accounts will not compromise the ability of the Depositary to carry out its safe-keeping and oversight duties in accordance with the Regulations.

The ICAV is under no obligation to consider the allotment and issue of Shares of a Fund class to an applicant in respect of its Initial Offer Period unless and until it has received a completed Application Form and value in cleared funds by the date and time specified in the Supplement for the relevant Fund.

Thereafter, in respect of subsequent subscriptions, applications must be received (by letter or by facsimile) by the deadline outlined in the relevant Supplement on the relevant subscription Dealing Day. Any application received after that time will be dealt with on the next succeeding subscription Dealing Day.

The details given above are by way of example only and the ICAV and the Administrator each reserve the right to request such documentation as is necessary to verify the identity of the applicant and the source of the subscription monies and to ensure compliance with the ICAV's or Administrator's obligations under the anti-money laundering and countering terrorist financing legislation. In the event of delay or failure by the applicant to produce any information and documentation required for verification purposes, the Administrator or the ICAV may refuse to accept or process the application and subscription monies and return all subscription monies or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid nor will any interest accrue thereto if the Shareholder fails to produce such information and documentation) and the ICAV, the Directors, each Fund, the Investment Manager and the Administrator, each parent, subsidiary, affiliate and shareholder thereof and each of the respective officers, directors, trustees, employees and agents of the foregoing shall not be liable, and shall be held harmless and fully indemnified by the applicant, for any and all claims, liabilities, losses, damages, costs and expenses (including without limitation, legal fees and expenses) arising out of any failure to process the application or a delay in processing any redemption requests or otherwise if any such requested information has not been provided by the applicant or has been provided in incomplete form or if Shares are compulsorily repurchased in such circumstances. Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of redemption proceeds. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption which is to be held in the Subscriptions/Redemptions Account shall remain an asset of the Fund and the Shareholder will rank as a general creditor of the ICAV until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which redemption proceeds will be released. Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of dividend proceeds. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the Fund until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

The Directors reserve the right to reject any application in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant without interest at its own risk within a reasonable period following the expiry of the relevant Initial Offer Period or subscription Dealing Day. Notification of the allotment and issue of Shares will be sent as soon as is possible after the expiry of the Initial Offer Period in respect of the initial offering and following the relevant subscription Dealing Day for subsequent issues.

Shares of each Fund class will be issued in registered form. The ICAV may issue fractional shares (rounded to four decimal places). The number of Shares issued will be rounded to the nearest four decimal places and any surplus money will be credited to the ICAV. Application moneys representing smaller fractions of a Share will not be returned to the applicant but will be retained as part of the relevant Fund's assets. Contract notes will normally be issued within 48 hours of dealing. Ownership will be evidenced by entry in the ICAV's register of Shareholders.

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

Measures aimed towards the prevention of money laundering and terrorist financing may require a detailed verification of the applicant's identity and of the source of the subscription monies and where applicable the beneficial owner on a risk sensitive basis. Politically exposed persons ("PEP") must also be identified. A PEP is described as an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family member, or persons known to close associates of such persons. Depending on the circumstances of each application, a detailed verification might not be required where the application is made through a recognised intermediary. This exception may only apply if the intermediary referred to above is located within a country recognised by Ireland as having equivalent anti-money laundering and counter terrorist financing regulations to that in place in Ireland and satisfies other applicable conditions such as providing a letter of undertaking confirming the intermediary has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Administrator or the ICAV. Intermediaries cannot rely on third parties to meet the obligation to monitor the ongoing business relationship with an investor which remains their ultimate responsibility. These exceptions do not affect the right of the Administrator or the ICAV to request such information as is necessary to verify the identity of an applicant or the source of the subscription monies.

By way of example an individual may be required to produce a copy of a passport or identification card with evidence of his/her address such as a copy of a utility bill or bank statement and proof of tax residence. In the case of corporate applicants this may require production of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors. Additional information may be required at the Administrator's or the ICAV's discretion to verify the source of the subscription monies. Amendment to any investor records will only be effected by the Administrator upon receipt of original evidencing documentation.

The details given above are by way of example only and the ICAV and the Administrator each reserve the right to request such documentation as is necessary to verify the identity of the applicant and the source of the subscription monies and to ensure compliance with the ICAV's or Administrator's obligations under the anti-money laundering and countering terrorist financing legislation. In the event of delay or failure by the applicant to produce any information and documentation required for verification purposes, the Administrator or the ICAV may refuse to accept or process the application and subscription monies and return all subscription monies or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid nor will any interest accrue thereto if the Shareholder fails to produce such information and documentation) and the ICAV, the Directors, each Fund, the Investment Manager and the Administrator, each parent, subsidiary, affiliate and shareholder thereof and each of the respective officers, directors, trustees, employees and agents of the foregoing shall not be liable, and shall be held harmless and fully indemnified by the applicant, for any and all claims, liabilities, losses, damages, costs and expenses (including without limitation, legal fees and expenses) arising out of any failure to process the application or a delay in processing any redemption requests or otherwise if any such requested information has not been provided by the applicant or has been provided in incomplete form or if Shares are compulsorily repurchased in such circumstances. Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of redemption proceeds. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption which is to be held in the Subscriptions/Redemptions Account shall remain an asset of the Fund and the Shareholder will rank as a general creditor of the ICAV until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which redemption proceeds will be released. Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of dividend proceeds. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the Fund until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

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 a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website 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 sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

## **Data Privacy Statement**

In accordance with the General Data Protection Regulation (697/2016/EU) (the "**GDPR**") and applicable Irish data protection legislation (currently the Irish Data Protection Acts 1988 to 2003) (collectively, "**Data Protection Legislation**"), the ICAV being the data controller (the "**Data Controller**"), must provide Investors with information on how the personal data that they provide will be processed.

Where Investors details are provided to the Data Controller as a consequence of investment in the ICAV, then the Data Controller may itself (or through a third party such as Northern Trust International Fund Administration Services (Ireland) Limited (the "**Administrator**") acting in its capacity as the ICAV's administrator or 1167 Capital LLP acting in its capacity as investment manager and distributor to the ICAV (the "**Investment Manager and Distributor**")) process an investor's personal information or that of the investor's directors, officers, employees or beneficial owners. When processing an investor's personal information, there may also be times where the Administrator will act as a data controller, the detail of which is set out below.

### **1. Purposes of processing and legal basis for processing**

The personal data collected from Investors or provided by Investors or on behalf of an Investor in connection with an investor's application for Shares may be processed by the Data Controller or the Administrator (or any of their affiliates, agents, employees, delegates or sub-contractors) for the following purposes:

#### *Performance of the contract*

- (a) to facilitate the opening of an investor's account with the ICAV, the management and administration of an investor's holdings in the ICAV and any related account on an on-going basis (the "**Services**") which are necessary for the performance of your contract with the ICAV, including without limitation the processing of redemption, conversion, transfer and additional subscription requests and the payment of distributions;
- (b) to update and maintain records and fee calculations;
- (c) circulating periodic reports relating to the ICAV.

#### *Compliance with a legal obligation*

- (a) in order to carry out anti-money laundering checks and related actions which the Data Controller consider appropriate to meet any legal obligations imposed on the Data Controller relating to the prevention of fraud, money laundering, terrorist financing, bribery, corruption, tax evasion or to prevent the provision of financial and other services to persons who may be subject to economic or trade sanctions, on an on-going basis, in accordance with the Data Controller and the Administrator's anti-money laundering procedures;
- (b) to facilitate the reporting of tax-related information and returns to tax authorities in Ireland or the home domicile of an investor where required to comply with a legal obligation applicable to the ICAV, and to the authorities in countries where a Fund seeks to invest where such reporting is

required to open or maintain an investment account or otherwise ensure a Fund is not subject to withholding tax or other deductions in the absence of such disclosure;

*Pursuing the legitimate interests of the Data Controller including:*

- (a) taking measures above and beyond any legal obligation to meet the objectives listed in (d) above which the Data Controller and its delegates believe are necessary or advisable;
- (b) carrying out statistical analysis and market research;
- (c) recording, maintaining, storing and using recordings of telephone calls that Investors make to and receive from the Data Controller, the Administrator and their delegates or duly appointed agents and any of their respective related, associated or affiliated companies for; (i) processing and verification of instructions, (ii) investigation and fraud prevention purposes, (iii) crime detection, prevention, investigation and prosecution, (iv) to enforce or defend the Data Controller and their affiliates' rights (either themselves or through third parties to whom they delegate such responsibilities), (v) in order to comply with any legal obligation imposed on the Data Controller, (vi) for quality, business analysis, training and related purposes in order to improve service delivery by the Data Controller and their delegates; (vii) to pursue the Data Controllers' legitimate interests in relation to such matters or (viii) where the processing is in the public interest;
- (d) to disclose information to other third parties such as service providers of the Data Controller, auditors, regulatory authorities and technology providers in order to improve service delivery or to manage regulatory relationships.

**Please note that where personal data is processed for purposes of legitimate interests, an investor has a right to object to such processing and the ICAV will no longer process the personal data unless the ICAV can demonstrate compelling legitimate grounds for the processing which override an investor's interests, rights and freedoms or for the establishment, exercise or defence of legal claims.**

## **2. Administrator acting as data controller**

When processing an investor's personal information, there may also be times where the Administrator will act as a data controller, such as:

- (a) the Administrator may use AML and other records of individuals obtained by the Administrator in its role as administrator of the ICAV to assist with carrying out anti-money laundering checks in relation to investments in other funds for which the Administrator acts. The Administrator will first ask for the Investor's permission before doing so.
- (b) the Administrator engages on its own behalf, and on behalf of other investment funds that it administers, in screening investors to identify politically exposed persons and persons who may be subject to sanctions regimes operated by the United Nations, the European Union and the US Office of Foreign Assets Control.

If an investor has any queries in relation to the Administrator's use of their personal information or if an investor wishes to exercise their rights in relation to same, please contact the Administrator directly at the following address:

Northern Trust International Fund Administration Services (Ireland) Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

## **3. Direct Marketing**

From time to time, one or more of the ICAV, the Investment Manager and Distributor may send an investor information about other products and services that they offer by letter, by telephone, by email or by other reasonable means of communication. The Investor has a right not to receive such information.

An investor can update its marketing preferences by contacting the ICAV at the address below. An investor also has a right to object to the processing of an investor's personal data for direct marketing purposes.

#### **4. Disclosures to Data Processors and / or Third Parties**

In addition to any disclosure envisaged under "1. Purposes of processing and legal basis for processing" above, the Data Controller may disclose an investor's personal information to regulatory authorities or otherwise as may be required by law.

Where personal information is disclosed by the Data Controller to a service provider or other third party, such as the Administrator, for processing on their behalf, the Data Controller will only do so on the basis that the third party has undertaken to comply with Data Protection Legislation.

#### **5. Transfers Abroad**

The disclosure of personal information between the Data Controller or to the third parties set out above may involve the transfer of data to the USA and other jurisdictions outside the European Economic Area (EEA), provided the transfer is made in accordance with the requirements of the Data Protection Legislation. Such countries may not have the same data protection laws as the Investor's jurisdiction. The Data Controller has authorised the Administrator (and may authorise other delegates) to transfer personal data to other countries for the purposes above where specific contractual clauses provided for in Data Protection Legislation have been put in place with relevant parties to whom personal data will be transferred.

#### **6. Retention period**

The Data Controller and the Administrator and their other delegates will only retain an investor's personal information for as long as is required for the purposes listed above.

#### **7. Your data protection rights**

Please note that an investor has the following rights under the Data Protection Legislation in relation to their personal information in addition to any rights listed above. In each case, the exercise of these rights is subject to the provisions of the Data Protection Legislation:

- (a) An investor has a right of access to and the right to have their personal data amended or rectified to ensure it is accurate.
- (b) An investor has the right to have any incomplete personal data completed.
- (c) An investor has a right to lodge a complaint with a supervisory authority, in particular in the Member State of your habitual residence, place of work or place of the alleged infringement if An investor considers that the processing of personal data relating to them carried out by the Data Controller infringes the Data Protection Legislation.
- (d) An investor has a right to request that their personal information is erased (in certain specific circumstances).
- (e) An investor has a right to restrict processing (in certain specific circumstances).
- (f) An investor has a right to data portability (in certain specific circumstances).

#### **8. Failure to provide personal data**

Please note that where an investor's information, which includes personal data, is required to process an investment in shares in the ICAV or to comply with anti-money laundering or other legal requirements, failure to provide this information means the ICAV will not be able to accept the investment or may have to restrict an investor's ability to redeem their shares, to receive any dividends or otherwise deal with the Shares as desired.

## 9. How to contact us

If an investor has any questions about our use of their personal information, please contact us at 1167 Active Funds ICAV, c/o Haggards Crowther, Heathman's House, 19 Heathman's Road London, SW6 4TJ United Kingdom or at [1167dataprotection@1167capital.com](mailto:1167dataprotection@1167capital.com)

### *Eligible Investors*

Each prospective investor is required to certify that the Shares of the relevant Fund are not being acquired directly or indirectly for the account or benefit of a "Restricted Person" and such applicants will not sell or offer to transfer or sell Shares of the relevant Fund to a Restricted Person unless the ICAV gives its prior approval. "Restricted Person" as used in this Prospectus currently means any (i) US Person (as defined under "GENERAL INFORMATION" below) and (ii) any person whose holding of Shares might result in legal, pecuniary, tax, regulatory or material administrative disadvantage to the ICAV or Fund or their respective Shareholders.

The ICAV reserves the right to accept applications for Shares of each Fund from certain qualified investors in the United States or a limited number of US investors if the ICAV receives evidence satisfactory to it that the sale of Shares of the relevant class to such an investor is exempt from registration under the securities laws of the United States, that such sale will not require the ICAV to register under the 1940 Act, as amended, and, in all events, that there will be no adverse tax or other consequences to the ICAV or its Shareholders, in the judgement of the Directors, as a result of such sale. If and when permitted, US Persons subscribing on this basis should receive a supplemental disclosure document and will be required to complete a set of additional subscription documents.

### *Payment of Subscription Price*

In cases where subscription moneys have not been received with the application for Shares, settlement is due immediately. If payment in full is not received by the ICAV within three (3) Business Days of the relevant subscription Dealing Day, the application may be refused and the allotment or transfer of Shares cancelled (at the expense of a defaulting investor or his agent), or, alternatively, the ICAV may treat the application as an application for such number of Shares as may be purchased or subscribed with such payment received. It is the responsibility of the investor or his agent to ensure that Application Forms are correctly completed and moneys submitted in accordance with the terms of the Prospectus. Applications not in accordance with the terms of the Prospectus may be rejected without notice.

Payment is normally due in the currency of denomination of the Shares of the relevant Fund subscribed. The ICAV may accept payment in other currencies (following consultation with the Administrator), but payments will be converted into the relevant currency of denomination at rates available to the ICAV through its bankers and only the proceeds of such conversion applied towards the subscription moneys.

The ICAV has standing arrangements in place for subscription moneys to be paid by telegraphic transfer as specified in the Application Form available from the Administrator;

Payments by TT should quote the applicant's name, bank, bank account number, Fund name and Contract Note number (if one has already been issued). Any charges incurred in making the TT will be payable by the applicant.

### *In Specie Subscriptions*

The Directors may at their discretion accept securities falling within the objectives and policies of the relevant Fund in payment in part or in whole of the subscription price of Shares of a particular Fund. Such securities shall be vested in the Depositary and valued in accordance with the procedures for calculating the Net Asset Value of the relevant Fund set out under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS - Calculation of Net Asset Value" below. All taxes, duties, depositary, brokerage or other charges or expenses incurred in connection with the transfer of the securities to the ICAV will be for the account of the subscriber.

#### *Closure of a Fund or Class to further subscriptions*

The Directors shall have an absolute discretion to declare any Fund or Class closed to further subscriptions. Existing Shareholders of the relevant Fund or Class will be provided with prior notification of such closure and the ICAV shall also notify distributors and/or placing agents. The Directors will have the discretion to re-open the relevant Fund or Class for subscription on any Dealing Day and existing Shareholders will be given advance notification of such re-opening.

### **Redemptions**

#### *Redemption of Shares*

Shares of each Fund may be redeemed on each redemption Dealing Day at redemption prices calculated with reference to the Net Asset Value per Share of the relevant Fund calculated as at the Valuation Point in respect of that redemption Dealing Day. The redemption price per Share of the relevant Fund is calculated in accordance with the procedures referred to under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS" below.

Since the redemption price of Shares of each Fund is tied to the Net Asset Value of the underlying assets of a Fund attributable to the Shares of the relevant class, it should be noted that the price at which an investor might redeem his Shares may be more or less than the price at which he subscribed for them depending on whether the value of the underlying net assets of each Fund attributable to the Shares of the relevant class has appreciated or depreciated between the date of subscription and the date of redemption and subject also to dividends declared and paid on the Shares.

#### *Minimum Redemptions and Holdings*

The minimum redemption amount and the minimum residual holding of Shares of each Fund is set out in the Supplement for each Fund. The Directors may at their discretion specify different minimum redemption amounts and holdings for Shares of each Fund and in respect of different classes of Share of a Fund.

These minimums may be lowered, increased or waived at the discretion of the Directors.

Partial redemptions of Shares of a particular Fund may be effected. The ICAV will have the right compulsorily to redeem any Shareholding where the Net Asset Value of that holding is less than the minimum residual holding of Shares of that Fund or class.

#### *Redemption Procedure*

To redeem all or part of his holding in Shares of a relevant Fund a Shareholder should complete a signed original redemption request form available from the Administrator and send the same to the ICAV care of the Administrator in accordance with the instructions contained in the redemption request form. To be effective, requests for redemption of Shares of each Fund class must be received by the Dealing Deadline on the relevant redemption Dealing Day. Any requests for redemptions received after that time will be dealt with on the next succeeding redemption Dealing Day provided that, at the Directors' sole discretion, requests for redemption received after that time may be accepted for the relevant redemption Dealing Day.

Unless the number of Shares of the relevant Fund or class to be redeemed is specified in a redemption request, it will be taken as applying to all the Shares of the relevant Fund or class held by the Shareholder. Requests for redemption once made may not be withdrawn.

Redemption requests may be made by facsimile or other written request. Where a facsimile request is received, a provisional redemption will be made but the proceeds of redemption will not be released until duly signed instructions have been received. No interest is payable in respect of such moneys. No redemption payment will be made from a Shareholders account until the original Application Form and all documentation requested by the ICAV has been received, including any documents in connection with anti-money laundering procedures.

#### *Deferral of Redemption Requests*

If the number of Shares of a Fund falling to be redeemed on any redemption Dealing Day is equal to one-tenth or more of the total number of Shares in issue or deemed to be in issue of that Fund on such redemption Dealing Day, then the Directors may in their absolute discretion refuse to redeem any Shares in excess of one-tenth of the total number of such Shares in that Fund. If they so refuse, the requests for redemption on such redemption Dealing Day shall be reduced on pro rata basis and the Shares to which each request relates which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent redemption Dealing Day until all the Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier redemption Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

#### *Payment of Redemption Proceeds*

Payment of the redemption proceeds will be made in the currency of denomination of the Shares redeemed by telegraphic transfer sent to the Shareholder (at his or her own risk). Payment will normally be made within four (4) Business Days after the relevant Dealing Deadline (but in any event no later than ten (10) Business Days from the relevant Dealing Deadline) provided that the Administrator has received all of the requisite documentation by the ICAV, including any documentation requested by the Administrator for the purposes of verification of identity or source of funds as part of the ICAV's anti-money laundering procedures. Arrangements can be made for the redemption proceeds to be paid in currencies other than the currency of denomination of the Shares redeemed. In such circumstances the cost of currency conversion and other administration expenses will be charged to the Shareholder. Redemption payments will be subject to the charges specified in the redemption form available from the Administrator. Such charges will normally be payable by the Shareholder, although the Directors have the discretion to determine that these charges should be borne by the relevant Fund. Amendments to an investors' details and payment instructions will only be effected on receipt of original documentation. Redemption orders will be processed on faxed instructions only where payment is to the account of record.

#### *In Specie Redemptions*

The ICAV has discretion, subject to consent of the Shareholder in question elect, satisfy the redemption in whole or in part by way of the transfer in specie of assets of the ICAV attributable to the relevant Fund. If the number of Shares of a Fund falling to be redeemed on any redemption Dealing Day is equal to 5% or more of the total number of Shares in issue in any Fund, the Directors may determine to provide redemption in specie solely at their discretion where the redeeming Shareholder has made such request. The assets selected to satisfy such in-specie redemptions shall be approved by the Depositary. The costs of such transfer shall be borne by the relevant Shareholder which may elect instead for the sale of the assets proposed to be transferred and the receipt of the net proceeds of sale in relation thereto.

#### *Compulsory Redemption*

The Instrument permits the ICAV to redeem the Shares of an untraced Shareholder where during a period of six years no acknowledgement has been received in respect of any contract note or other confirmation of ownership of the Shares sent to the Shareholder, and at the expiration of the said period of six years by notice sent by pre-paid letter addressed to the Shareholder or to the last known address given by the Shareholder or by advertisement in a national daily newspaper published in Ireland or in a newspaper circulating in the area in which such address is located, the ICAV has given notice of its intention to repurchase such Shares and during the period of three months after the date of the advertisement and prior to the exercise of the power of repurchase the ICAV has not received any communication from the Shareholder. The proceeds of such repurchase shall form part of the ICAV's assets in respect of which such Shares were issued.

The ICAV may also compulsorily redeem Shares in the following circumstances:

- (i) if a redemption request would result in the Net Asset Value of the Shares held by a Shareholder to fall below the minimum subscription amount for the relevant Class for the relevant Fund, the ICAV may treat the redemption order as an order to redeem the entire shareholding; and
- (ii) the ICAV may compulsorily redeem all Shares in issue or deemed to be in issue if at any time the Net Asset Value of the ICAV or any Fund falls below \$10 million (or foreign currency equivalent thereof) on any Valuation Point.

#### *Dealing Days and Valuation Points*

Dealing Days will, together with related Valuation Points, be specified for Shares of each Fund. The Directors have the discretion under the Instrument to declare other and/or additional days and/or times to be Dealing Days and Valuation Points in respect of Shares of each Fund provided that there will be at least one Dealing Day per fortnight and all Shareholders will be notified in advance of any change in the Dealing Days. In such event details will be included in the relevant Supplement. The subscription and redemption Dealing Days and Valuation Points currently in force in respect of Shares of each Fund are set out in the Supplement to this document for each Fund.

#### **Switching**

Subject to the minimum subscription, minimum holding and minimum transaction requirements of the relevant Fund or class thereof, Shareholders are entitled to switch some or all of their investment in Shares of one Fund or Class into Shares of another Fund or class in accordance with the formula and procedures specified below. Switches by Restricted Persons, however, are subject to the approval of the Directors or their agents.

The number of Shares of the new Fund or class to be issued will be calculated in accordance with the following formula:-

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

where

S is the number of Shares of the new Fund or class to be issued;

R is the number of Shares in the original Fund or class to be converted;

RP is the Redemption price per Share of the original Fund or class calculated as at the relevant Valuation Point following receipt of the switching request;

ER is the currency conversion factor (if any) determined by the Directors on the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of

assets between relevant Funds or classes after adjusting such rate as may be necessary to reflect the effective costs of making such re-investment;

SP is the subscription price per Share of the new Fund or class calculated as at the next Valuation Point of the new Fund or class following receipt of the conversion request.

The number of Shares will be calculated to four decimal places. Fractional shares shall not carry any voting rights.

The ICAV does not currently propose to charge a switching fee although it reserves the right to levy such a charge generally or in respect of specific Funds or Share classes. In such event, details will be incorporated in the relevant Supplement. An initial charge may however be made as described above in relation to a transaction which the ICAV is instructed by shareholders or their authorised agents to treat as a separate redemption and subscription.

#### *Switching procedure*

Shareholders may apply in writing to switch Shares of one Fund or class to Shares of another Fund or class using a switching form which is available from the Administrator. Applications to switch Shares of the relevant Fund or class must be made in accordance with the instructions outlined in the switching form. Switching forms, duly completed, should be sent to the ICAV care of the Administrator in accordance with the instructions contained in the switching form.

Application may be made to switch Shares of one Fund or class to Shares of another Fund or class on each subscription Dealing Day at subscription prices calculated with reference to the Net Asset Value per Share of the relevant class calculated as at the Valuation Point for that subscription Dealing Day. The subscription price per Share of the relevant class is calculated in accordance with the procedures referred to under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS" below.

The Directors may limit or close subscriptions for Shares of a Fund or class at their discretion. Applications may only be made to switch to Shares of a class that is available for subscription.

Details of the subscription Dealing Days and Valuation Points in respect of Shares of each Fund and any limitations on subscriptions are set out in the Supplement for each Fund.

#### *Transfer of Shares*

Shares may be transferred by instrument in writing and only once the transferor has satisfied the ICAV's anti-money laundering procedures. The instrument of transfer must be accompanied by a certificate from the transferee that it is not, nor is it acquiring such Shares on behalf of or for the benefit of, a Restricted Person. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the ICAV as having any title to or interest in the Shares registered in the names of such joint Shareholders.

#### *Switching Fees*

Details of the switching fee, if any, in respect of specific Funds or Share classes which will be disclosed in the relevant Supplement. An initial charge may however be made as described above in relation to a transaction which the ICAV is instructed by Shareholders or their authorised agents to treat as a separate redemption and subscription.

## **ALLOCATION OF ASSETS AND LIABILITIES**

The assets and liabilities of the ICAV shall be allocated to each Fund in the following manner:

- (a) the proceeds from the issue of shares representing a Fund shall be applied in the books and records of the ICAV to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund, subject to the provisions of this section;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the ICAV to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (c) where the ICAV incurs a liability which relates to any asset of a particular Fund or to any action taken in conjunction with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund;
- (d) where an asset or a liability of the ICAV cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund or on such other basis approved by the Depositary having taken into account the nature of the assets and liabilities; and
- (e) subject as otherwise in this Instrument provided, the assets held in each Fund shall belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose, provided that when issuing a class of shares in regard to any Fund, the Directors may allocate commission, Duties and Charges and ongoing expenses on a basis which is different from that which applies in the case of shares in other classes in the Fund.

## **CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PROCEEDS**

### ***Calculation of Net Asset Value***

The Instrument provides for the Directors to calculate the Net Asset Value of each Fund and the Net Asset Value per Share of each Fund as at the Valuation Point in respect of each Dealing Day. The Directors have delegated the calculation of the Net Asset Value of each Fund and the Net Asset Value per Share of each Fund to the Administrator.

The Administrator will calculate the Net Asset Value of a Fund and the Net Asset Value per Share of each Fund as at the Valuation Point in respect of each Dealing Day. The Net Asset Value of a Fund is calculated by deducting the Fund's liabilities from the value of the Fund's assets as at the relevant Valuation Point. The Net Asset Value per Share of each Fund class is calculated as at the relevant Valuation Point in accordance with the valuation provisions set out in the Instrument and summarised below.

The method of calculating the value of the assets of each Fund is as follows:

1. In determining the value of the assets of each Fund, each Investment which is quoted, listed or traded under the rules of a Recognised Exchange, for which market quotations are readily available, shall be valued as at the last traded price on the relevant Recognised Exchange at the Valuation Point, provided that the value of the Investment listed, traded or dealt in on a Recognised Exchange but acquired or traded at a premium or at a discount outside or off the relevant Recognised Exchange may be valued, taking into account the level of premium or discount as at the date of valuation of the Investment and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security.
2. If the Investment is normally listed, traded or dealt in on or under the rules of more than one Recognised Exchange, the relevant Recognised Exchange shall be that which constitutes the main market for the investment. If prices for an investment listed, traded or dealt in on the relevant Recognised Exchange are not available at the relevant time or are unrepresentative, or in the event that any Investments are not listed or traded on any Recognised Exchange, such investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by the Directors, or a competent professional person, firm or corporation appointed by the Directors and approved for such purpose by the Depositary which may be the relevant Investment Manager. None of the Directors, the relevant Investment Manager or the Administrator shall be under any liability if a price reasonably believed by them to be the latest available price for the time being may be found not to be such.
3. Units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available Net Asset Value per unit/share as published by the collective investment scheme.
4. Cash deposits and similar investments shall be valued at their face value together with accrued interest unless in the opinion of the Directors (in consultation with the relevant Investment Manager) any adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other consideration which are deemed relevant.
5. Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange, provided that if the settlement price of an exchange-traded derivative instrument is not available, the value of such instrument shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Depositary, which may be the relevant Investment Manager. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the ICAV at fair value. The ICAV will value over the counter derivatives using an alternative

valuation calculated by the ICAV or by an independent pricing vendor. The ICAV must value over the counter derivatives on a daily basis. In valuing over the counter derivatives using an alternative valuation, the ICAV will follow international best practice and will adhere to the principles on the valuation of over the counter instruments established by bodies such as IOSCO and AIMA. The alternative valuation is that provided by a competent person appointed by the Directors and approved for the purpose by the Depositary, which may be the Administrator, the relevant Investment Manager or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a weekly basis. Where significant differences arise these will be promptly investigated and explained.

6. Forward foreign exchange and interest rate swap contracts will be valued in accordance with the preceding paragraph.
7. Notwithstanding the provisions of paragraphs (1) to (6) above:
  - (i) The Directors or their delegates shall have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the personnel who are responsible for the investment management of the Fund.
  - (ii) Where it is not the intention or objective of the Directors or their delegates to apply amortised cost valuation to the portfolio of a Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
8. Notwithstanding the generality of the foregoing, the Directors may with the approval of the Depositary adjust the value of any investment if, taking into account currency, marketability and/or such other considerations as they may deem relevant, such as applicable rate of interest, anticipated rate of dividend, maturity or liquidity, they consider that such adjustment is required to reflect the fair value thereof.
9. Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which the Directors or their delegate shall determine to be appropriate.
10. A particular or specific asset valuation may be carried out using an alternative method of valuation if the Directors deem it necessary and the alternative method must be approved by the Depositary and the rationale and/or methodologies used shall be clearly documented.

In calculating the Net Asset Value of a Fund, appropriate provisions will be made to account for the charges and fees charged to the Fund as well as accrued income on the Fund's investments.

### ***Calculation of Net Asset Value per Share***

The Net Asset Value per Share of each Fund on each applicable Dealing Day is determined by dividing the Net Asset Value of the assets of the Fund attributable to the Shares of the relevant Fund class on that day by the number of Shares of the relevant Fund in issue on the relevant Dealing Day.

Where more than one class of Shares is in issue in respect of a Fund, the Net Asset Value of the relevant Fund calculated as provided under "Calculation of Net Asset Value" above, shall be allocated between each class in accordance with the respective values in the Base Currency of the Fund represented by subscriptions and redemptions of Shares of each class of the Fund received or made from time to time. Where different entitlements, costs or liabilities apply in respect of different classes, these are excluded from the initial calculation of the Net Asset Value of the Fund and applied separately to the Net Asset Value allocated to the relevant class. The portion of the Net Asset Value of each Fund attributable to each class shall then be converted into the relevant currency of denomination of the class at prevailing exchange rates available to the Administrator and

shall be divided by the number of Shares of the relevant class in issue on the relevant Dealing Day in order to calculate the Net Asset Value per Share of the relevant class.

### ***Publication of Net Asset Value per Share***

The most up-to-date Net Asset Value per Share, which represents the dealing prices of each Fund is published daily following calculation on [www.bloomberg.com](http://www.bloomberg.com) or such other website as the Directors may determine and notify to Shareholders. In addition, the most up-to-date Net Asset Value per Share of each Fund may be obtained from the Administrator during normal business hours and may also be published in such other newspaper or journal as the Directors in their sole discretion may determine and notify to Shareholders.

### ***Calculation of Subscription and Redemption Proceeds***

#### *Subscription Prices*

The subscription price at which Shares of each class of a Fund may be subscribed is the Net Asset Value per Share of the relevant Fund class calculated as at the Valuation Point for the relevant Dealing Day plus any initial charge payable to the Investment Manager.

#### *Redemption Prices*

The price at which Shares of each class of a Fund may be redeemed on a Dealing Day is the Net Asset Value per Share of the relevant Fund class calculated as at the Valuation Point in respect of the relevant Dealing Day less any redemption charge.

#### *Anti-Dilution Levy/Duties and Charges*

The ICAV reserves the right to impose an anti-dilution levy representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund, in the event of receipt for processing of subscription or redemption requests in either case, as specifically set out in the Supplement for the relevant Fund.

### ***Temporary Suspension of Subscriptions, Redemptions and Switching***

The Directors may at any time and from time to time temporarily suspend the calculation of the Net Asset Value of a particular Fund and/or the issue, redemption and switching of Shares of each class of a Fund in any of the following instances:-

1. the whole or any part of any period when any Recognised Exchange on which a substantial portion of the Investments for the time being comprised in a Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such Recognised Exchange are restricted or suspended; or
2. the whole or any part of any period where, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, including the unavailability of relevant prices, the disposal or valuation of any Investments for the time being comprised in a Fund cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interest of Shareholders; or
3. any breakdown in the means of communication normally employed in determining the value of any Investments for the time being comprised in a Fund or during any period when for any other reason the value of Investments for the time being comprised in the ICAV cannot, in the opinion of the Directors, be promptly or accurately ascertained; or
4. the whole or any part of any period when a Fund is unable, due to exceptional market conditions or other exceptional circumstances prevailing in one or more Recognised

Exchanges, to repatriate funds for the purposes of making redemption payments or during which the realisation of any Investments for the time being comprised in a relevant Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which there are difficulties or it is envisaged that there will be difficulties, in transfer of monies or assets required for subscriptions, redemptions or trading; or

5. any period in which the redemption of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
6. the whole or any part of any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the sole opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in such Fund; or
7. the whole or any part of any period in which notice has been given to Shareholders of a resolution to wind up the ICAV; or
8. the whole or any part of any period during which dealings in a collective investment scheme in which the relevant Fund has invested a significant portion of its assets, as determined by the Directors, are suspended; or
9. the whole or any part of any period when the Directors determine that it is in the best interests of the Shareholders to do so.

Notice of any such suspension and notice of the termination of any such suspension shall be given immediately to the Central Bank and shall be notified to Shareholders of the relevant Fund if in the opinion of the Directors it is likely to exceed fourteen (14) days and will be notified to applicants for Shares of the relevant Fund or to Shareholders requesting the repurchase of Shares of the relevant Fund at the time of application or filing of the written request for such repurchase. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

No Shares of a Fund may be issued (other than those which have already been allotted) nor may Shares of a Fund be redeemed during a period of suspension. In the event of suspension, a Shareholder of the relevant Fund may withdraw his redemption request provided that such withdrawal is actually received before the termination of the period of suspension. Where the request is not so withdrawn, the day with reference to which the redemption of the Shares of the relevant Fund will be effected will (if later than the day in which the redemption would otherwise have been effected if there had been no suspension) be the applicable redemption Dealing Day next following the end of the suspension.

### ***Tax Liability of the ICAV***

The attention of investors is drawn to the section of the Prospectus headed Irish Taxation and in particular the taxation liability arising on the occurrence of certain events such as the encashment, redemption or transfer of Shares by or payment of dividends to Shareholders who are Irish Resident or Ordinarily Resident in Ireland.

Furthermore, if the ICAV becomes liable to account for tax, in any jurisdiction, including any interest or penalties thereon if an event giving rise to a tax liability occurs, the ICAV shall be entitled to deduct such amount from the payment arising on such event or to compulsorily redeem or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as have a value sufficient after the deduction of any redemption charges to discharge any such liability. The relevant Shareholder shall indemnify and keep the ICAV indemnified against any loss arising to the ICAV by reason of the ICAV becoming liable to account for tax and any interest or penalties thereon on the happening of an event giving rise to a tax liability including if no such deduction, appropriation or cancellation has been made.

## MEETINGS AND REPORTS TO SHAREHOLDERS

1. The Directors have elected to dispense with the holding of the annual general meeting of the ICAV in the first and each subsequent year of its operation, and Shareholders are hereby notified of this fact in accordance with the requirements of the Act, provided that one or more Shareholders of the ICAV holding, or together holding, not less than 10% of the voting rights in the ICAV or the Auditors may require the ICAV to hold an annual general meeting in that year by giving notice in writing to the ICAV in the previous year or at least one month before the end of the relevant year.
2. All general meetings of the ICAV shall be held in Ireland. 21 days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the ICAV. The notice shall specify the venue and time of the meeting and business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder.
3. Each Shareholder shall have one vote in relation to any matter relating to the ICAV which is submitted to Shareholders for a vote by show of hands. Each Share gives the holder one vote in relation to any matter relating to the ICAV which is submitted to Shareholders for a vote by poll. All Shares have equal voting rights. Every holder of a Management Share who is/are present in person or by proxy shall have one vote per Management Share.
4. The accounting date of the ICAV is the 31 December in each year. The half yearly accounting date shall be the 30 June in each year.

The first audited annual report in respect of the ICAV (or the initial Sub-Fund of the ICAV as applicable) will be prepared for the period ending 31 December 2017 and the first set of half yearly financial statements of the ICAV (or the initial Sub-Fund of the ICAV as applicable) will be prepared for the period ending 30 June 2017.

The ICAV's annual report incorporating audited financial statements will be published within four months after the end of the annual accounting period. For the purpose of the compilation of the semi-annual and annual report and accounts, the reporting currency of each Fund shall be its Base Currency.

The ICAV will publish a semi-annual unaudited financial report made up to 30 June in each year, containing a list of the Fund's holdings and their market values, within two months of the date to which it is made up.

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

## ICAV AND SHAREHOLDER TAXATION

### *General*

The statements on taxation below are intended to be a general summary of certain Irish and United Kingdom tax consequences that may result to the ICAV and Shareholders. The information given is not exhaustive and does not constitute legal or tax advice. The statements relate to Shareholders holding shares as an investment (as opposed to an acquisition by a dealer or certain other categories of investor) and are based on the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that any tax position described in this Prospectus will not change in the future.

**Prospective Shareholders should familiarise themselves with and, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each Shareholder of acquiring, holding, redeeming or disposing of Shares will depend upon the relevant laws of any jurisdiction to which the Shareholder is subject. Investors and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.**

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

### 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. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, exchanging or otherwise disposing of Shares under the laws of their country of incorporation, establishment, citizenship, residence, ordinary residence or domicile.**

The following summary is based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position at the time of an investment in the 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.

Finance Act 2016 introduced a new regime for the tax treatment of investments in Irish real estate funds ("IREFs"). An IREF is as an investment undertaking, or sub-fund of an investment undertaking, in which 25% or more of the value of the assets at the end of the immediately preceding accounting period is derived directly or indirectly from Irish real estate and related assets, or where it would be reasonable to consider that the main purpose or one of the main purposes of the investment undertaking, or sub-fund, was to acquire such assets or carry on an Irish real estate business. The Irish tax summary below is based on the assumption that neither the ICAV nor any of its sub-funds is

an IREF and that accordingly Chapter 1B of Part 27 of the TCA will not apply to the ICAV nor to any of its sub-funds.

## **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 regarded as resident elsewhere. It is intended that the Directors of the ICAV 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;
4. any exchange of Shares arising on a scheme of reconstruction or amalgamation (within the meaning of Section 739H TCA) of the ICAV, 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. 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. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are:

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

3. *Exempt Investors*

a) *Deductions by the 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
- 4. 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. 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. Shareholders and potential investors are advised to contact their professional advisers if they have any concerns in relation to the Declaration.

### **Residence – Company**

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were

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

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

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

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

## **Residence – Individual**

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

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

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

## **Ordinary Residence – Individual**

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

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

### **Common Reporting Standard**

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of financial account information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the text of the Common Reporting Standard ("**CRS**" or the "**Standard**"). The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions.

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

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

It is expected that the 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 in respect of CRS. The relevant information must be reported to the Irish Revenue Commissioners by 30 June in each year, with the first CRS return due on 30 June 2017 in respect of the 2016 calendar year.

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

For the purposes of complying with its obligations under CRS and DAC II, an Irish FI (such as the 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.

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

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

The foreign account tax compliance provisions contained in Sections 1471 to 1474 of the United States Internal Revenue Code and the regulations promulgated thereunder ("**FATCA**") impose a reporting regime which may impose a 30% withholding tax on certain U.S. source payments, including interest (and original issue discounts), dividends, other fixed or determinable annual or periodical gains, profits and income, made on or after 1 July 2014 and the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends made on or after 1 January 2019 (collectively, "**Withholdable Payments**"), if paid to certain non-U.S. financial institutions (any such non-U.S. financial institution, an "**FFI**") that fail to enter into, or fail to comply with once entered into, an agreement with the U.S. Internal Revenue Service to provide certain information about their U.S. accountholders, including certain account holders that are non-U.S. entities with U.S. owners. The 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 (such as the ICAV) 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 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.

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

## **UNITED KINGDOM TAXATION**

### **The ICAV**

The Directors intend that the ICAV should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. In these circumstances, and provided that the ICAV does not carry on a trade in the United Kingdom through a permanent establishment situated therein for corporation taxation purposes or through a branch or agency situated in the United Kingdom within the charge to income tax, the ICAV will not be subject to United Kingdom corporation tax or income tax on income and capital gains arising to it, save as noted below in relation to possible withholding tax on certain United Kingdom source income.

The Directors, the Investment Manager and the Investment Advisor each intend that the respective affairs of the ICAV, the Investment Manager and the Investment Advisor are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their respective controls. However, it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

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

### **Shareholders**

Subject to their personal circumstances, individual Shareholders resident in the United Kingdom for United Kingdom tax purposes are generally liable to United Kingdom income tax in respect of dividends or other distributions of an income nature made by the ICAV (including deemed distributions or distributions that are automatically reinvested). Individual Shareholders who are neither domiciled nor deemed domiciled in the United Kingdom (and who, where applicable, elect for the remittance basis of taxation for the tax year in which such dividends or other distributions are received) will, subject to their personal circumstances, be subject to United Kingdom income tax on such dividends or distributions only to the extent that such dividends or distributions are remitted to the United Kingdom.

UK legislation provides for a wide exemption from United Kingdom corporation tax on dividends and other income distributions received by companies within the charge to United Kingdom corporation tax (including distributions received from non-United Kingdom companies) subject to certain exclusions and specific anti-avoidance rules.

Except in the case of a company owning directly or indirectly not less than 10 per cent. of the voting share capital of the ICAV, no credit will be available against a Shareholder's United Kingdom tax liability in respect of income distributions of the ICAV for any taxes suffered or paid by the ICAV on its own income.

Each of the Share classes will be deemed to constitute an "offshore fund" as defined in section 355 of the United Kingdom Taxation (International and Other Provisions) Act 2010 for the purposes of the United Kingdom Offshore Funds (Tax) Regulations 2009 (as amended)(the "Regulations").

Where a Shareholder holds such an interest, any gain arising to that person on the sale, redemption or other disposal of that interest (including a deemed disposal on death) is categorised as "offshore income gain" and is taxed at the time of such sale, redemption or other disposal as income and not as capital gain, unless the particular class of interests in the fund held by that Shareholder (each such class being deemed to be a separate "offshore fund" for these purposes) has been for United Kingdom tax purposes a "reporting fund" throughout the period during which that Shareholder has held that interest.

Shareholders are advised to consider the terms of the Supplement for their Shares whether reporting fund status is sought for such Shares.

It is intended that none of the Accumulating Share classes will seek to be certified as a "reporting fund" and accordingly Shareholders who are resident in the United Kingdom for tax purposes may be liable to United Kingdom income taxation (or corporation tax on income) in respect of any gain realised on a sale, redemption or other disposal of the relevant Accumulating Shares.

It is intended that the ICAV will conduct its affairs so as to enable each of the Reporting Share classes to be certified as a "reporting fund" throughout its life although such certification cannot be guaranteed.

Provided the Reporting Share class in question obtains such relevant reporting fund certification, Shareholders who are resident in the United Kingdom for tax purposes and , subject to satisfying certain conditions (such as the relevant Shares having been certified as "reporting" throughout the period of investment by a relevant Shareholder), any gains arising to Shareholders resident in the United Kingdom on a sale, redemption or other disposal of their Shares would be taxed as capital gain (or corporation tax on capital gains in the case of corporate Shareholders).The precise consequences of such treatment will depend upon the particular tax position of each Shareholder.

Further, under the Regulations, a reporting fund is required to provide each Shareholder in the Reporting Shares, for each account period of the relevant shares, a report of the income of the Reporting Shares for that account period which is attributable to the Shareholder's interest (whether or not such income has been distributed to the Shareholder), and such reported income is treated as an additional distribution made by the Reporting Shares to the investor. A United Kingdom resident Shareholder in the Reporting Shares will therefore (subject to their particular United Kingdom tax position) be potentially subject to United Kingdom tax on that reported income as if such reported income were a distribution upon their Reporting Shares. These rules are complex and investors are advised to consult their own tax advisers. In addition, there can be no guarantee that under the "reporting regime", the relevant conditions to achieve or maintain "reporting" status will be satisfied.

Individual Shareholders who are neither domiciled nor deemed domiciled in the United Kingdom (and who, where relevant, elect to be taxed on the remittance basis of taxation for the tax year in which such gains are realised) will in principle only be subject to United Kingdom tax on gains realised upon the disposal of their Shares – whether such gains are in principle taxable as capital gains or as "offshore income gains" - to the extent that they remit the proceeds of disposal of such Shares to the United Kingdom.

Shareholders resident in the United Kingdom that subsequent to subscription wish to switch from Shares to those of another class (whether Reporting or Accumulating) should note that such switching may give rise to a taxable disposal.

Chapter 3 of Part 6 of the Corporation Tax Act 2009 ("CTA 2009") provides that, if at any time in an accounting period a corporate investor within the charge to United Kingdom corporation tax holds an interest in an offshore fund within the meaning of the relevant provisions, and there is a time in that

period when that fund fails to satisfy the “non-qualifying investment test”, the interest held by such corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in CTA 2009 (the “Corporate Debt Regime”). The Reporting Shares will (as explained above) constitute interests in an offshore fund. In circumstances where the test is not so satisfied (for example where the ICAV invests in debt instruments, securities or cash and the market value of such investments exceeds 60 per cent. of the market value of all its investments) the Reporting Shares will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence where the test is not met all returns on the Reporting Shares in respect of each corporate investor’s accounting period during which the test is not met (including gains, profits and deficits and exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Reporting Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Reporting Shares).

Individuals resident in the United Kingdom for taxation purposes are referred to Chapter 2 of Part 13 of the UK Income Tax Act 2007, which contain provisions which aim to prevent the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad.

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992 (“Section 13”). Section 13 applies to a “participator” for United Kingdom taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the ICAV which constitutes a chargeable gain for those purposes, at the same time, the ICAV is itself controlled by a sufficiently small number of persons so as to render the ICAV a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a “participator” in the ICAV being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the ICAV had accrued to that person directly, that part being equal to the proportion of the gain that corresponds that on a just and reasonable basis to that person’s proportionate interest in the ICAV as a “participator”. No liability under Section 13 could be incurred by such a person however, where such proportion does not exceed one-quarter of the gain. In the case of United Kingdom resident individuals domiciled outside the United Kingdom, Section 13 applies subject to satisfying certain conditions (and who, where relevant, elect to be taxed on the remittance basis of taxation for the tax year in which such gains are realised) only to gains relating to non-United Kingdom situate assets of the ICAV, or gains relating to non-United Kingdom situate assets if such gains are remitted to the United Kingdom.

Shareholders resident in the UK for taxation purposes should note the “controlled foreign companies” legislation contained in Part 9A of TIOPA 2010 (the “CFC rules”). The CFC rules could in particular be material to any company that has (either alone or together with persons connected or associated with it for United Kingdom taxation purposes) an interest in 25 per cent or more of the “chargeable profits” of the ICAV if the ICAV is controlled (as “control” is defined in section 371RA of TIOPA 2010) by persons (whether companies, individuals or others) who are resident in the United Kingdom for taxation purposes or is controlled by two persons taken together, one of whom is resident in the United Kingdom for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the ICAV, and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of the CFC rules could be to render such companies liable to United Kingdom corporation tax by reference to their proportionate interest in the chargeable profits of the ICAV. The chargeable profits of the Company do not include any capital gains.

## **EUROPEAN SAVINGS DIRECTIVE**

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the EU Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, or accounting for withholding taxes on, payments made before those dates and to certain other transitional provisions in the case of Austria). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU) (DAC II). The new regime under DAC II is aligned with the CRS released by the OECD in July 2014 and essentially imports CRS into EU legislation. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes.

## **GENERAL INFORMATION**

### **THE SHARE CAPITAL**

The minimum authorised share capital of the ICAV is €2.00 (two euro) represented by 2 (two) Subscriber Shares of no par value issued at €1.00 (one euro) each. The maximum authorised share capital of the ICAV, as may be amended by the Directors from time to time and notified to Shareholders, is 500,000,300,002 Shares of no par value represented by 2 (two) Subscriber Shares of no par value, 300,000 (three hundred thousand) capitalisation shares of no par value and 500,000,000,000 (five hundred billion) Shares of no par value, initially designated as unclassified Shares. The Directors are empowered to issue up to 500,000,000,000 Shares of no par value designated as Shares of any Class on such items as they think fit.

The Subscriber Shares and the capitalisation shares entitle the holders to attend and vote at general meetings of the ICAV but do not entitle the holders to participate in the profits or assets of the ICAV except for a return of capital on a winding-up. The Shares entitle the holders to attend and vote at general meetings of the ICAV and to participate in the profits and assets of the ICAV. There are no pre-emption rights attaching to the Shares.

### **VARIATION OF SHAREHOLDER RIGHTS**

The rights attached to each Class (and for these purposes, reference to any Class shall include reference to any Class) may, whether or not the ICAV is being wound up be varied 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 Shares of that Class. The provisions of the Instrument in relation to general meetings shall apply to every such separate general meeting except that 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 or, at an adjourned meeting, one person holding Shares of the Class in question or his proxy. Any holder of Shares representing one tenth of the Shares in issue of the Class in question present in person or by proxy may demand a poll. The rights attaching to any Class shall not be deemed to be varied by the creation or issue of further Shares of that Class ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares.

### **VOTING RIGHTS**

The Instrument provides that on a show of hands at a general meeting of the ICAV every Shareholder, Subscriber Shareholder and capitalisation shareholder present in person or by proxy shall have one vote and on a poll at a general meeting every Shareholder, Subscriber Shareholder and capitalisation Shareholder shall have one vote in respect of each Share, Subscriber Share or capitalisation share as the case may be, held by him; provided, however, that, in relation to a resolution which in the opinion of the Directors affects more than one Class or gives or may give rise to a conflict of interest between the shareholders of the respective Classes, such resolution shall be deemed to have been duly passed, only if, in lieu of being passed at a single meeting of the Shareholders of all of those Classes, such resolution shall have been passed at a separate meeting of the Shareholders of each such Class.

### **INSTRUMENT**

The sole object of the ICAV, as set out in the Instrument, is the collective investment of funds in property and giving members of the ICAV the benefit of the results of the management of its funds. The ICAV may take any measure and carry out any operations which it may deem useful or necessary to the accomplishment and development of its purpose to the fullest extent permitted by the Regulations.

All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Instrument of the ICAV, copies of which are available as described under the section entitled "General – Documents for Inspection".

## WINDING UP

The Instrument contains provisions to the following effect:

1. If the ICAV or a Fund shall be wound up the liquidator shall, subject to the provisions of Part 11 of the Companies Act 2014, as applies, with modifications, to the ICAV by virtue of section 154 of the Irish Collective Asset-Management Vehicle Act 2015 (the "**ICAV Act Winding Up Provisions**") apply the assets of the ICAV or Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.
2. The assets available for distribution among the Shareholders of the ICAV or Fund shall then be applied in the following priority:
  - (a) firstly, in the payment to the holders of the Shares of each Fund or Class of a sum in the currency in which that Fund or Class 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 or Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made;
  - (b) secondly, in the payment to the holders of the Subscriber Shares or capitalisation shares, sums up to the nominal amount paid thereon out of the assets of the ICAV not comprised within any Funds remaining after any recourse thereto under sub paragraph (a) above; and
  - (c) thirdly, in the payment to the holders of each Fund or Class of any balance then remaining, such payment being made in proportion to the number of Shares of that Fund or Class held.
3. If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the ICAV Act Winding Up Provisions, 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 member or different classes of Shareholders. If a Shareholder so requests, the liquidator shall procure the sale of assets to be distributed and shall distribute the proceeds to the Shareholders. 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 member shall be compelled to accept any assets in respect of which there is a liability.

## TERMINATION OF THE ICAV, A FUND OR CLASS

The Instrument contains provisions to the following effect:

1. The ICAV, a Fund or Class may be terminated by the Directors in their sole and absolute discretion, by notice in writing to the Shareholders in any of the following events and as specified by the terms of the Prospectus:
  - (a) if the ICAV shall cease to be authorised by the Central Bank under the Regulations or if the Directors reasonably believe that the ICAV is likely to cease to be authorised by the Central Bank having taken legal advice in that regard;
  - (b) if at any time the Net Asset Value of the Fund shall be less than the Minimum Fund Size

- (c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors, in consultation with the relevant Investment Manager, impracticable or inadvisable to continue the ICAV or the Fund;
  - (d) all of the Shares of the ICAV, a Fund or Class have been redeemed; or
  - (e) if the Directors in their discretion consider termination of the ICAV, a Fund or Class appropriate.
2. The decision of the Directors in any of the events specified herein shall be final and binding on all the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund pursuant to this Section or otherwise.
  3. The Directors shall give notice of a termination of a Fund to the Shareholders in the relevant Fund and by such notice affix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine.
  4. With effect on and from the date as at which any Fund is to terminate or such other date as the Directors may determine:
    - (a) No Shares of the relevant Fund or Class may be issued or sold by the ICAV;
    - (b) The Investment Manager shall, on the instructions of the Directors, realise all the Investments then compromised in the relevant Fund (which realisation shall be carried out and completed in such manner and within such period after the termination of the relevant Fund as the Directors think advisable); and
  5. The Depositary shall, upon the receipt of written instructions from the Directors or their duly authorised delegate from time to time, distribute to the Shareholders of the relevant Fund in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of Investments of the relevant Fund and available for the purpose of such distribution, provided that the Depositary shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay EUR1 or its equivalent in the relevant currency in respect of each Share of the relevant Fund and provided also the Depositary shall be entitled to retain out of any monies in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Depositary or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained and to be indemnified and held harmless against any such costs, charges, expenses, claims and demands.

## **MATERIAL CONTRACTS**

The following contracts, not being contracts entered into the ordinary course of business, have been entered into since the incorporation of the ICAV and are, or may be, material:

1. *Investment Management Agreement*
  - (a) The Investment Management Agreement dated 6 June 2018 between the ICAV and the Investment Manager pursuant to which the Investment Manager was appointed by the ICAV to perform investment management services for the ICAV;
  - (b) Details of the fees payable to the Investment Manager are set out in the relevant Supplement.
  - (c) The Investment Management Agreement may be terminated by any party on not less than six months' notice in writing after the first anniversary of the effective date of the Investment Management Agreement. The Investment Management Agreement may

be terminated by either party at any time in the following circumstances: (i) where there is a material breach of their obligations, (ii) where either party commits negligence, bad faith, fraud or wilful default in its performance and (iii) where either party goes into liquidation or a receiver is appointed over its assets. The Agreement will be terminated without notice in the event that the Investment Manager ceases to be permitted by the Central Bank to provide the services under this Agreement to the ICAV.

- (d) The Investment Manager and its officers, personnel and members are indemnified from and against all costs, charges, liabilities and expenses incurred pursuant to or in connection with the Investment Management Agreement or directly or indirectly from any act or omission in the course of or in connection with the services provided by the Investment Manager or from any breach of the Investment Management Agreement by the ICAV provided that such cost, charge, liability or expense is not due to the fraud, wilful default or negligence of the Investment Manager.

## 2. *Distribution Agreement*

- (a) The Distribution Agreement between the ICAV and the Distributor, the ICAV has delegated the distribution and marketing activities functions of the Shares of the ICAV to the Distributor. The Distributor has also agreed to act as non-exclusive distribution and marketing agent of the Shares of the ICAV's Funds
- (b) The fees if any of the Distributor, if any, will be paid out of the assets of the Investment Manager.
- (c) The Distribution Agreement may be terminated by either party on not less than 3 months' notice in writing. The Distribution Agreement may be terminated by either party at any time in certain other circumstances.
- (d) The Distributor is indemnified from and against all actions, proceedings and claims and against all costs, demands and reasonable expenses (including reasonable legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Distributor by reason of its performance of its duties under the terms of this Agreement (otherwise than due to the negligence, bad faith, fraud or wilful default of the Distributor, its servants or agents).

## 3. *Depositary Agreement*

- (a) The Depositary Agreement dated 2 December 2016 between the ICAV and the Depositary pursuant to which the Depositary was appointed by the ICAV to perform the depositary services in respect of the ICAV.
- (b) Details of the fees payable to the Depositary are set out in the relevant Supplement.
- (c) The Depositary Agreement provides that the appointment of the Depositary will continue unless and until terminated by the ICAV or the Depositary giving to the other parties not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated immediately by the ICAV or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement Depositary approved in advance by the Central Bank has been appointed and provided further that if within a period of 90 days' from the date on which the Depositary notifies the ICAV of its desire to retire or from the date on which the ICAV notifies the Depositary of its intention to remove the Depositary, no replacement Depositary shall have been appointed, the ICAV shall apply to the High Court for an order to wind up the ICAV or convene in an extraordinary general meeting of the Shareholders of the ICAV at which there shall be proposed an

ordinary resolution to wind up the ICAV. The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

- (d) The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

#### 4. *Administration Agreement*

- (a) The Administration Agreement dated 2 December 2016 between the ICAV and the Administrator pursuant to which the Administrator was appointed by the ICAV to perform administrative services and act as registrar for the ICAV.
- (b) Details of the fees payable to the Administrator are set out in the relevant Supplement.
- (c) The Administration Agreement may be terminated by either party on not less than 90 days' notice, or earlier in certain circumstances specified in the Agreement.
- (d) The Administrator is indemnified and held harmless against any liabilities, tax, interest, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including reasonable fees and legal expenses) which may be brought against, suffered or incurred by the Administrator by reason of its performance of its obligations and duties under the terms of this Agreement otherwise than as a result of its fraud, wilful default or negligence.

#### **MISCELLANEOUS**

- (i) Save as described in this Prospectus, no Director is interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the ICAV.
- (ii) At the date of this document, none of the Directors or members of their families had any interests in shares in the Funds.

Neither the Directors nor their spouses nor their infant children nor any connected person have any other interest in the share capital of the ICAV or any options in respect of such capital. Any Director shareholdings will be declared in the annual accounts of the ICAV.

- (iii) Save as disclosed in this Prospectus, no commission, discounts, brokerage or other special terms have been granted by the ICAV in relation to Shares issued or to be issued by the ICAV, on any issue or sale of Shares. The Investment Manager may, out of its own funds pay commissions on applications received through brokers and other professional agents or grant discounts.
- (iv) The ICAV does not have, nor has it had since its incorporation, any employees. The ICAV does not have a place of business in the United Kingdom.
- (v) A United Kingdom investor who enters into an investment agreement to acquire Shares in a Fund in response to this Prospectus will not have the right to cancel the agreement under any cancellation rules made by the Financial Conduct Authority in the United Kingdom. The agreement will be binding upon acceptance of the application by the Fund.

- (vi) Most, if not all, of the protections provided by the United Kingdom regulatory structure will not apply. The rights of Shareholders in the Fund may not be protected by the investors' compensation scheme established in the United Kingdom.
- (vii) Any investor wishing to make a complaint regarding any aspect of the ICAV or its operation may do so directly to the ICAV.

#### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents, which are available for information only and do not form part of this document, may be inspected at the registered office of the ICAV in Ireland during normal business hours on any Business Day:-

- a) The Instrument of the ICAV (copies may be obtained free of charge from the Administrator).
- b) The Act and the UCITS Regulations.
- c) The material contracts detailed above.
- d) The latest annual and half yearly reports of the ICAV (copies of which may be obtained from either the Investment Manager or the Distributor or the Administrator free of charge).

Copies of the Prospectus and the Key Investor Information Document (KIID) may also be obtained by Shareholders from the Administrator, Distributor or the Investment Manager.

## **APPENDIX I GUIDELINES ON EFFICIENT PORTFOLIO MANAGEMENT**

### **Use of FDI and Portfolio Management Techniques**

The ICAV will employ an investment risk management process, which enables it to accurately monitor, measure and manage the risks attached to financial derivative instrument ("FDI") positions. Each Fund may only employ the FDI techniques provided in the relevant Fund Supplement where full details are shown and described. The ICAV employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with FDI. Efficient portfolio management means investment decisions involving transactions that fulfil the following criteria:

1. they are economically appropriate in that they are realised in a cost-effective way;
2. they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the UCITS with a level of risk which is consistent with the risk profile of the UCITS and the risk diversification rules set out in the Central Bank UCITS Regulations;
3. their risks are adequately captured by the risk management process of the UCITS, and
4. they cannot result in a change to the UCITS declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the Fund. Only direct operational fees charged by third parties unrelated to the Investment Manager or the Sub-Investment Manager will be deducted from any such revenues. Any such direct and indirect operational costs do not include hidden revenue for the Investment Manager, the Sub-Investment Manager or parties related to such parties, although fees may be payable to counterparties and/or the Investment Manager or Sub-Investment Manager and/or the Depositary and/or entities related to them in relation to such techniques. The Fund will disclose in the financial statements the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicate if these are related parties to the ICAV, the Investment Manager or Sub-Investment Manager, or the Depositary. The Directors shall ensure that all revenues from efficient portfolio management techniques, net of direct or indirect operational costs, will be returned to the Fund, if any such techniques are used.

Only where and to the extent specified in the relevant Supplement, each Fund may invest in FDI and/or utilise techniques and instruments for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks, subject to the conditions and within the limits laid down by the Central Bank. Any proposed investment in FDI is subject to a RMP document being submitted to, and approved by the Central Bank in advance.

The performance of swaps and contracts for difference which may be used for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks may be strongly influenced by movements in currency rates because a Fund may have exposure to a particular currency that is different to the currency in which the securities held by that Fund are denominated.

A description of some of the techniques and instruments that may be used for efficient portfolio management and/or investment purposes is set out below. This list is not exhaustive. Those FDI

techniques which are being utilised by the Fund are set out in the relevant Fund Supplement and the RMP document being submitted to, and approved by the Central Bank in advance.

## **Forwards**

A forward contract locks in the price at which an asset may be purchased or sold on a future date. In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price (exchange rate) with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. The commercial purpose of a forward foreign exchange contract may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another. Forward foreign exchange contracts are specifically useful and may be used for the hedging in connection with hedged currency classes of shares. Forward contracts are similar to futures contract but are generally entered into as an over-the-counter contract rather than on exchange.

### **Currency Non-Deliverable Forwards (NDFs)**

A currency non-deliverable forward (NDF) is an obligation to buy (or sell) a specified amount of a currency against another currency, at a specified price (exchange rate), at a specified date (expiry). At expiry the contract is cash settled, with reference to prevailing spot currency rates.

## **Futures**

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset or instrument) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. The commercial purpose of futures contracts can be to allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Using futures to achieve a particular strategy instead of using the underlying or related security frequently results in lower transaction costs being incurred.

Fixed income futures are contractual obligation for the contract holder to purchase or sell a fixed income future on a specified date at a predetermined price. A fixed income future can be bought in a futures exchange market and the prices and dates are determined at the time the future is purchased.

A currency future is a transferable futures contract that specifies the price at which a currency can be bought or sold at a future date. Currency future contracts allow investors to hedge against foreign exchange risk.

## **Options**

An option is a contract which contains the right, but not the obligation, to buy or sell a specific quantity of an underlying asset or instrument at a fixed price on or before a specified date. The seller has the corresponding obligation to fulfill the transaction – that is to sell or buy – if the buyer (owner) "exercises" the option. The buyer pays a premium to the seller for this right. An option which conveys to the owner the right to buy something at a specific price is referred to as a call; an option which conveys the right of the owner to sell something at a specific price is referred to as a put. Both are commonly traded.

A swaption is the option to enter into an interest rate swap (see below). In exchange for an option premium, the buyer gains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date. The agreement will specify whether the buyer of the swaption will be a fixed-rate receiver (like a call option on a bond) or a fixed-rate payer (like a put option on a bond).

A futures option, or option on futures, is an option contract in which the underlying is a single futures contract. The buyer of a futures option contract has the right (but not the obligation) to assume a particular futures position at a specified price (the strike price) any time before the option expires. The futures option seller must assume the opposite futures position when the buyer exercises this right.

A foreign exchange option (commonly shortened to just FX option or currency option) is a financial instrument that gives the right but not the obligation to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date.

An interest rate option is an investment tool whose payoff depends on the future level of interest rates.

Interest rate options are both exchange traded and over-the-counter instruments.

## Swaps

A swap is a derivative contract through which two parties exchange financial instruments. Most swaps involve cash flows based on a notional principal amount that both parties agree to. Usually, the principal does not change hands. Each cash flow comprises one leg of the swap. One cash flow is generally fixed, while the other is variable that is, based on a benchmark interest rate, floating currency exchange rate or index price.

The most common kind of swap is an interest rate swap. Swaps do not trade on exchanges and are over-the-counter contracts between businesses or financial institutions.

An interest rate swap (IRS) is an agreement for a specified notional amount, in a specified currency, for a specified period, in which one party pays a stream of specified variable interest payments while the other party pays a stream of specified fixed interest payments. The variable interest rate is usually referenced to Libor or a suitable short term interest rate agreed by both parties. The receiver or payer of the fixed interest rate is known as the “receiver” or “payer”, respectively. IRS allow the “receiver”, or “payer”, to be exposed positively, or negatively, respectively to fixed interest rates over a chosen time horizon in a chosen currency.

A constant maturity swap is a variation of the regular interest rate swap. Constant maturity swaps are exposed to changes in long-term interest rate movements. They are initially priced to reflect fixed-rate products with maturities between two and five years in duration, but adjust with each reset period.

A cross-currency basis swap agreement is a contract in which one party borrows one currency from another party and simultaneously lends the same value, at current spot rates, of a second currency to that party. The parties involved in basis swaps tend to be financial institutions, either acting on their own or as agents for non-financial corporations.

A foreign currency swap is an agreement to make a currency exchange between two foreign parties. The agreement consists of swapping principal and interest payments on a loan made in one currency for principal and interest payments of a loan of equal value in another currency.

A credit default swap (CDS) is an agreement for a specified notional amount, in a specified currency, for a specified period, in which one party (the “protection buyer”) pays specified periodic interest payments while the other party (the “protection seller”) provides indemnity against default of a specified reference security (“single-name” CDS) or any of the constituents of an index. Should a credit event occur, the protection seller agrees to pay the protection buyer the notional value in exchange for delivery of the reference security. In more recent times, and in the case of index CDS contracts, this exchange is cash settled; that is, the protection seller agrees to pay the protection buyer the difference between the notional value and the prevailing price of the reference security or index constituent. A credit event includes, but is not restricted to, an issuer’s bankruptcy, a debt restructuring, or a failure to pay interest or principal on debt. CDS allow the protection buyer, or protection seller, to be exposed negatively, or positively, respectively to a particular issuer’s debt securities (single name CDS) or, in the case of an index CDS, to a basket of different issuers’ debt securities.

## **Total Return Swaps (TRS)**

A total return swap (TRS) is an agreement for a specified notional amount, in a specified currency, for a specified period, in which one party makes payments with reference to a specified rate, either fixed or variable, while the other party makes payments with reference to the total return (income and capital) of a specified underlying asset (reference asset). The reference asset, owned by the party making the total return payments, might be a bond, equity, index or basket of securities. TRS allow the party receiving the total returns to gain exposure to the reference asset, with all the benefits, without actually owning it.

TRS can be fully funded or partially funded. When fully funded, the receiver of the total returns pays a consideration that represents the full market value of the reference asset. When partially funded, the receiver of the total returns pays a smaller amount than the full consideration, effectively borrowing the remainder from the other party.

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

A contract for difference (CFD) is an agreement to exchange the difference between the opening and closing price of the position under a contract for a financial instrument. CFD trading is a convenient instrument for trading shares and other instruments as it allows an exposure to a market, a sector or an individual security without buying into the underlying market, sector or security directly. The financial instrument underlying a CFD contract is not delivered to the purchaser of a CFD. CFDs do not usually have a defined maturity and are generally closed out at any time at the discretion of the position taker. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement whereby the party which is in profit on the closing day receives cash from the other party on the difference between the starting share price and the share price on the closing date of the contract. CFDs enable profits to be made from falling values of the underlying asset without actually selling short any assets. Therefore, CFDs can be used for hedging purposes as well as for gaining positive exposure to the underlying instruments.

## **Credit-Linked Notes (CLNs)**

A credit-linked note (CLN) is a form of fully funded TRS. It is often used for investment in emerging market local currency bonds, when local regulations make it impractical or uneconomic for foreign investors to invest directly. Such regulations include a requirement for foreign investors to have a business office or local agent in the country, or high tax rates for foreign investors. The specified underlying asset might be a local currency bond, and the CLN's currency denomination might be the US dollar. CLNs allow the holder to receive the same cash flows of the underlying local currency bond, converted to a currency such as the US dollar, less the costs imposed by the CLN issuer.

## **Permitted FDIs**

Where specified in a Fund supplement:

1. Each Fund may invest in FDI provided that the relevant reference items or indices, consist of one or more of the following (noting that FDIs on commodities are excluded):
  - (i) instruments referred to in paragraphs 1.1 to 1.5 of the Investment Restrictions section of this Prospectus, deposits, financial indices, interest rates, foreign exchange rates or currencies;
  - (ii) the FDI do not expose a Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which a Fund cannot have a direct exposure);
  - (iii) the FDI do not cause a Fund to diverge from its investment objectives; and
  - (iv) the reference to financial indices above shall be understood as a reference to indices which fulfil the criteria set out in the Central Bank UCITS Regulations and the Central

Bank's guidance on "UCITS Financial Indices" and "UCITS Financial Derivative Instruments and Efficient Portfolio Management".

2. Credit derivatives as permitted in the circumstances outlined in the Central Bank's guidance on "UCITS Financial Derivative Instruments and Efficient Portfolio Management".
3. FDI must be dealt in on a market which is regulated, operating regularly, recognised and open to the public in a Member State or non-Member State, and included at Appendix II hereto.
4. Notwithstanding paragraph 3, each Fund may invest in FDI dealt in over-the-counter, "OTC derivatives" provided that:
  - (i) the counterparty is a relevant institution listed in paragraph 2.7 of the Investment Restrictions section of this Prospectus or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive, in an EEA Member State or is an entity subject to regulation as a Consolidated Supervised Entity ("CSE") by the US Securities and Exchange Commission;
  - (ii) in the case of a counterparty which is not a credit institution, the counterparty has a minimum credit rating of A-2 or equivalent, or is deemed by a Fund to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where a Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent;
  - (iii) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of:
    - (1) the entities set out in paragraph (i) or;
    - (2) a central counterparty (CCP) authorised, or recognised by ESMA, under Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
    - (3) risk exposure to the counterparty does not exceed the limits set out in paragraph 2.7 of the Investment Restrictions section of this Prospectus;
    - (4) a Fund is satisfied that the counterparty will value the transaction with reasonable accuracy and on a reliable basis and will close out the transaction at any time at the request of a Fund at fair value; and
    - (5) a Fund must subject its OTC derivatives to reliable and verifiable valuation on a daily basis and ensure that it has appropriate systems, controls and processes in place to achieve this. Reliable and verifiable valuation shall be understood as a reference to a valuation, by a Fund, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:
      - (A) (i) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate recognised methodology;
      - (ii) verification of the valuation is carried out by one of the following:
        - (B) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate

frequency and in such a way that a Fund is able to check it;

- (C) a unit within a Fund which is independent from the department in charge of managing the assets and which is adequately equipped for the purpose.

5. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide a Fund with collateral in accordance with the requirements of the Central Bank as set out in the Central Bank UCITS Regulations. The Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits set out in the Regulations are not breached. Collateral received must at all times meet the requirements set out in the Central Bank UCITS Regulations. Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in UCITS Regulation 70(1)(c). Collateral passed may be taken into account on a net basis only if the UCTS is able to legally enforce netting arrangements with this counterparty.
6. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments or CIS, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.
7. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in UCITS Regulations and which contain a component which fulfils the following criteria:
  - (i) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as a host contract can be modified according to a specific interest rate, financial instrument price, foreign exchange rate, index of prices or rate, credit rating or credit index, or other variable, and therefore vary in a way similar to a standalone derivative;
  - (ii) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (iii) it has significant impact on the risk profile and pricing of the transferable security or money market instrument.
8. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed a separate financial instrument.
9. The ICAV may employ the Value at Risk ("VaR") or commitment approach to measure its global exposure. Where a Fund uses the commitment approach the global exposure of the Fund will not exceed its total Net Asset Value at any time. Where a Fund uses VaR the global exposure of the Fund may exceed its Net Total Asset Value. The method used to calculate global exposure for each Fund is set out in the relevant Fund Supplement.

### **Cover requirements**

A Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

1. in the case of FDI which automatically, or at the discretion of a Fund, are cash settled a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.
2. in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by the relevant Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
  - (i) the underlying assets consists of highly liquid fixed income securities; and/or
  - (ii) a Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the RMP, which is described below, and details are provided in the Prospectus.

### **Risk Management**

1. Each Fund must employ a risk management process to monitor, measure and manage the risks attached to FDI positions.
2. Each Fund must provide the Central Bank with details of its proposed RMP with details of its FDI activity. The initial filing is required to include information in relation to:
  - b) permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
  - c) details of the underlying risks;
  - d) relevant quantitative limits and how these will be monitored and enforced; and
  - e) methods for estimating risks.
3. Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.
4. Each Fund must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must include information under the different categories identified in paragraph 2 above, must be submitted with the annual report of the ICAV. A Fund must, at the request of the Central Bank, provide this report at any time.
5. The ICAV will, on request, provide supplementary information to shareholders relating to the risk management methods employed including the qualitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

### **Use of Repurchase/Reverse Repurchase and Stock Lending Agreements**

1. Where set out in the relevant Supplement only, the Fund may enter into repurchase/reverse repurchase agreements, ("repo contracts") and securities lending subject to and in accordance with the conditions and limits set out in the Central Bank UCITS Regulations for the purposes of Efficient Portfolio Management. Repo contracts are transactions in which a Fund sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price. The repurchase price is usually greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

2. All cash and non-cash assets (including, but not limited to equities and bonds) received in the context of efficient portfolio management techniques and OTC derivatives should be considered as collateral and should comply with the following criteria:
  - a) Liquidity: Collateral received other than cash should be highly liquid and traded on a Recognised Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of UCITS Regulation 74.
  - b) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
  - c) Issuer credit quality: Collateral received should be high quality. Where the issuer is subject to a credit rating by an agency registered and supervised by the European Securities and Markets Authority, that rating shall be taken into account by the ICAV in the credit assessment process. Where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in the preceding sentence, this shall result in a new credit assessment being conducted of the issuer by the ICAV without delay.
  - d) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
  - e) Diversification (asset concentration): Diversification (asset concentration): (i) Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Net Asset Value. When exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer and (ii) a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Fund should receive securities from at least 6 different issues, but securities from any single issue should not account for more than 30 per cent of the Fund's net value. Where a Fund intends to be fully collateralised in securities issued or guaranteed by a Member State, this will be disclosed in the relevant Appendix in the Prospectus with respect to that Fund. The Appendix with respect to a Fund should also identify the Member States, local authorities, or public international bodies or guaranteeing securities which the Fund is able to accept as collateral for more than 20 per cent of its net asset value.
  - f) Immediately available: Collateral received should be capable of being fully enforced at any time without reference to or approval from the counterparty.
3. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
4. Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
5. Non-cash collateral cannot be sold, pledged or re-invested.
6. Cash collateral may not be invested other than in the following:
  - a) deposits with relevant institutions;
  - b) high-quality government bonds;

- c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the fund is able to recall at any time the full amount of cash on an accrued basis;
- d) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

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. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for the Fund. Please refer to the section of the Prospectus entitled "Re-investment of Cash Collateral Risk" for more details.

7. A Fund receiving collateral for at least 30% of assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
  - a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - b) empirical approach to impact assessment, including back testing of liquidity risk estimates;
  - c) reporting frequency and limit/loss tolerance threshold/s; and
  - d) mitigation actions to reduce loss including haircut policy and gap risk protection.
8. A clear haircut policy will be adopted for each class of assets received as collateral. When devising the haircut policy, the Fund will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph 7. This policy will be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
9. Where a counterparty to a repurchase or securities lending agreement which has been entered into by the Manager on behalf of a Fund:
  - (i) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Fund in the credit assessment process;
  - (ii) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (i) of this paragraph 9 this shall result in a new credit assessment being conducted of the counterparty by the Manager without delay.
10. A Fund that enters into a reverse repurchase agreement will be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement will be used for the calculation of the Net Asset Value.
11. A Fund that enters into a repurchase agreement will ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do

not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

12. A Fund that enters into a securities lending agreement will ensure that it is at all times able to recall any security that has been lend out or to terminate any securities lending agreement to which it is a party.
13. Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of UCITS Regulation 103 and UCITS Regulation 111 respectively.
14. All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund.

## APPENDIX II - RECOGNISED EXCHANGES

The following is a list of regulated stock exchanges and markets in which the assets of each Fund may be invested from time to time and is set out in accordance with the regulatory criteria as defined in the Central Bank UCITS Regulations. **With the exception of permitted investments in unlisted securities and open-ended collective investment schemes investment is restricted to these stock exchanges and markets.** The Central Bank does not issue a list of approved stock exchanges or markets.

(i) without restriction in any stock exchange which is:

- located in any Member State of the European Union; or
- located in a Member State of the European Economic Area (EEA) (Norway, Iceland and Liechtenstein)
- located in any of the following countries:-

Australia  
Canada  
Japan  
New Zealand  
Hong Kong  
Switzerland  
United States of America

(ii) without restriction in any of the following:-

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Mercado Abierto Electronico S.A
Argentina	Mercado de Valores de Buenos Aires
Bahrain	Bahrain Stock Exchange
Bangladesh	Dhaka Stock Exchange
Botswana	Botswana Stock Exchange
Brazil	Bolsa de Valores do Rio de Janeiro
Brazil	Bolsa de Valores de Sao Paulo
Bulgaria	First Bulgarian Stock Exchange
Chile	Bolsa de Comercio de Santiago
Chile	Bolsa Electronica de Chile
China, Peoples' Republic of	Shanghai Securities Exchange
China, Peoples' Republic of	Shenzhen Stock Exchange
Colombia	Bolsa de Valores de Colombia
Croatia	Zagreb Stock Exchange
Egypt	Cairo and Alexandria Stock Exchange
Ghana	Ghana Stock Exchange
India	Bangalore Stock Exchange
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	The Stock Exchange, Mumbai
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Israel	Tel-Aviv Stock Exchange

Jordan	Amman Stock Exchange
Kazakhstan (Rep. Of)	Kazakhstan Stock Exchange
Kenya	Nairobi Stock Exchange
Korea	Korea Stock Exchange
Korea	KOSDAQ
Lebanon	Bourse de Beyrouth
Malaysia	Bursa Malaysia
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores
Morocco	Societe de la Bourse des Valeurs de Casablanca
Namibia	Namibian Stock Exchange
Nigeria	Nigerian Stock Exchange
Oman	Oman Stock Exchange
Pakistan	Islamabad Stock Exchange
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Palestine	Palestine Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Qatar	Qatar Stock Exchange
Romania	Bucharest Stock Exchange
Russian Federation	Moscow Stock Exchange
Russian Federation	MICEX
Russian Federation	RTS1
Russian Federation	RTS2
Saudi Arabia	Saudi Stock Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Sri Lanka	Colombo Stock Exchange
Taiwan (Republic of China)	Taiwan Stock Exchange Corporation
Taiwan (Republic of China)	Gre Tai Securities Market
Thailand	Stock Exchange of Thailand
Trinidad & Tobago	Trinidad & Tobago Stock Exchange
Tunisia	Bourse des Valeurs Mobilieres de Tunis
Turkey	Istanbul Stock Exchange
United Arab Emirates	Abu Dhabi Stock Exchange
United Arab Emirates	Dubai International Financial Exchange
Uruguay	Bolsa de Valores de Montevideo
Vietnam	Ho Chi Minh City Securities Trading Centre
Zambia	Lusaka Stock Exchange

(iii) without restriction in any of the following:

- (i) the market organised by the International Securities Market Association;
- (ii) 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 Exchange and Bullion” dated April, 1988 (as amended from time to time);

AIM - the Alternative Investment Market in the United Kingdom, regulated and operated by the London Stock Exchange;

- (iii) the French Markets for Titres de Créances Négotiables (the Over-the-Counter markets in negotiable debt instruments);
- (iv) the Over-the-Counter market in the United States of America regulated by the National Association of Securities Dealers Inc.;
- (v) NASDAQ in the United States of America;
- (vi) the Over-the-Counter market in Japan regulated by the Securities Dealers Association of Japan;
- (vii) the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York; and
- (viii) the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

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

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

- in a Member State;
- in a Member State in the European Economic Area (the European Union, Norway, Iceland and Liechtenstein);

in Asia, on the

- Bursa Malaysia Derivatives Board
- Hong Kong Exchanges & Clearing;
- Jakarta Futures Exchange;
- Korea Futures Exchange;
- Korea Stock Exchange;
- Kuala Lumpur Options and Financial Futures Exchange;
- National Stock Exchange of India; - Osaka Mercantile Exchange;
- Osaka Securities Exchange;
- Shanghai Futures Exchange (SHFE);
- Singapore Commodity Exchange;
- Singapore Exchange;
- Stock Exchange of Thailand;
- Taiwan Futures Exchange;
- Taiwan Stock Exchange;
- The Stock Exchange, Mumbai;
- Tokyo International Financial Futures Exchange;
- Tokyo Stock Exchange;

in Australia, on the

- Australian Stock Exchange;
- Sydney Futures Exchange;

in Brazil on the Bolsa de Mercadorias & Futuros (BM&F);

in Israel on the Tel-Aviv Stock Exchange;

in Mexico on the Mexican Derivatives Exchange (MEXDER)  
in South Africa on the South African Futures Exchange (Safex);  
in Switzerland on Eurex (Zurich)  
in the United States of America, on the

- American Stock Exchange;
- Chicago Board of Trade;
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;
- International Securities Exchange;
- New York Futures Exchange;
- New York Board of Trade;
- New York Mercantile Exchange;
- Pacific Stock Exchange;
- Philadelphia Stock Exchange;

in Canada on the

- Bourse de Montreal;
- Winnipeg Commodity Exchange (WCE).

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

### APPENDIX III

List of sub-custodial agents appointed by The Northern Trust Company.

The Northern Trust Company, London branch 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 any delegation to The Northern Trust Company or any of the sub-delegates listed below. The Depositary will notify the board of the ICAV of any such conflict should it so arise.

1. Jurisdiction	2. Subcustodian	3. Subcustodian Delegate
Argentina	Citibank N.A., Buenos Aires Branch	
Australia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
Austria	UniCredit Bank Austria AG	
Bahrain	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank	
Belgium	Deutsche Bank AG	
Bermuda	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Bermuda Limited
Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Bosnia and Herzegovina (Republic of Srpska)	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Botswana	Standard Chartered Bank Botswana Limited	
Brazil	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
Bulgaria	Citibank Europe plc, Bulgaria Branch	
CD's - USD	Deutsche Bank AG, London Branch*	
Canada	The Northern Trust Company,	

	Canada	
Canada*	Royal Bank of Canada	
Chile	Citibank N.A.	Banco de Chile
China A Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
China B Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
Colombia	Cititrust Columbia S.A. Sociedad Fiduciaria	
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
Cyprus	Citibank Europe PLC	
Czech Republic	UniCredit Bank Czech Republic and Slovenia, a.s.	
Denmark	Nordea Bank AB (publ)	
Egypt	Citibank N.A., Cairo Branch	
Estonia	Swedbank AS	
Finland	Nordea Bank AB (publ)	
France	Deutsche Bank AG	
Germany	Deutsche Bank AG	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank Europe PLC	
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	
Hong Kong (Stock Connect Shanghai/Shenshen)	The Hongkong and Shanghai Banking Corporation Limited	
Hungary	UniCredit Bank Hungary Zrt.	
India	Citibank N.A.	
Indonesia	Standard Chartered Bank	
Ireland	Euroclear UK and Ireland Limited (Northern Trust self-custody)*	
Israel	Bank Leumi Le-Israel B.M.	

Italy	Deutsche Bank SpA	
Japan	The Hongkong and Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank	
Kazakhstan	Citibank Kazakhstan JSC	
Kenya	Standard Chartered Bank Kenya Limited	
Kuwait	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Latvia	Swedbank AS	
Lithuania	AB SEB Bankas	
Luxembourg	Euroclear Bank S.A./N.V.	
Malaysia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	
Mexico	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
Morocco	Société Générale Marocaine de Banques	
Namibia	Standard Bank Namibia Ltd	
Netherlands	Deutsche Bank AG	
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	
Nigeria	Stanbic IBTC Bank Plc	
Norway	Nordea Bank AB (publ)	
Oman	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
Pakistan	Citibank N.A., Karachi Branch	
Panama	Citibank N.A., Panama Branch	
Peru	Citibank del Peru S.A.	

Philippines	The Hongkong and Shanghai Banking Corporation Limited	
Poland	Bank Polska Kasa Opieki Spółka Akcyjna,	
Portugal	BNP Paribas Securities Services	
Qatar	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Romania	Citibank Europe PLC	
Russia	AO Citibank	
Saudi Arabia	The Hongkong and Shanghai Banking Corporation Limited	<b>HSBC Saudi Arabia</b>
Serbia	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd	
Slovakia	Citibank Europe PLC	
Slovenia	UniCredit Banka Slovenija d.d.	
South Africa	The Standard Bank of South Africa Limited	
South Korea	The Hongkong and Shanghai Banking Corporation Limited	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse (Switzerland) Ltd	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
Thailand	Citibank N.A., Bangkok Branch	
Tunisia	Union Internationale De Banques	
Turkey	Deutsche Bank AG & Deutsche Bank AS	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates	The Hongkong and	HSBC Bank Middle East

(ADX)	Shanghai Banking Corporation Limited	Limited (DIFC) Branch
United Arab Emirates (DFM)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates (NASDAQ)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Kingdom	Euroclear UK and Ireland Limited (Northern Trust self-custody)	
United States	The Northern Trust Company	
Uruguay	Banco Itau Uruguay S.A.	
Vietnam	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
Zambia	Standard Chartered Bank Zambia PLC	

\*Market Suspended

\*\* The Royal Bank of Canada serves as Northern Trust's Sub-Custodian for securities not eligible for settlement in Canada's local central securities depository

\*\*\* West Africa, via the regional exchange, Bourse Régionale des Valeurs Mobilières SA (BRVM) located in Abidjan, clients can access the following 8 UEMOA markets: Benin, Burkina Faso, Guinea-Bissau, Côte d'Ivoire, Mali, Niger, Senegal and Togo