

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in Quaero Capital Funds (Ireland) plc or the suitability for you of investment in Quaero Capital Funds (Ireland) plc, you should consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser. Prices for shares in Quaero Capital Funds (Ireland) plc may fall as well as rise.**

The Directors of Quaero Capital Funds (Ireland) plc whose names appear under the heading "MANAGEMENT AND ADMINISTRATION" in this Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

## **QUAERO CAPITAL FUNDS (IRELAND) PLC**

(An open-ended umbrella investment company with variable capital incorporated with limited liability in Ireland under the Companies Acts 2014 with registration number 421026 with segregated liability between sub-funds established 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)

### **P R O S P E C T U S**

**Investment Manager  
Quaero Capital LLP**

**Dated 18 June, 2019**

## **IMPORTANT INFORMATION**

This Prospectus should be read in conjunction with the section entitled "Definitions".

### **The Prospectus**

This Prospectus describes Quaero Capital Funds (Ireland) plc (the "Company"), an open-ended investment company with variable capital incorporated in Ireland and authorised by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the UCITS Regulations. The Company is structured as an umbrella fund and may comprise several portfolios of assets. The share capital of the Company ("Shares") may be divided into different classes of shares ("Funds") each representing a separate portfolio of assets and further sub-divided, to denote differing characteristics attributable to particular Shares, into "Classes". There exists segregated liability between the Funds of the Company.

The current Funds and the types of Classes available in each are listed in the Supplements attached hereto.

The latest published annual and half yearly reports of the Company will be supplied to the investors free of charge on request and will be available to the public as further described in the section of the Prospectus headed "GENERAL INFORMATION" and sub-headed "5. Reports and Accounts".

### **Authorisation by the Central Bank**

**The Company is both authorised and supervised by the Central Bank. Authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus.**

### **Stock Exchange Listing**

Application may be made to the Euronext Dublin for the Shares of any particular Class or Fund to be admitted to the Official List and to trading on the Main Market of the Euronext Dublin. The Directors do not expect that an active secondary market will develop in the Shares.

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

## Restrictions on Distribution and Sales of Shares

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

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder or any Fund to incur any liability to taxation or to suffer any pecuniary disadvantage which any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Distributor, the Investment Manager, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

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

### *United Kingdom*

The Company is a recognised collective investment scheme within the meaning of Section 264 of the FSMA and Shares in the Company may be promoted to the UK public by persons authorised to carry on investment business in the UK. The promotion of shares in the Company in the United Kingdom by persons authorised to conduct investment business in the United Kingdom under the FSMA ("authorised persons") is not therefore subject to restrictions contained in section 238 of the FSMA. This Prospectus constitutes a financial promotion under Section 21 of the FSMA.

### *United States of America*

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the "1933 Act") and, except in a transaction which does not violate the 1933 Act or any other applicable United States securities laws (including without limitation any applicable law of any of the States of the United States), none of the Shares may directly or indirectly be offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US Person. **Notwithstanding the foregoing prohibition on offers and sales in the United States to or for the benefit of US Persons, the Company may make a private placement of its Shares to a limited number or category of US Persons.**

## *Switzerland*

The Shares, where distributed in Switzerland, shall be distributed in Switzerland exclusively to qualified investors as defined by Article 10 § 3 of the Collective Investment Scheme Act 2006, as amended, (CISA) and Article 6 of the Collective Investment Scheme Ordinance 2006, as amended, (CISO) (Qualified Investors). Neither the Company nor any Fund has been, nor will they be, registered with the Swiss Financial Market Supervisory Authority (FINMA).

### **Redemption Fee**

**The Directors are empowered to levy a redemption fee not exceeding 3% of the Net Asset Value of Shares being redeemed. The Directors may, at their sole discretion, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Details of any such fee with respect to one or more Funds will be set out in the relevant Supplement.**

**The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted the redemption fee) means an investment should be viewed as medium to long term.**

### **Reliance on this Prospectus**

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

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

### **Risk Factors**

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

Investors should note that because investments in securities can be volatile and that their value may decline as well as appreciate, there can be no assurance that a Fund will be able to attain its investment objective. **The price of Shares as well as the income therefrom may go down as well as up to reflect changes in the Net Asset Value of a Fund.**

**An investment should only be made by those persons who could sustain a loss on their investment, should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

#### **Translations**

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

## DIRECTORY

### QUAERO CAPITAL FUNDS (IRELAND) PLC

#### **Directors**

Bryan Evans  
David James Hammond  
Richard Pell-Ilderton  
Thomas Grolimund

#### **Registered Office**

George's Court,  
54-62 Townsend Street,  
Dublin 2,  
Ireland.

#### **Investment Manager and Distributor**

Quaero Capital LLP,  
2-4 King Street,  
London SW1Y 6QL,  
United Kingdom.

#### **Depository**

Northern Trust Fiduciary Services (Ireland) Limited,  
George's Court,  
54-62 Townsend Street,  
Dublin 2,  
Ireland.

#### **Administrator and Secretary**

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

#### **Sponsoring Broker**

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland.  
Dublin 4

#### **Auditors**

PricewaterhouseCoopers,  
Chartered Accountants & Registered Auditors,  
George's Quay,  
Dublin 2,  
Ireland.

#### **Tax Advisors**

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland.

#### **Legal Advisers**

##### ***Ireland***

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland.

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## DEFINITIONS

In this Prospectus the following words and phrases have the meanings set forth below:-

All references to a specific time of day are to Irish time

"Accounting Date"	means 31 December in each year or such other date as the Directors may from time to time decide.
"Accounting Period"	in respect of each Fund, a period ending on an Accounting Date and commencing (in the case of the first such period) from and including the date of the first issue of Shares of the relevant Fund or (in any other case) from the end of the last Accounting Period.
"Act"	means the Companies Acts 2014 and every amendment or re-enactment of the same.
"Administrator"	means Northern Trust International Fund Administration Services (Ireland) Limited or any successor company appointed by the Company in accordance with the requirements of the Central Bank as administrator of the Company and of each Fund.
"Administration Agreement"	means the Administration Agreement made between the Company and the Administrator dated 9 June 2006 as amended by the First Supplemental Administration Agreement between the Company and the Administrator dated 24 July, 2008, an amendment agreement dated 3 December, 2009 between the Company and the Administrator and the side letter dated 8 September 2011 between the Company and the Administrator, and a further amendment agreement thereto dated 21 May 2018.
"Application Form"	means any application form to be completed by subscribers for Shares as prescribed by the Company from time to time.
"Articles of Association"	means the Memorandum and Articles of Association of the Company.
"Auditors"	means PricewaterhouseCoopers, Dublin.
"Base Currency"	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.

"Business Day"	means in relation to a Fund such day or days as shall be so specified in the relevant Supplement for that Fund.
"Cash Assets"	means subscription monies received from investors subscribing for Shares in a Fund, redemption monies due to investors who have redeemed their Shares in a Fund and dividend monies due to Shareholders in a Fund.
"CBI Regulations"	means the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015, being rules issued by the Central Bank with respect to UCITS issued from time to time by the Central Bank as the competent authority with responsibility for the authorisation and supervision of UCITS.
"Class" or "Class of Shares"	means a particular division of Shares in a Fund.
"Company"	means Quaero Capital Funds (Ireland) plc.
"Country Supplement"	means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the Company or a Fund or Class in a particular jurisdiction or jurisdictions.
"Data Protection Legislation"	Data Protection Legislation" means (i) the Data Protection Acts 1988 and 2003 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) GDPR and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board
"Dealing Day"	means in relation to a Fund such day or days, provided that there shall be at least two Dealing Days in each month occurring at regular intervals, as shall be specified in the relevant Supplement for that Fund.
"Dealing Deadline"	means in relation to a Fund, the deadline for receipt of subscription and/or redemption and/or switching applications as shall be specified in the relevant Supplement for the Fund.
"Depositary"	means Northern Trust Fiduciary Services (Ireland) Limited or any successor company appointed in accordance with the

	requirements of the Central Bank by the Company as Depositary of the assets of the Company and each Fund.
"Depositary Agreement"	means the Depositary Agreement made between the Company and the Depositary dated 14 July 2016 between the Company and the Depositary together with the first amendment agreement thereto dated 23 May 2018.
"Directors"	means the directors of the Company or any duly authorised committee or delegate thereof.
"Distribution Date"	means the date or dates by reference to which a distribution may at the option of the Directors of the Company be declared.
"Distribution Payment Date"	means the date upon which the Directors of the Company shall determine to make payment of a distribution which shall be within 30 days of the Directors declaring a distribution.
"Distribution Period"	means any period ending on an Accounting Date or a Distribution Date as the Directors may select and beginning on the day following the last preceding Accounting Date, or the day following the last preceding Distribution Date, or the date of the initial issue of Shares of a Fund or Class, as the case may be.
"Distributor"	means Quaero Capital LLP or any other distributor appointed by the Company to act as non-exclusive distributor of the Company in accordance with the requirements of the Central Bank to organise and oversee the marketing and distribution of the Shares, including any particular Fund or Class of Shares of the Company.
"EEA"	means the European Economic Area.
"Eligible Market"	markets on which a Fund may invest, as defined in the Articles as "Recognised Exchanges". A list of such markets is contained in Appendix I hereto.
"EMIR"	Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories as may be amended, supplemented or consolidated from time to time.
"euro" or "€"	means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated

25th March 1957 (as amended by the Maastricht Treaty dated 7th February 1992).

“Exempt Irish Investor”

means

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of Section 37 of the National Treasury Management Agency (Amendment Act) 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes

Acts in respect of payments made to it by the Company;

- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration.

"ESMA"	means the European Securities and Markets Authority.
"Fund"	means a sub-fund of the Company representing the designation by the Directors of a particular class of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank. There exists segregated liability between the Funds of the Company.
"GDPR"	means, with effect from 25 May 2018, Regulation (EU) 2016/679 of the European Parliament and of the Council (General Data Protection Legislation).
"Initial Price"	means the initial price payable for a Share as specified in the relevant Supplement for each Fund.
"Intermediary"	means a person who: <ul style="list-style-type: none"><li>(a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons, or;</li><li>(b) holds shares in an investment undertaking on behalf of other persons</li></ul>
"Investment Manager"	means Quaero Capital LLP
"Investment Management Agreement"	means the Investment Management Agreement made between the Company and the Investment Manager dated 9 June, 2006 as amended by a side letter thereto dated 25

May, 2011 and further amended by an Amendment Agreement thereto dated 30 June 2017.

"Ireland"

means the Republic of Ireland.

"Irish Resident"

means

- in the case of an individual, an individual who is resident in Ireland for tax purposes.
- in the case of a trust, a trust that is resident in Ireland for tax purposes.
- in the case of a company, a company that is resident in Ireland for tax purposes.

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is present in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he/she is in Ireland at any time during the day. This test takes effect from 1 January 2009 (previously in determining days present in Ireland an individual was deemed to be present if he/she was in Ireland at the end of the day (midnight)).

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland.

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:-

- the company 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, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that

country. This exception does not apply where it would result in an Irish incorporated company that is managed and controlled in a relevant territory (other than Ireland), but would not be resident in that relevant territory as it is not incorporated there, not being resident for tax purposes in any territory;

or

- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

The Finance Act 2014 amended the above residency rules for companies incorporated on or after 1 January 2015. These new residency rules will ensure that companies incorporated in Ireland and also companies not so incorporated but that are managed and controlled in Ireland, will be tax resident in Ireland except to the extent that the company in question is, by virtue of a double taxation treaty between Ireland and another country, regarded as resident in a territory other than Ireland (and thus not resident in Ireland). For companies incorporated before this date these new rules will not come into effect until 1 January 2021 (except in limited circumstances).

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and potential investors are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

"Member"	means a Shareholder or a person who is registered as the holder of one or more non-participating shares in the Company.
"Member State"	means a member state of the European Union.
"Minimum Holding"	means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement for each Class.
"Minimum Subscription"	means the minimum subscription for Shares as specified in the relevant Supplement for each Class.
"Net Asset Value"	means the Net Asset Value of a Fund or attributable to a Class (as appropriate) calculated as referred to herein.



"Net Asset Value per Share"	means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class rounded to four decimal places.
"Ordinarily Resident in Ireland"	<p>means</p> <ul style="list-style-type: none"> <li>- in the case of an individual, one who is ordinarily resident in Ireland for tax purposes.</li> <li>- in the case of a trust, one that is ordinarily resident in Ireland for tax purposes.</li> </ul> <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 (i.e. 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 2016 to 31 December 2016 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2019 to 31 December 2019.</p> <p>The concept of a trust's ordinary residence is somewhat obscure and linked to its tax residence.</p>
"Paying Agent"	means one or more paying agents appointed by the Company in certain jurisdictions in accordance with the requirements of the Central Bank.
"Prospectus"	means the prospectus of the Company and any Supplements and addenda thereto issued in accordance with the requirements of the UCITS Regulations and the notices from time to time issued by the Central Bank.
"Recognised Clearing System"	means any clearing system listed in Section 246A of the Taxes Act (including, but not limited to, Euroclear, Clearstream Banking AG, Clearstream Banking SA and CREST) or any other system for clearing shares which is designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners, as a recognised clearing system.

"Relevant Declaration"	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.
"Relevant Period"	means a period of 8 years beginning with the acquisition of a Share by a shareholder and each subsequent period of 8 years beginning immediately after the preceding Relevant Period.
"Securities Act"	means the United States Securities Act of 1933, as amended.
"SFTR"	Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
"Share"	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company.
"Shareholder"	means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the Company.
"Specified US Person"	means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States; <b><u>excluding</u></b> (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code; (6) any bank as defined in section 581 of the US Internal Revenue Code; (7) any real estate investment trust

as defined in section 856 of the US Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 US C. 80a-64); (9) any common trust fund as defined in section 584(a) of the US Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the US Internal Revenue Code. This definition shall be interpreted in accordance with the IRC.

"Supplement"	means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
"Sterling" or "Stg" or "£"	means the lawful currency for the time being of the United Kingdom.
"Taxes Act"	means the Taxes Consolidation Act, 1997 (of Ireland) as amended.
"UCITS"	means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive No. 85/611/EEC of 20 December 1985, as amended, consolidated or substituted from time to time.
"UCITS Directive"	Directive 2009/65/EEC of the European Parliament and of the Council, as amended by Directive 2014/91/EU of 23 <sup>rd</sup> July, 2014 and as may be further amended, consolidated or substituted from time to time.
"UCITS Regulations"	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2016, (and as may be further amended, supplemented or replaced from time to time) and any regulations or notices issued by the Central Bank pursuant thereto for the time being in force.

"Umbrella Cash Accounts"	means any cash accounts opened in the name of the Company on behalf of all Funds which hold Cash Assets on behalf of those Funds.
"UK"	means the United Kingdom of Great Britain and Northern Ireland.
"United States"	means the United States of America (including the States and the District of Colombia) its territories, possessions and all other areas subject to its jurisdiction.
"Unregulated Collective Investment Schemes"	means open-ended investment funds which do not fall under the Central Bank's Guidance on "UCITS Acceptable investments in other Investment Funds", and do not provide a level of investor protection comparable to that of Central Bank authorised scheme (or an equivalent authorised collective investment scheme);
"US Dollar", "USD" or "US\$"	means United States Dollars, the lawful currency for the time being of the United States of America.
"US Person"	has the meaning given thereto in Appendix II.
"Valuation Day"	means the Business Day immediately preceding a Dealing Day.
"Valuation Point"	means such time as shall be specified in the relevant Supplement for each Fund.

## 1. THE COMPANY

### General

The Company is an open-ended investment company with variable capital, incorporated in Ireland on 31 May, 2006, under the Act with registration number 421026. The Company has been authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. The Company operates with segregated liability between Funds.

The Company is structured as an umbrella fund consisting of different Funds each comprising one or more Classes. The Shares of each Class of a Fund will rank *pari passu* with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies if any applied to the currency of a particular Class, dividend policy, the level of fees and expenses to be charged or the Minimum Subscription and Minimum Holding applicable. The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. A separate portfolio of assets is not maintained for each Class. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement which forms part of and should be read in conjunction with this Prospectus.

The Base Currency of each Fund is specified in the relevant Supplement for that Fund. The current Funds and the types of Classes available in each are listed in the relevant Supplements attached hereto. Funds may, with the prior approval of the Central Bank be added by the Directors. Additional Classes may be added by the Directors provided they are notified to, and cleared in advance by, the Central Bank. The name of each additional Fund, details of its investment objective and policies, of the types of Classes available, of the issue of Shares and of Fund specific fees and expenses shall be set out in the relevant Supplement attached to this Prospectus.

A Class of Shares may be designated in a currency other than the Base Currency of the relevant Fund as detailed in the relevant Supplement or Supplements. Changes in the exchange rate between the Base Currency of the Fund and such designated currency or between the denominated currency of the assets of the Fund and the designated currency of the Class may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Investment Manager may try to mitigate these risks in respect of certain Classes of Shares, as detailed in the Supplement or Supplements, by using financial derivative instruments, such as index futures, currency futures and forward currency exchange contracts and spot transactions, as a hedge. Where the Investment Manager seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Investment Manager. However over-hedged positions will not exceed 105% of the Net Asset Value of the Class and under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk. Hedged positions will be reviewed daily to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above and are not carried forward from month to month. If the Investment Manager enters into such transactions then the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class and may not be combined or offset against the exposures of other Classes or specific assets but will be attributable to the relevant Class(es) and the gains/losses on

and the costs of the relevant financial instruments will accrue solely to the relevant Class. In such circumstances, Shareholders of that Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments and this strategy may substantially limit holders of the Class from benefiting if the Class currency falls against the Base Currency of the Fund and/or the currency in which the assets of the Fund are denominated. Where the Investment Manager intends to enter into such hedging transactions it will be disclosed in the relevant Supplement or Supplements. To the extent that hedging is successful for a particular Class the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the Base Currency and/or the currency in which the assets of the particular Fund are denominated.

### **Allocation of assets and liabilities between Funds**

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

- (a) for each Fund, the Company shall keep separate records in which all transactions relating to the relevant Fund shall be recorded and to which the proceeds from the issue of Shares in each Fund and the assets and liabilities and income and expenditure attributable to each Fund shall be applied subject to the provisions of the Articles of Association;
- (b) any asset derived from another asset of a Fund shall be applied in the records of the relevant Fund as the asset from which it was derived and on each valuation of an asset, the increase or diminution in value thereof shall be applied to the relevant Fund;
- (c) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such liability shall be allocated to that Fund;
- (d) in circumstances in which an asset or liability cannot be considered as being attributable to a particular Fund such assets or liability shall be allocated between all Funds pro-rata to their Net Asset Value at the time of allocation;
- (e) the Investment Manager shall not combine or offset currency exposures of different Classes and the Investment Manager shall not allocate currency exposures of assets of a Fund to separate Classes; and
- (f) where hedging strategies are used in relation to a Fund or Class, the financial instruments used to implement such strategies shall be deemed to be assets or liabilities (as the case may be) of the relevant Fund as a whole but the gains/losses and the costs of the relevant financial instruments will accrue solely to the relevant Class.

The Company has been established as an umbrella company with segregated liability between Funds. As a result, neither the Company nor any Director, receiver, examiner, liquidator or other person shall apply nor be obliged to apply the assets of any one Fund in satisfaction of any liability incurred on behalf of or attributable to any other Fund. In addition, although each Fund is not a

separate legal person:- (i) the Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, between the Funds as apply at law in respect of companies; (ii) the property of a Fund is subject to orders of the court as if the Fund were a separate legal person; and (iii) each Fund may be wound-up (save in the case of a members' voluntary winding up) as if it were a separate legal person, provided always that the appointment of a liquidator and the powers, rights, duties and responsibilities of the liquidator shall be confined to the Fund which is being wound-up.

### **Investment Objective and Policies**

The assets of each Fund will be invested separately in accordance with the investment objective and policies of the Fund which will be set out in the relevant Supplement to this Prospectus and will be formulated by the Directors at the time of creation of the relevant Fund. There can be no assurance that a Fund will achieve its investment objective.

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.

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

It is the policy of the Directors that each Fund will be predominantly fully invested although the Investment Manager is permitted the flexibility to increase the percentage of the portfolio of each Fund held in cash and/or money market investments for ancillary liquid asset purposes and non-government and government debt securities ("liquid assets") where this is considered to be in the best interests of Shareholders of the relevant Fund; for example, during periods of market uncertainty where such investment is deemed to be important for defensive purposes.

The Investment Manager is also generally permitted to use financial derivative instruments to take investment positions, 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 under "Financial Derivative Instruments, Securities Financing Transactions and Techniques for Efficient Portfolio Management" below and in the specific Supplement for the relevant Fund. Using derivatives in this way may increase the degree of leverage in a Fund relative to the market, or by taking synthetic short positions, reduce a Fund's overall exposure to particular markets, individual securities or specific market factors, such as currency and interest rates, 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 also 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 Fund Supplements and as provided for in Appendix III "Financial Derivative Instruments" and in Appendix V "Permitted Investments and Investment Restrictions".

Pending full investment of the assets attributable to a Fund after its initial offering 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.

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

The investment objective of a Fund may not be altered and material changes in the investment policy of a Fund may not be made without approval of Shareholders on the basis of a simple majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held or with the prior written approval of all Shareholders of the Fund (in accordance with the provisions of the Memorandum and Articles of Association of the Company) or such other majority as is specified in the Memorandum and Articles of Association of the Company from time to time, approve the relevant change/changes. In the event of a change of the investment objective and/or policy of a Fund, on the basis of a majority of votes cast at a general meeting or with prior written approval as described above, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them redeem their Shares prior to implementation of such a change.

#### **Investment Powers and Restrictions**

The permitted investments and investment restrictions applying to the Company, in accordance with the qualifications and exemptions contained in the UCITS Regulations, and in the CBI Regulations issued by the Central Bank, are set out in Appendix V hereto. The Directors of the Company may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shares of the Company are available for subscription. Any such further restrictions shall be in accordance with the requirements of the CBI Regulations.

#### **Investment funds**

With the exception of permitted investments in unlisted securities and off exchange derivative instruments, investment in securities or financial derivative instruments will be made only in securities or financial derivative instruments which are listed or traded on an Eligible Market set out in Appendix I.



## **Financial Derivative Instruments, Securities Financing Transactions and Techniques for Efficient Portfolio Management**

The Investment Manager may use financial derivative instruments and techniques for efficient portfolio management for each Fund in accordance with the requirements of the Central Bank set out above under “Investment Powers and Restrictions”.

Financial derivative instruments may be used by the Investment Manager either for investment or efficient portfolio management purposes. The specific instruments which may be used for a Fund, the purpose of such investment, and a description of such investments shall be set out in the relevant Supplement.

The Investment Manager may also use techniques for efficient portfolio management for each Fund for the reduction of risk, the reduction of cost or the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in the relevant Supplement and the general provisions of the UCITS Regulations. Where set out in the relevant Supplement, such techniques may include securities lending and reverse repurchase transactions, and a Fund may purchase securities on a when issued/delayed delivery basis in accordance with the requirements of the Central Bank set out under “Investment Powers and Restrictions” and “Restrictions on Borrowing, Lending and Dealing” above. Repurchase agreements, reverse repurchase agreements and/or stocklending arrangements will only be utilised for efficient portfolio management purposes. Please see Appendix III for further details.

In addition the following provisions will be complied with:

A Fund may engage in transactions in financial derivative instruments (“FDIs”) for the purposes of efficient portfolio management provided that:

- (i) the relevant reference items or indices, consist of one or more of the following: transferable securities, money market instruments, investment funds, deposits, financial indices, interest rates, foreign exchange rates or currencies;
- (ii) the FDIs do not expose the Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure); and
- (iii) the FDIs do not cause the Fund to diverge from its investment objectives.

FDI will be dealt on an Eligible Market. However, the Investment Manager on behalf of a Fund may use OTC FDI provided that:

- (i) the counterparty is a credit institution listed in Regulation 7 of the Central Bank UCITS Regulations or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State, or is a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America

where that group company is subject to bank holding company consolidated supervision by the Federal Reserve;

- (ii) in the case of an OTC FDI counterparty which is not a credit institution listed in (i) above, the Investment Manager shall carry out an appropriate credit assessment on the relevant counterparty, to include, amongst other considerations, external credit ratings of the counterparty, regulatory supervision applied to the relevant counterparty, industry sector risk and concentration risk. Where the counterparty was (a) subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Investment Manager in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Investment Manager without delay.
- (iii) in the case of the subsequent novation of the OTC FDI contract, the counterparty is one of the entities set out in paragraph (i) or a central counterparty ("CCP") authorised, or recognised by ESMA, under EMIR or, pending recognition by ESMA under Article 25 of EMIR, a CCP entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC; and
- (iv) risk exposure to the OTC FDI counterparty does not exceed the limits set out in the UCITS Regulations.

The Investment Manager may net derivative positions with the same counterparty, provided that the Investment Manager on behalf of a Fund is able to legally enforce netting arrangements with the counterparty. Risk exposure to an OTC FDI counterparty may be reduced where the counterparty will provide a Fund with collateral.

Collateral (if any) received by a Fund under the terms of a financial derivative instrument will at all times meet with the requirements relating to collateral set out in the section of Appendix III and in the UCITS Regulations.

However, unless otherwise disclosed in the relevant Supplement, the Company on behalf of a Fund will not request the receipt of collateral from OTC FDI counterparties.

The use of derivative contracts for efficient portfolio management may expose a Fund to the risks disclosed under the heading "Risk Factors" in this Prospectus.

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

For the purpose of providing margin or collateral in respect of transactions in financial derivative instruments, the Depositary may, on the instructions of the Investment Manager, transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund.

Any direct and indirect operational costs and/or fees which arise as a result of the use of efficient portfolio management techniques which may be deducted from the revenue delivered to the Fund shall be at normal commercial rates and shall not include any hidden revenue. Such direct or indirect costs and fees will be paid to the relevant counterparty to the transaction, which may in certain circumstances include the Depositary or entities related to the Depositary. All revenues generated through the use of efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Fund.

The Supplement for a Fund shall disclose whether or not the Fund may receive collateral in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes. If a Fund may receive collateral, the Supplement for the Fund shall disclose the particulars of the collateral management policy which shall be employed by the Investment Manager for and on behalf of the Fund in accordance with the requirements of the Central Bank.

The Investment Manager is required under the UCITS Regulations to employ a risk management process which will enable it to measure, monitor and manage the risks attached to financial derivative positions. The Investment Manager will use the commitment method, which is one of the two methods permitted under the UCITS Regulations for this purpose and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been reviewed by the Central Bank.

The risk management process is employed to ensure that each Fund's exposure created through the use of financial derivative instruments remains within the limits described above. This risk management process will also take into account any exposure created through derivatives embedded in transferable securities which the Investment Manager may acquire for a Fund in accordance with its investment objective and policies.

Information on financial derivatives used for each Fund will be included in the Company's semi-annual and annual reports and accounts. The Company will also provide supplementary information to Shareholders on request on the risk management process employed by the Investment Manager on the Company's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of each Fund.

#### *Counterparty Procedures*

The Investment Manager approves the counterparties used for dealing, establishes counterparty credit limits for them and monitors them on an on-going basis.

The Investment Manager's counterparty selection criteria include a review of the structure, management, financial strength, internal controls and general reputation of the counterparty in question, as well as the legal, regulatory and political environment in the relevant markets. The selected counterparties are then monitored using latest available market information. Counterparty exposure is monitored and reported to the Directors on a regular basis. Any broker counterparty selected must be appropriately registered and meet operational efficiency requirements.

Please refer to risk factors under the heading “Risk Factors” for the counterparty risks that apply to the Funds.

### **Borrowing Powers**

The Company may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit the Directors may exercise all borrowing powers on behalf of the Company. In accordance with the provisions of the UCITS Regulations the Company may charge its assets as security for such borrowings. A Fund may acquire foreign currency by means of a “back-to-back” loan agreement. The Investment Manager shall ensure that a Fund with foreign currency borrowings which exceed the value of a back-to-back deposit treats that excess as borrowings for the purpose of Regulation 103 of the UCITS Regulations.

The Company may temporarily borrow an amount equal to a subscription request, subject to a Fund’s borrowing limits, and invest the amount borrowed in accordance with the investment objective and policies of the Fund. Once the required subscription monies have been received, the Company will use this to repay the borrowings. In the event of any delay in the settlement of the investor’s subscription monies, the Company reserves the right to charge that Shareholder for any interest or other costs incurred by the Company as a result of this borrowing. If the Shareholder fails to reimburse the Company for those charges, the Company will have the right to sell all or part of the investor’s holdings of Shares in the Fund in order to meet those charges and/or to pursue that Shareholder for such charges.

### **Changes to Investment and Borrowing Restrictions**

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

### **Dividend Policy**

In the event that distributions are declared, the amount to be distributed in respect of each Distribution Period shall be determined by the Directors in consultation with the Investment Manager within the amount available for distribution provided that any amount which is not distributed in respect of such Distribution Period may be carried forward to the next Distribution Period.

Distributions not claimed within six years from their due dates will lapse and revert to the relevant Fund.

Any distribution payable will be paid in the denominated currency of the relevant Class or as otherwise agreed with the relevant Shareholder by bank transfer or cheque. Every such bank transfer or cheque shall be made payable to the order of such Shareholder or, in the case of joint

Shareholders, made payable to the order of the first named joint Shareholder on the register at the risk of such Shareholder or joint Shareholders.

Where the amount of any distribution payable to an individual Shareholder is less than US\$100.00 or its currency equivalent, the Directors in their sole discretion may elect not to make any such distribution and, in lieu thereof, to issue and credit to the account of the relevant Shareholder the number of Shares in the relevant Fund corresponding to the relevant Euro amount calculated at the Net Asset Value per Share pertaining on the relevant Distribution Date. A subscription fee shall not be deducted from such amount.

The distribution policy in relation to each Fund is set out in the relevant Supplement. If provisions are made for the Fund to change its dividend policy, full details will be disclosed in an updated Supplement and all Shareholders will be notified in advance.

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

The most recent Net Asset Value per Share of each Fund is published following calculation on the following internet website: [www.quaerocapital.uk](http://www.quaerocapital.uk) and in the case of listed Funds notified to the Euronext Dublin immediately following calculation. In addition, the most recent Net Asset Value per Share of each Fund may be obtained from the Administrator, the Distributor, or any sub-distributor during normal business hours.

## **Risk Factors**

### ***General***

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Prospective investors should review this Prospectus and the relevant Supplements carefully and in their entirety and consult with their professional and financial advisers before making an application for Shares. Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the Company or any Fund or Class should not be relied upon as an indicator of future performance. The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please refer to the Section of the Prospectus entitled "TAXATION". The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

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

### ***Limited Operating History***

Certain Funds of the Company may be newly-formed and have no operating history, although the Investment Manager's fund managers have significant experience in the investment industry.

### ***Segregated Liability of Funds***

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

These provisions, while binding in an Irish court which would be the primary venue for an action to enforce a debt against the Company, have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an

obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between Funds.

### ***Market Risk***

Some of the Eligible Markets in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

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

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

### ***Redemption Risk***

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets. Further, if a substantial number of Shareholders were to make redemptions and a Fund did not have a sufficient amount of cash or liquid securities, a Fund might have to meet such redemption requests through distributions of illiquid securities.

### ***Credit Risk***

There can be no assurance that issuers of the securities or other instruments in which the Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also be exposed to a credit risk in relation to the counterparties with whom they trade or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

### ***Default Risk***

Each Fund could lose money if the issuer or grantor of a fixed-income security or the counterparty to a derivatives contract or a repurchase agreement does not make timely payments or honour its obligations. Debt instruments are subject to varying degrees of credit risks which are reflected in credit ratings. Debt instruments in each Fund's portfolio may range in credit from unrated to investment grade 1 debt.

### ***Depository Insolvency***

Funds are subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors ("Insolvency") of the Depository. These risks include without limitation: the loss of all cash, if any, held with the Depository which is not being protected by the rules of a regulatory authority; the loss of any securities held on trust ("trust assets") in connection with payment to be made for administrative costs of the Insolvency and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the Insolvency; losses of some or all assets due to the incorrect operation of the accounts by the Depository; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. The Funds are subject to similar risks in the event of Insolvency of any sub-custodian with which any relevant securities are held or of any third party bank with which client money is held. An Insolvency could cause severe disruption to the trading of a Fund.

### ***Depository Liability***

In the event of loss suffered by the Company as a result of the Depository's actions or omissions, the Depository 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 Depository'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 Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

### ***Sub-Custodians and other depositories***

Where securities are held with a sub-custodian of the Depository or with a securities depository or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company may have to share that shortfall on a pro-rata basis. Securities may be deposited with clearing brokers which the Depository is not obliged to appoint as its sub-custodians and in respect of the acts or defaults of which the Depository shall have no liability.

### ***Currency Risk***

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. It may not be possible or practical to hedge against such exchange rate risk. The Fund's Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of a Fund may be



strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

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

### **Share Currency Designation Risk**

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund and/or the designated currencies in which the Fund's assets are denominated. Redemption proceeds and any distributions to Shareholders will normally be made in the currency of denomination of the relevant Class. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. Where a Class of a Fund is designated as "hedged" in the relevant Supplement, the Investment will try to mitigate this risk by using financial instruments within the Fund's investments. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund.

Shareholders should note that generally there is no segregation of assets and liabilities between Classes in a Fund and therefore a counterparty to a derivative overlay entered into in respect of a hedged Class may have recourse to the assets of the relevant Fund attributable to other Classes of that Fund where there are insufficient assets attributable to the hedged Class to discharge its liabilities. While the Company has taken steps to ensure that the risk of contagion between Classes is mitigated in order to ensure that the additional risk introduced to the Fund through the use of a derivative overlay is only borne by the Shareholders in the relevant Class, this risk cannot be fully eliminated.

### ***Investment in Cash and Money Market Instruments***

In certain market conditions as described in the Investment Policy of the relevant Fund, a Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

### ***Operation of Umbrella Cash Accounts***

The Company has established Umbrella Cash Accounts comprising Cash Assets. All subscriptions, redemptions or dividends payable to or from the relevant Fund will be channelled and managed through such Umbrella Cash Accounts.

Certain risks associated with the operation of the Umbrella Cash Accounts include:

- (a) Pending payment to the relevant Shareholder, distribution payments will be held in an Umbrella Cash Account and will be treated as an asset of the relevant Fund until paid to that Shareholder and will not benefit from the application of any investor money protection rules (i.e. the distribution monies in such circumstance will not be held on trust for the relevant Shareholder). In such circumstance, the Shareholder will be an unsecured creditor of the relevant Fund with respect to the distribution amount held by the Company until paid to the Shareholder;
- (b) Where subscription monies are held in an Umbrella Cash Account in advance of a Dealing Day in respect of which an application for Shares has been, or is expected to be, received, the investor will be an unsecured creditor of the relevant Fund with respect to the amount subscribed and held by the Company until such Shares are issued as of the relevant Dealing Day; and
- (c) Where redemption monies payable to an investor subsequent to a Dealing Day will be held in a cash account in the name of the Company in respect of the relevant Fund, the investor will be an unsecured creditor of the relevant Fund with respect to the redemption amount held by the Company until paid to the investor.

In each of (a), (b) and (c) above, in the event that such monies are lost prior to the issue of Shares or payment of the distribution or redemption monies to the relevant investor, the Company on behalf of the Fund may be obliged to make good any losses which the Fund incurs in connection with the loss of such monies to the investor (in its capacity as a creditor of the Fund), in which case such loss will need to be discharged out of the assets of the relevant Fund and therefore will represent a diminution in the Net Asset Value per Share for existing Shareholders of the relevant Fund. In the event of an insolvency of a Fund or the Company, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full. Investors should note that in the event of the insolvency of a sister Fund of the Company, recovery of any amounts to which a relevant Fund is entitled, but which may have transferred to such other insolvent Fund as a result of the operation of

the Umbrella Cash Account(s) will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Accounts. There may be delays in effecting and/or disputes as to the recovery of such amounts, and the insolvent Fund may have insufficient funds to repay the amounts due to the relevant Fund.

### ***Changes in Interest Rates***

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

### ***Amortised Cost Method***

Certain Funds may value some or all of the investments at amortised cost. Investors' attention is drawn to the section of the Prospectus entitled "Net Asset Value and Valuation of Assets" for further information.

### ***Valuation Risk***

A Fund may invest some of its assets in illiquid and/or unquoted securities or instruments. Such investments or instruments will be valued by the Directors or their delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale or "close-out" prices of such securities.

### ***Corporate Disclosure, Accounting and Regulatory Standards***

Companies in some emerging market countries are not subject to disclosure, accounting, auditing and financial standards which are equivalent to those applicable in more developed countries. Such information as is available is often less reliable. There is less rigorous government supervision and regulation. Regulatory regimes relating to foreign investment are still in their infancy in these countries. This may mean that rules are being applied for the first time or inconsistently, which may result, inter alia, in the amount and nature of information available to the Company about investee companies and potential investments being inconsistent from time to time and from company to company. In addition, companies involved in the provision of financial and investment services have only recently been subject to a more developed regulatory regime and, in particular, to restrictions on the disclosure of information. In particular new regulations drafted to impose strict requirements and conditions on such companies, equivalent to those in more developed markets have not all been implemented as yet.

### ***Risks associated with the Shanghai-Hong Kong Stock Connect Scheme***

The Shanghai-Hong Kong Stock Connect scheme ("Connect Scheme") is novel in nature. The relevant regulations are untested and subject to change. The programme is subject to quota limitations which may restrict the Company's ability to invest in China A-Shares through the programme on a timely basis and as a result, the Company's ability to access the China A-Shares market (and hence to pursue its investment strategy) may be adversely affected.

Trading under the Connect Scheme will be subject to the Aggregate Quota and Daily Quota. The Aggregate Quota and the Daily Quota may change and consequently affect the number of permitted buy trades on the Northbound Trading Link. A Fund does not have exclusive use of the Aggregate Quota and Daily Quota and such quotas are utilised on a “first come – first served” basis. Therefore, quota limitations may restrict a Fund’s ability to invest in or dispose of China Connect Securities through the Connect Scheme on a timely basis.

#### *Clearing and Settlement Risk*

The Hong Kong Securities Clearing Company Limited (“HKSCC”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”) have established the clearing links and each becomes a participant of each other to facilitate clearing and settlement of cross-border trades. For cross-border trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

A Fund’s rights and interests in China Connect Securities will be exercised through HKSCC exercising its rights as the nominee holder of China Connect Securities credited to HKSCC’s omnibus account with ChinaClear. The relevant measures and rules in relation to the Connect Scheme generally provide for the concept of a “nominee holder” and recognise the investors including a Fund as the “beneficial owners” of China Connect Securities.

However, the precise nature and rights of an investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, “legal ownership” and “beneficial ownership” under PRC law. Therefore, a Fund’s assets held by HKSCC as nominee (via any relevant brokers’ or custodians’ accounts in CCASS) may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of a Fund.

In connection to this, in the event of a default, insolvency or bankruptcy of a custodian or broker, a Fund may be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets.

In the remote event of any settlement default by HKSCC, and a failure by HKSCC to designate securities or sufficient securities in an amount equal to the default such that there is a shortfall of securities to settle any China Connect Securities trades, ChinaClear may deduct the amount of that shortfall from HKSCC’s omnibus account with ChinaClear, such that a Fund may share in any such shortfall.

As previously discussed, HKSCC is the nominee holder of the China Connect Securities acquired by investors. As a result, in the remote event of a bankruptcy or liquidation of HKSCC, the China Connect Securities may not be regarded as the general assets of HKSCC under the laws of Hong Kong, and will not be available to the general creditors of HKSCC on its insolvency. In addition, as a Hong Kong incorporated company, any insolvency or bankruptcy proceedings against HKSCC will be

initiated in Hong Kong and be subject to Hong Kong law. In such circumstances, ChinaClear and the courts of mainland China will regard the liquidator of HKSCC appointed under Hong Kong law as the entity with the power to deal with the China Connect Securities in place of HKSCC.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### *No Protection by Hong Kong Investor Compensation Fund*

A Fund's investments through the Connect Scheme will not be covered by Hong Kong's Investor Compensation Fund. Therefore, a Fund is exposed to the risks of default of the broker(s) it engages in its trading in China Connect Securities through the Connect Scheme.

#### *Short Swing Profit Rule*

According to the PRC Securities Law, a shareholder of 5% or more of the total issued shares of a PRC listed company ("major shareholder") has to return any profits obtained from the purchase and sale of shares of such PRC listed company if both transactions occur within a six-month period. In the unlikely event that a Fund becomes a major shareholder of a PRC listed company by investing in China Connect Securities via the Connect Scheme, the profits that a Fund may derive from such investments may be limited, and thus the performance of a Fund may be adversely affected depending on a Fund's size of investment in China Connect Securities through the Connect Scheme.

#### *Participation in Corporate Actions and Shareholders' Meetings*

HKSCC will keep CCASS participants informed of corporate actions of China Connect Securities. Hong Kong and overseas investors (including the Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China Connect Securities may be as short as one business day only. Therefore, a Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including a Fund) may hold China Connect Securities traded via the Connect Scheme through their brokers or custodians. Where the appointment of proxy/multiple proxies by a shareholder is prohibited by the articles of association of the China Connect Securities, a Fund may not be able to appoint a proxy/multiple proxies to attend or participate in shareholders' meetings in respect of China Connect Securities.

#### *Regulatory Risk and Other China Specific Investment Requirements*

Any investments of a Fund through the Connect Scheme will be subject to rules and regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the

PRC and Hong Kong as well as other regulations applicable to the Connect Scheme including but not limited to trading restrictions, disclosure requirements and foreign ownership limits. A Fund may also be impacted by the right to suspend Northbound Trading Link if necessary for ensuring an orderly and fair market and that risks are managed prudently.

Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Connect Scheme, which may affect the Fund's investments in China Connect Securities.

The rules and regulations, in connection with the Connect Scheme, including the taxation of transactions involving China Connect Securities, are uncertain and/or untested and are subject to change. There is no certainty as to how they will be applied and there can be no assurance that the Connect Scheme will not be abolished.

#### *Front-End Monitoring*

PRC regulations require that before an investor sells any shares, there should be sufficient shares in the investor's account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China Connect Securities sell orders of its exchange participants (i.e. the stock brokers) to ensure there is no over-selling. If a Fund desires to sell China Connect Securities it holds, it will be required to transfer those China Connect Securities to the respective accounts of its brokers before the market opens on the day of selling ("trading day") unless its brokers can otherwise confirm that a Fund has sufficient shares in its account. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Fund may not be able to dispose of its holdings of China Connect Securities in a timely manner.

#### *Differences in Trading Day*

The Connect Scheme will only operate on days when both the SEHK and the SSE are open for trading and when banks in both markets are open on the corresponding settlement days. It is therefore possible that there are occasions when it is a normal trading day for the SSE but a Fund cannot carry out any trading of the China Connect Securities. A Fund may be subject to a risk of price fluctuations in China Connect Securities during the time when the Connect Scheme is not trading as a result.

#### *Recalling of Eligible Stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Connect Scheme, the stock can only be sold but will be restricted from being bought. This may affect the investment portfolio or strategies of a Fund, for example, when a Fund wishes to purchase a stock which has been recalled from the scope of eligible stocks.

#### *Safekeeping Risks*

HKSCC is not obliged to, and therefore may not, take steps and actions to enforce any rights in respect of China Connect Securities in a Fund's custody account established with the Depositary

which may affect the Company's ability to enforce its rights on behalf of a Fund in respect of the China Connect Securities in its account with the Depositary.

Separately, if HKSCC receives insufficient funds or securities from the China Connect clearing house to meet HKSCC's aggregate liabilities to its China Connect clearing participants under all market contracts arising from China Connect Securities trades subsisting at any time, it may make a pro rata payment or delivery to China Connect clearing participants to whom such liabilities are due according to the amount due to the China Connect clearing participants. Should HKSCC elect to make such a pro rata payment or delivery the Company shall have no recourse in respect of the relevant Fund against the Depositary or any sub-custodian for the balance of any money or securities. The Depositary will however remain liable to the Company on behalf of a Fund to pay or deliver the balance of any amounts due in respect of the Fund when the amounts are subsequently received by the Depositary or its sub-custodian from HKSCC.

HKSCC does not guarantee the title to any China Connect Securities held through it in any manner. Any of the Company's title, property or interests held on behalf of a Fund in such China Connect Securities shall be subject to the "securities on-hold" provisions of the general rules of the Depositary's central clearing and settlement service pursuant to which title, property or interest in any China Connect Securities shall not pass to a paying China Connect clearing participant and the China Connect Securities will stay on hold until a negative confirmation of payment has been obtained by the Depositary from the paying China Connect clearing participant's designated bank.

### ***Derivatives and Securities Financing Transactions Risk***

#### ***General***

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 programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention is often intended to directly 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 techniques and instruments 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 price movements of the derivatives and price movements of related investments, (3) the fact that skills needed to use these instruments are different from those needed to select a Fund's securities, (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management and the ability to meet redemptions as a result of the risks outlined at (1) to (4) above.

The Funds may be invested in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in

segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

The Funds may from time to time utilise both exchange traded and over the counter credit derivatives as a part of their investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over the counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

#### *Correlation Risk*

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

#### *Loss of Favourable Performance*

The use of financial derivative instruments 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.

#### *Offsetting Favourable Changes*

While strategies involving derivatives are intended to reduce the risk for loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable movements in the underlying currency or interest rates.

#### *Legal Risk*

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

#### *Liquidity of Futures Contracts*

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



traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

#### *Futures and Options Risk*

The Investment Manager may engage in various portfolio strategies on behalf of the Funds through the use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom each Fund has an open position. While exchange traded contracts are generally guaranteed by the relevant exchange, in the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to each Fund. On execution of an option a Fund may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the full value of the option may be lost in addition to any unrealised gains where the contract is in the money.

#### *Forward Trading*

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

#### *Over-the-Counter Markets Risk*

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

#### *Counterparty Risk*

Each Fund will have credit exposure to counterparties by virtue of investment positions in swaps, options, repurchase transactions and forward exchange rate and other contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

The Funds will also be exposed to a credit risk on parties with whom they trade 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 well developed and less 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 Company 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.

#### *Market Risk*

If the Investment Manager incorrectly forecasts interest rates, market values or other economic factors in using a derivatives strategy for the Fund, the Fund might have been in a better position if it had not entered into the transaction at all. The success of the Fund's use of derivatives for investment purposes or for efficient portfolio management purposes will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments.

#### *Repurchase Agreements*

Under a repurchase agreement, the relevant Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

#### *Reverse Repurchase Agreements*

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

#### *Risks Associated with Total Return Swaps*

Where specified in the relevant Supplement, a Fund may enter into total return swap agreements. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreement related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Company on behalf of the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from exercising its rights with respect to the investments in its portfolio and obtaining payments owed to it pursuant to the relevant contract and therefore may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Furthermore, in addition to being subject to the credit risk of the counterparty to the total return swap, the Fund is also subject to the credit risk of the issuer of the

reference obligation. Costs incurred in relation to entering into a total return swap, differences in currency values and costs associated with hedged/unhedged share classes may result in the value of the index/reference value of the underlying of the total return swap differing from the Net Asset Value per Share of the relevant Fund.

#### *Risks Associated with Collateral Management*

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

Where cash collateral received by a Fund is re-invested in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is posted to a counterparty or broker by way of a title transfer collateral arrangement or where the Company on behalf of a Fund grants a right of re-use under a security collateral arrangement which is subsequently exercised by the counterparty, the Company on behalf of a Fund will only have an unsecured contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the Fund shall rank as an unsecured creditor and may not receive equivalent assets or recover the full value of the assets. Investors should assume that the insolvency of any counterparty would result in a loss to the relevant Fund, which could be material. In addition, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Company or its delegates will not have any visibility or control.

Because the passing of collateral is effected through the use of standard contracts, a Fund may be exposed to legal risks such as the contract may not accurately reflect the intentions of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

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

Certain Funds may engage in securities lending activities and 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 exceed the value of the securities transferred. In the event of a sudden market movement there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received under a securities lending arrangement in accordance with the requirements

set down in the CBI Regulations, a Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer or the relevant security.

### ***Emerging Markets Risk***

Certain Funds may invest in securities of issuers in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscation, taxation, nationalisation, and social, political and economic instability; (ii) the smaller markets for securities of emerging markets issuers and lower volumes of trading, resulting in lack of liquidity and in greater price volatility, (iii) certain national policies which may restrict the investment opportunities available in respect of a Fund, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and on the realisation or repatriation of foreign investment; (iv) currency instability and hyper-inflation; and (v) the absence of developed legal structures governing private or foreign investment and private property.

The accounting, auditing and financial reporting standards of countries in which the Company may invest in respect of a Fund are likely to be less extensive than those applicable to United States or United Kingdom companies, particularly in emerging markets.

### ***Political Risk***

Many emerging market countries have historically been subject to political instability and their prospects are tied to the continuation of economic and political liberalisation in the relevant country. Instability may result from factors such as government or military intervention in decision-making, terrorism, civil unrest, extremism or hostilities between neighbouring countries. An outbreak of hostilities could result in substantial losses for the Company. Extremist groups in certain countries have traditionally held anti-Western views and are opposed to openness to foreign investments. If these movements gain strength they could have a destabilising effect on the investment activities of the Company.

In addition, many emerging market countries have recently been exposed to political instability due to violent protests and demonstrations which have led to a regime change in some countries. Such political instability may continue. The unstable geopolitical climate may negatively impact market value, increase market volatility, and affect liquidity, all of which could have an adverse effect on the Company's expected returns. No assurance can be given as to the effect of these events on the value of the Shares.

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

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

### ***Liquidity Risk***

A listing of Shares of a Fund or Class on the Euronext Dublin will not necessarily provide liquidity to investors.

In some circumstances, investments may be relatively illiquid, sometimes as they are subject to legal or contractual restrictions on their resale and sometimes due to a relatively inactive market. This can make it difficult to acquire or dispose of these investments at the prices quoted on the various exchanges and over-the-counter. At times it may be difficult to obtain price quotes at all. Therefore, a Fund may be adversely affected by a decrease in market liquidity for the instruments in which it invests and this may impair such Fund's ability to adjust its positions subject to delay and administrative uncertainties and it may experience adverse price movements upon liquidation of its investments. In addition, the sale of such assets often requires more time and results in higher brokerage charges and other selling expenses than does the sale of investments which are eligible for trading on exchange or for which there is an active over-the-counter market. The size of a Fund's positions may magnify the effect of a decrease in market liquidity for such instruments. Some of the Eligible Markets in which a Fund may purchase financial derivative instruments may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

### ***Performance Fee Risk***

Where performance fees are payable by a Fund these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

### ***Over-the-Counter Markets Risk***

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

### ***Settlement Risk***

The trading and settlement practices on some of the Eligible Markets on which a Fund may invest may not be the same as those in more developed markets. This may increase settlement risk and/or result in delay in realising investments made by the relevant Fund. Transactions by each Fund will not be limited to transactions on, or effected under the rules of, major securities or futures exchanges and it is expected that a significant number of trades will be effected off-exchange, directly with counterparties. Each Fund will take a credit risk on the parties with which they trade or with which they engage in securities lending, and therefore each Fund acting through the Investment Manager will seek to transact only with major established counterparties or counterparties that meet the requirements of the UCITS Regulations. Each Fund will also bear the risk of settlement default by clearing houses and exchanges, in particular, in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Any default will also be subject to the risk of the inability of any

counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **Taxation**

Any change in the taxation legislation in Ireland, or elsewhere, could affect (i) the Company or any Fund's ability to achieve its investment objective, (ii) the value of the Company or any Fund's investments or (iii) the ability to pay returns to Shareholders or alter such returns. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein based on current tax law and practice. Prospective investors and Shareholders should note that the statements on taxation which are set out herein and in this Prospectus are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

If the Company or a Fund 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 Company or the Fund 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 Company or the Fund indemnified against any loss arising to the Company or the Fund by reason of the Company or the Fund 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.

Shareholders and prospective investors' attention is drawn to the taxation risks associated with investing in any Fund. Please refer to the section headed "TAXATION".

### **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement ("Irish IGA") with respect to the implementation of FATCA (see section entitled "*Compliance with US reporting and withholding requirements*" below for further detail) on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial institutions (such as the Company) should generally not be required to apply 30% withholding tax. To the extent the Company however suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Administrator

acting on behalf of the Company may take any action in relation to a Shareholder's investment in the Company to redress such non-compliance and/or ensure that such withholding is economically borne by the relevant Shareholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Shareholder's holding of shares in the Company.

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

### **Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Ireland has legislated to implement the CRS. As a result the Company will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Shareholders may be required to provide additional information to the Company to enable the Company to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of their Shares in the relevant Fund.

Shareholders and prospective investors should consult their own tax advisor with regard to with respect to their own certification requirements associated with an investment in the Company.

Shareholders can obtain more information on the Company's tax reporting obligations on the website of the Irish Revenue Commissioners (which is available at <http://www.revenue.ie/en/business/aeoi/index.html>) or the following link in the case of CRS only: <http://www.oecd.org/tax/automatic-exchange/>.

All capitalised terms above, unless otherwise defined in this paragraph, shall have the same meaning as they have in the Standard and EU Council Directive 2014/107/EU (as applicable).

### **Cyber Security Risk**

The Company and its service providers (including the Investment Manager, the Administrator, the Depositary and any distributors) ("Affected Persons") may be susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing

operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Affected Persons have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Fund's ability to calculate its NAV; impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with a Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Fund invests, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## **Brexit**

In June 2016, the United Kingdom voted to leave the EU. If, as expected, the United Kingdom triggers the withdrawal procedures in Article 50 of the Treaty of Lisbon, there will be a two-year period (or longer) during which the arrangements for exit will be negotiated. This vote and the withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the EU, the EEA and globally. The Investment Manager is currently subject to provisions of certain European directives and regulations which have either been incorporated into the UK law or have direct effect in the UK. The longer term impact of the decision to leave the EU on the UK regulatory framework will depend, in part, on the relationship that the UK will seek to establish with the EU in the future. In particular, it is uncertain whether and how UK laws that incorporate EU directives may be modified in the future. It is not possible to ascertain the precise impact the United Kingdom's departure from the EU may have on the Company or the Investment Manager from an economic, financial or regulatory perspective but any such impact could have material consequences for Company and/or the Investment Manager.

## ***EU Market Infrastructure Reforms***

The package of European Union market infrastructure reforms known as "MiFID II" is expected to have a significant impact on the European capital markets. MiFID II, which takes effect on 3 January 2018, will increase regulation of trading platforms and firms providing investment services, including the Investment Manager.

Among its many reforms, MiFID II will introduce significant pre- and post-trade transparency obligations in respect of financial instruments admitted to trading on EU trading venues, including a new transparency regime for non-equity financial instruments; an obligation to execute transactions in shares and derivatives on a regulated trading venue; and a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in transaction



costs, and, as a consequence, may have an adverse impact on the ability of the Investment Manager, or where relevant its authorised delegates, to execute the investment policy of the Funds effectively. New rules requiring unbundling the costs of research and other services from dealing commission and further restrictions on the ability of the Investment Manager or, where relevant, its authorised delegates to receive certain types of goods and services from brokers are not expected to result in an effective increase in the costs of the Company in respect of payments for investment research for its Funds.

## **GDPR**

The GDPR has had direct effect in all Member States since 25 May 2018 and has replaced previous EU data privacy laws. Under the GDPR, data controllers are subject to additional obligations including, amongst others, accountability and transparency requirements whereby the data controller is responsible for, and must be able to demonstrate compliance with the rules set down in the GDPR relating to data processing and must provide data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include enhanced data consent requirements and the obligation to report any personal data breach to the relevant supervisory authority without undue delay. Under the GDPR, data subjects are afforded additional rights, including the right to rectify inaccurate personal information, the right to have personal data held by a data controller erased in certain circumstances and the right to restrict or object to processing in a number of circumstances.

The implementation of GDPR may result in increased operational and compliance costs being borne directly or indirectly by the Company. Further, there is a risk that due to changes in interpretation or guidance which emerge with respect to the GDPR over time, the Company or its services providers will be required to implement measures in a different manner to how they are currently being implemented. If there are breaches of these measures by the Company or any of its service providers, the Company or its service providers could face significant administrative fines and/or be required to compensate any data subject who has suffered material or non-material damage as a result as well as the Company suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

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

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

## 2. MANAGEMENT AND ADMINISTRATION

The Directors control the affairs of the Company and are responsible for the formulation of investment policy. The Directors have delegated certain of their duties to the Administrator, the Investment Manager and the Distributor.

### Directors

The Company shall be managed and its affairs supervised by the Directors all of whom are non-executive directors of the Company and whose details are set out below:-

**Bryan Evans** (Irish national and resident) is a chartered accountant. He worked with PricewaterhouseCoopers from 1967, principally in Dublin but also in London and Boston. He became a partner in 1980 and established the firm's corporate finance practice in 1985. As a corporate finance practitioner, Mr Evans acted as lead financial adviser and consultant to many large and medium sized companies. He executed capital transactions in the Irish, UK and US markets. He specialised in corporate acquisitions and disposals and also worked extensively on finance raising, business strategy and stock exchange listings.

Mr Evans retired as a partner of PricewaterhouseCoopers on 30th June 2004 and is now working as a non-executive director and as a business and corporate finance adviser.

**David James Hammond (Irish national and resident)** is formerly the managing director of Bridge Consulting ("Bridge"), a financial services consultancy and business advisory firm. Mr Hammond has over 24 years' experience in the fund management industry, having been employed, before setting up Bridge, as Chief Operating Officer of Sanlam Asset Management (Ireland) Limited, part of the Sanlam group of South Africa, and as a Director of Legal and Business Development with International Fund Managers (Ireland) Limited, the Irish fund administration subsidiary of Baring Asset Management and which is now part of Northern Trust. Mr. Hammond is a CFA Charterholder and a solicitor. He holds a law degree from Trinity College, Dublin and a MBA from Smurfit Graduate School of Business, University College, Dublin.

**Richard Pell-Ilderton** (UK national and UK resident), is a founding partner at Quaero Capital LLP and has responsibility for managing the business including operations, finance, legal, compliance and risk control. Richard qualified as a solicitor in 1985 and became a partner with City law firm Wilde Sapte in 1989. He was responsible for establishing the Tokyo and Hong Kong offices of Wilde Sapte and went on to be a director at SocGen-Crosby in Singapore before setting up Tiburon.

Mr Pell-Ilderton is managing partner of Quaero Capital LLP and has primary responsibility for finance, risk control and compliance.

**Thomas Grolimund** (Swiss national). Thomas Grolimund is the CEO of Grolimund Finanzinvest Ltd. Zürich, an Independent Asset Management Company serving international private clients. Mr Grolimund started his career in private banking in 1979 at Bank Rothschild Ltd in Zürich where he was responsible for managing UK family foundations. In 1980 he joined Bank Julius Baer in Zürich as an analyst in the research department. In 1981 he moved to Julius Baer Securities New York where he

worked as a US-Broker/Dealer after qualifying as a broker. From 1982 until October 1986 he was a Portfolio Manager and Private Client Advisor for high net-worth international clients of Julius Baer. In 1987 Mr Grolimund returned to Zürich where he founded his own Independent Portfolio Management and Financial Advisory Company. In 1989 he joined Bilfinanz-und Verwaltung Ltd., Zürich where he worked as a Private Client Advisor. In 1994 he took the position as head of the Private Banking and Research Department at Rüeegg Bank Ltd. in Zürich. In 1998 he founded his own Independent Financial Company specializing in Asset Management and Family Offices for an international private clientele. In January of 2007 he sold this Company to Almira Asset Management Ltd. in Zug of which he is now a co-owner. Since then he has been acting as CEO of Grolimund Finanzinvest Ltd. Zürich. Among other appointments he holds several board memberships of family foundations and local and off-shore companies.

### **Investment Manager and Distributor**

The Company has appointed Quaero Capital LLP, as investment manager with discretionary powers pursuant to the Investment Management Agreement. Under the terms of the Investment Management Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Directors, for managing the assets and investments of the Company in accordance with the investment objective and policies of each Fund. The Investment Manager will also act as distributor to the Company and is responsible for the financial promotion of the Company.

Quaero Capital LLP is a UK based investment management firm known for its focus on Asian and Japanese strategies. Under its previous name of Tiburon Partners, the firm has carried on business in London since 1999. Tiburon Partners LLP changed its name to Quaero Capital LLP in April 2018, when it became a member of the Geneva based Quaero Capital group of companies which also has offices in Paris, Luxembourg and Zurich. Quaero Capital LLP is jointly owned by its executive partners and Quaero Capital S.A., and is regulated by the Financial Conduct Authority in the United Kingdom ("FCA").

Under the terms of the Investment Management Agreement the Investment Manager will, subject to the Directors' ultimate supervision and control, manage each Fund's portfolio on a discretionary basis and be responsible for the day to day investment activities of the relevant Funds of the Company. The Investment Manager will also act as distributor for the purposes of distributing Shares in those Classes of the Funds as may be agreed between the Company and the Investment Manager from time to time pursuant to the Investment Management Agreement. The Investment Manager may delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank.

The Investment Manager may also delegate the discretionary investment management of certain Funds to sub-investment managers, details of which will be set out in the relevant Supplement. The Investment Manager shall not be held liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of sub-investment managers appointed by it or for its own acts or omissions in bona fide following the advice or recommendations of sub-investment managers. If appointed, the fees of such sub-investment managers will not be payable out of the assets of the Funds (unless disclosed in the Supplement in respect of the relevant Fund). Details of such sub-investment managers, if any, will be provided to Shareholders upon request and details thereof will be provided in the annual and semi-annual reports of the Fund.

## **Administrator and Registrar**

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed by the Company to act as administrator, registrar and transfer agent under the terms of the Administration Agreement as described in Material Contracts.

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 investment funds.

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 Company as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the Company's books and accounts, liaising with the Auditor in relation to the audit of the financial statements of the Company and the provision of certain Shareholder registration and transfer agency services in respect of shares in the Company.

In calculating the Net Asset Value and Net Asset Value per Share, the Administrator shall not be responsible for the accuracy of financial data, opinions or advice furnished to it by the Investment Manager or its delegates, the Company, the Directors or their agents and delegates including an external valuer, market makers and/or independent third party pricing services. The Administrator may accept, use and rely on prices provided to it by the Company, the Directors, the Investment Manager or its delegates or other agreed independent third party pricing services for the purposes of determining the Net Asset Value and Net Asset Value per Share and shall not be liable to the Company, the Directors, the Investment Manager, the Depositary, an external valuer, any Shareholder or any other person in so doing by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Investment Manager, the Company, the Directors, its delegates, an external valuer or other independent third party pricing services or its delegates that the Administrator is directed to use by the Company, the Directors or an external valuer in accordance with the Investment Manager's Valuation Policy. The Investment Manager and the Company, the Directors acknowledge and agree that the Administrator has not been retained to act as external valuer or independent valuation agent.

In the event that there is an error in the calculation of the Net Asset Value of any Fund or Class which results in a Shareholder receiving proceeds from the Company, the Directors reserve the right to seek to recover from such Shareholder any excess amount recovered by them or to re-issue a contract note with the correct Net Asset Value of the relevant Fund or Class.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document 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 Company. 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.

## **Depository**

The Company has appointed Northern Trust Fiduciary Services (Ireland) Limited to act as the depository to the Company. The Depository is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to investment funds. The Depository 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 Depository Agreement, the Depository 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 Depository 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 Depository will not be affected by virtue of any such delegation. The Depository has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the Company'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 IV to this Prospectus.

The Depository Agreement provides that the Depository 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 Depository'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 Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

Up-to-date information regarding the duties of the Depository, any conflicts of interest that may arise and the Depository's delegation arrangements will be made available to investors on request.

***As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Depository will have no liability. Prospective investors are referred to the section "Risk Factors".***

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

Local laws/regulations in EEA Member States 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 Depositary (e.g. 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 Company 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 Company or a Fund which will be at normal commercial rates will be borne by the Company or the Fund in respect of which an Agent has been appointed. All Shareholders of the Company or the Fund on whose behalf an Agent is appointed may avail themselves of the services provided by the Agents appointed by or on behalf of the Company.

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.

The Paying Agent of the Company in Switzerland is Banque Heritage SA, 61 Route de Chêne, CH-1207 Geneva, Switzerland (the "Swiss Paying Agent"). Shares may be subscribed and/or redeemed with the Swiss Paying Agent. A handling commission will be charged by the Swiss Paying Agent to the relevant Shareholder. If a subscription or redemption is made through the Paying Agent, instructions and money must be received by the paying agent at least 24 hours before the appropriate dealing cut-off time.

As described in "Fees and Expenses" below, the fees and expenses associated with the representation, paying agency and other distribution items may be charged to the applicable Fund. The actual amount of such fees and expenses will be disclosed in the audited financial statements of the Company.

## **Conflicts of Interest**

The Directors, the Investment Manager, the Distributor, the Administrator and the Depositary and their respective affiliates, officers, members, directors 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 a conflict of interest with the management of the Company and/or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. In particular, the Investment Manager may be involved in advising or managing other investment funds which have similar or overlapping investment objectives to or with

the Company or Funds. In addition the Investment Manager may be consulted by the Administrator in relation to the valuation of investments which are not listed, quoted or dealt in or on an Eligible Market. This would be a conflict as the Investment Manager's fee will rise as the relevant Fund's Net Asset Value rises.

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly. Where the Investment Manager is allocating investment opportunities between the Funds of the Company and other investment funds the Investment Manager will use its reasonable endeavours to ensure these investment opportunities are allocated fairly.

There is no prohibition on transactions with the Company by the Investment Manager, the Administrator, the Depositary, the Distributor, or entities related to each of the Investment Manager, the Administrator, the Depositary or the Distributor including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are consistent with the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis as provided in Regulation 41 of the CBI Regulations and

- (a) a person approved by the Depositary (or in the case of a transaction involving the Depositary, a person who has been approved by the Directors as being independent and competent) as independent and competent certifies the valuation at which the relevant transaction is effected is fair; or
- (b) the relevant transaction is executed on best terms reasonably obtainable on an organised investment exchanges under their rules; or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary is (or in the case of a transaction involving the Depositary, the Directors are) satisfied are consistent with the best interests of Shareholders and are normal commercial terms negotiated on an arm's length basis.

The Depositary (or the Company in the case of transactions involving the Depositary) must document how it has complied with the provisions of paragraph (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary (or the Company in the case of transactions involving the Depositary) must document their rationale for being satisfied that the transaction conformed to the principles outlined above.

The Investment Manager or an associated company of the Investment Manager may invest in Shares. In such circumstances the Investment Manager or its associated company may hold a high proportion of the Shares of a Fund or Class in issue.

The Investment Manager may from time to time at its sole discretion and on request supply a list of all securities in any of the Funds' portfolios to some or all of the Shareholders in such Funds or their agents or to intermediaries.

Details of interests of the Directors are set out in the Section of the Prospectus entitled "GENERAL INFORMATION".

### **Use of Brokers**

The Investment Manager or any sub-investment manager or investment advisor may utilise brokers for a particular transaction, and has complete discretion on commissions, dealer spreads, or markups and markdowns paid. A report thereon will be included in the Company's annual and semi-annual reports. Any such arrangements will provide for best execution, namely, 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 of client instructions and any benefits provided under such arrangements must be those which assist in the provision of investment services to the Company or any Fund.

Subject to any FCA rules applicable to the Investment Manager, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Company by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

### **Payments for Research**

The Investment Manager, and where relevant, its authorised delegates, may utilise investment research services offered by brokers and independent service providers in undertaking the investment policies of the Funds. Such research services may include, but are not limited to, published research notes or reports, other material or services suggesting or recommending an investment strategy or trade ideas (including in the form of software tools, programs or other technology), macroeconomic analysis, and access to research analysts or industry experts (including expert networks).

The Investment Manager may open and maintain one or more Research Payment Accounts (as defined in the section of this Prospectus entitled 'Operating Expenses and Fees') to facilitate the payment for investment research services in accordance with relevant FCA rules. Each Research Payment Account will be funded by a specific research charge to the relevant Fund either by a direct charge to the Company or on a transaction-by-transaction basis, in either case based on a research budget set by the Investment Manager that may be amended from time to time.

The costs of research are allocated between the Company and other clients of the Investment Manager based on a fair allocation methodology in accordance with the procedures of the Investment Manager."



## Remuneration Policy of the Company

The Company has a remuneration policy in place to ensure compliance with the UCITS requirements. The remuneration policy imposes remuneration rules on staff and senior management within the Company whose activities have been identified by the Company as potentially having a material impact on the risk profile of the Funds. The Company has determined that the Board of Directors and the Designated Persons fall within the scope of the requirements. As both receive only fixed remuneration thus removing any conflicts of interest, the remuneration rules will not apply. Having considered the criteria set out in the remuneration policy and having regard to proportionality and the ESMA Consultation Paper and Guidelines on Sound Remuneration Policies under the UCITS Directive, the Directors are satisfied that they may disapply the requirement to have a Remuneration Committee in place and may disapply the pay-out process in full.

The Directors will aim to ensure that the Company's remuneration policies and practices are consistent with UCITS V and any other relevant regulations, including measures to ensure that all relevant conflicts of interest may be managed appropriately at all times. Further details with regard to the remuneration policy, including i) a description of how remuneration and benefits are calculated; (ii) the identities of persons responsible for awarding the remuneration and benefits; and (iii) the composition of the remuneration committee, where such a committee exists are available at: [www.quaerocapital.uk](http://www.quaerocapital.uk). A paper copy of the remuneration policy may also be obtained free of charge on request from the Company.

The Directors will review and approve the Remuneration Policy at least annually or more frequently where required.

As the Company delegates investment management functions in respect of the Company, it will in accordance with the requirements of the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive (ESMA/2016/575) (the "ESMA Remuneration Guidelines") ensure that with effect from 1 January 2017:

- (a) the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Remuneration Guidelines; or
- (b) appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules set out in the ESMA Remuneration Guidelines.

### **3. FEES AND EXPENSES**

#### **Establishment Expenses**

All fees and expenses relating to the establishment and organisation of the Company and its initial Fund including the fees of the Company's professional advisers and the fees and expenses incurred in listing the Shares of the initial Fund on the Euronext Dublin and registering them for sale in various markets were borne by the Company. Such fees and expenses have now been fully amortised.

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

The Company will pay all its operating expenses and the fees (which will be at normal commercial rates) hereinafter described as being payable by the Company. Expenses paid by the Company throughout the duration of the Company, in addition to fees and expenses payable to the Administrator, the Depositary, the Investment Manager, the Distributor, the Paying Agents and other service providers appointed by or on behalf of the Company include but are not limited to brokerage and banking commissions and charges, legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, interest on borrowings, travel expenses, taxes and governmental expenses applicable to the Company, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Company and Shares issued or to be issued (including relating to paying agents and capital introduction services), all expenses in connection with winding up the Company and/or terminating any Fund, all expenses in connection with obtaining and maintaining a credit rating for any Funds or Classes or Shares, expenses of Shareholders' meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, research fees, fees for corporate access services, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax. Any such expenses may be deferred and amortised by the Company, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the Company will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the Company shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class.

The Investment Manager and its authorised delegates may establish and operate one or more research payment accounts ("Research Payment Account(s)") to facilitate compliance with the applicable regulatory requirements. Each such Research Payment Account will be used to pay for investment research (including access to experts and investment analysts) provided by brokers or other research providers selected by the Investment Manager or, where applicable, its authorised delegates. The Research Payment Accounts will be funded by direct research charges payable by a Fund or by charges incurred on a transaction by transaction basis which will not be linked to the value or volume of transactions executed on behalf of the Fund. The research charges will be collected on a periodic basis separately from (or alongside) any brokerage commission or other transaction costs

and will be based on an annual budget for research payments which will be set, and regularly reviewed, by the Investment Manager in consultation with the Directors

## **Administrator's Fees**

### *Administration Fee*

The Administrator is entitled to receive out of the assets of the Company an annual fee, accrued daily and payable monthly in arrears at a rate of 0.15 per cent. per annum of the Net Asset Value of each Fund on the first US\$250 million, 0.125 per cent. on the next US\$250 million, 0.10 per cent. on the next US\$500 million and 0.05 per cent. thereafter. This is subject to a monthly minimum in respect of each Fund in the first nine months from the first issue of Shares of the relevant Fund of US\$3,000.00, US\$4,250.00 for the next three months and a monthly minimum of US\$5,500.00 in respect of each Fund thereafter. Fees are exclusive of VAT, if any.

The Administrator shall also be entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company.

The fees in respect of each Fund shall be calculated and payable in the Base Currency of the Fund.

Each Fund will bear its proportion of the fees and expenses of the Administrator.

### *Registrar and Transfer Agency Fee*

In addition the Administrator shall be entitled to a transaction fee of US\$25.00 for each shareholder transaction and an annual charge of US\$25.00 per Shareholder account subject to the aforementioned monthly minimums per Fund.

The Administrator is also entitled to a fee of US\$17.50 for each dividend payment and US\$2.50 for each statement sent to Shareholders.

## **Depository's Fees**

The Depository shall be entitled to receive out of the assets of the Company an annual fee, accrued daily and payable monthly in arrears of 0.0425 per cent. of the Net Asset Value of each Fund subject to a monthly minimum of US\$1,000.00 per month for the first six month months in respect of each Fund, US\$2,000.00 per month for the next six months in respect of each Fund and a monthly minimum of US\$3,000.00 thereafter per Fund. In addition, the Depository shall be entitled to a transaction fee of up to US\$50.00 for each transaction. Fees are exclusive of VAT, if any.

The fees in respect of each Fund shall be calculated and payable in the Base Currency of the Fund.

The Depository shall also be entitled to be repaid, out of the assets of the Company, all of its reasonable out-of-pocket expenses incurred on behalf of the Company. In addition, the Depository shall be entitled to recover from the Company the fees and expenses of any sub-custodian appointed by the Depository, which fees and expenses will be charged at normal commercial rates.

Each Fund will bear its proportion of the fees and expenses of the Depositary.

### **Investment Manager's Fees**

The Investment Manager shall be entitled to receive an annual fee out of the assets of each Fund, such annual fee to be based on a certain percentage per annum of the Net Asset Value of the relevant Class(es) of each Fund (plus VAT, if any). The Investment Manager's fees may differ between Funds and between Classes of the same Fund. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be calculated and payable monthly in arrears. The Investment Manager may also be entitled to receive a performance fee in respect of the performance of certain Funds and/or Classes. The Investment Manager shall not receive a separate fee for acting as Distributor.

Details of the specific investment management fee and performance fee payable to the Investment Manager in respect of each Fund and/or Class are set out in the relevant Supplement. The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

The Investment Manager may from time to time at its sole discretion and out of its own resources decide to rebate to some or all of the Shareholders or their agents or to intermediaries part or all of the fee payable to the Investment Manager.

### **Paying Agents' Fees**

Fees and expenses of Paying Agents and/or correspondent banks appointed by the Company or a Fund which will be at normal commercial rates will be borne by the Company or the Fund in respect of which a Paying Agent or correspondent bank has been appointed.

All Shareholders of the Company or the Fund on whose behalf a Paying Agent or correspondent bank is appointed may avail themselves of the services provided by the Paying Agents or correspondent banks appointed by or on behalf of the Company.

### **Swiss Distribution Fees**

Swiss distribution fees will be at normal commercial rates and will be borne by the Company or the Fund in respect of which the Swiss distributor has been appointed. In distributing Shares in Switzerland, the Company is authorized to pass on distribution fees to the distributors and sales partners listed below:

- (i) Distributors subject to authorization as defined in Article 19 al. 1 of the CISA (Swiss or foreign distributors regulated in their home jurisdiction).
- (ii) Distributors that are not required to obtain an authorization as defined under Article 19 al 1 of the CISA and article 8 of CISO (financial intermediaries regulated by FINMA, banks, insurance companies, fund managers, representatives).

- (iii) Sales partners who place Shares with their customers exclusively through a written commission-based investment management or advisory mandate (e.g. independent asset managers or advisors).

The Investment Manager may grant rebates to investors in Switzerland. Any decision by the Investment Manager to offer a Shareholder a fee rebate will be based on the amount of such Shareholder's investment or proposed investment and other factors in the Investment Manager's discretion.

### **Preliminary Charge**

Shareholders may be subject to a preliminary charge calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 5% of the Net Asset Value of Shares purchased by Shareholders. The preliminary charge may be charged, waived or reduced at the absolute discretion of the Directors of the Company, the Distributor or any sub-distributor. Any such fee will be payable to the Company and/or the Distributor and/or any sub-distributor for its absolute use and benefit.

### **Redemption Fee**

Shareholders may be subject to a redemption fee as a percentage of redemption monies as specified in the relevant Supplement subject to a maximum of 3% of the Net Asset Value of Shares being redeemed. The redemption fee however may be charged, waived or reduced at the absolute discretion of the Directors of the Company. Any such fee shall be payable to the relevant Fund for its absolute use and benefit.

### **Conversion Fee**

Shareholders may be subject to a conversion fee on the conversion of Shares in any Class or Fund to Shares in another Fund or Class up to a maximum of 5% of the Net Asset Value of Shares to be issued in the new Fund or Class. The conversion fee may be charged, waived or reduced at the absolute discretion of the Directors of the Company. Details of a conversion fee (if any) shall be specified in the relevant Supplement. Any such fee shall be payable to the Company, and/or the Distributor and/or any sub-distributor for its absolute use and benefit.

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

The Directors reserve 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 in accordance with the requirements of the Central Bank as set out under the heading "Net Asset Value and Valuation of Assets") duties and charges and other dealing costs relating to the acquisition or disposal of assets in the event of receipt for processing of net subscription or redemption requests exceeding 1% of the Net Asset Value of a Fund including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Any such provision will be added to the price at which Shares will be issued in the case of net subscription requests exceeding 1% of the Net Asset Value of the Fund and deducted from the price at which

Shares will be redeemed in the case of net redemption requests exceeding 1% of the Net Asset Value of the Fund including the price of Shares issued or redeemed as a result of requests for conversion, to cover dealing costs and to preserve the value of the underlying assets of the Fund. The Directors may also apply a provision for market spreads and duties and charges in any other case where it considers such a provision to be in the best interests of a Fund. Any such sum will be paid into the account of the relevant Fund.

Details of the anti-dilution levies (if any) payable by Shareholders in a particular Fund will be set out in the relevant Supplement for that Fund.

### **Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors up to a maximum fee per Director of €15,000 per annum and may be entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Richard Pell-Ilderton has waived his right to receive Directors' fees from the Company.

### **Allocation of Fees and Expenses**

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

## **4. THE SHARES**

### **General**

Shares may be issued on any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class. Shares will have no par value and will first be issued on the first Dealing Day after expiry of the initial offer period specified in the relevant Supplement at the Initial Price as specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction or whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Investment Manager, the Distributor, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

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

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

### **Abusive Trading Practices/Market Timing**

The Directors generally encourage investors to invest in the Funds as part of a long-term investment strategy and discourage excessive or short term or abusive trading practices. Such activities,

sometimes referred to as “market timing”, may have a detrimental effect on the Funds and Shareholders. For example, depending upon various factors such as the size of the Fund and the amount of its assets maintained in cash, short-term or excessive trading by Shareholders may interfere with the efficient management of the Fund’s portfolio, increased transaction costs and taxes and may harm the performance of the Fund.

The Directors seek to deter and prevent abusive trading practices and to reduce these risks, through several methods, including the following:

- (i) to the extent that there is a delay between a change in the value of a Fund’s portfolio holdings and the time when that change is reflected in the Net Asset Value per Share, a Fund is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming Shares at a Net Asset Value which does not reflect appropriate fair value prices. The Directors seek to deter and prevent this activity, sometimes referred to as “stale price arbitrage”, by the appropriate use of its power to adjust the value of any investment having regard to relevant considerations in order to reflect the fair value of such investment.
- (ii) the Directors may monitor Shareholder account activities in order to detect and prevent excessive and disruptive trading practices and reserve the right to exercise their discretion to reject any subscription or conversion transaction without assigning any reason therefore and without payment of compensation if, in their judgement, the transaction may adversely affect the interest of a Fund or its Shareholders. The Directors may also monitor Shareholder account activities for any patterns of frequent purchases and sales that appear to be made in response to short-term fluctuations in the Net Asset Value per Share and may take such action as they deem appropriate to restrict such activities.

There can be no assurances that abusive trading practices can be mitigated or eliminated. For example nominee accounts in which purchases and sales of Shares by multiple investors may be aggregated for dealing with the Fund on a net basis, concealing the identity of underlying investors in a Fund which makes it more difficult for the Directors and their delegates to identify abusive trading practices. Further information on the methods to deter abusive trading practices for a particular Fund (if any) shall be set out in the relevant Supplement for that Fund.

### **Application for Shares**

The terms and conditions applicable to an application for the issue of Shares in a Fund or Class and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund or Class. Application Forms may be obtained from the Administrator, the Distributor or any sub-distributor. The Minimum Subscription, Minimum Holding and minimum transaction size, if any, for Shares are set out in the Supplement for each Fund.

Subscription monies will become the property of the relevant Fund upon receipt and accordingly investors will be treated as a general creditor of the Fund during the period between receipt of subscription monies and the issue of Shares.



The Administrator and the Distributor on behalf of the Company may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk.

Shareholders may be subject to a preliminary charge calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 5% of the Net Asset Value of Shares purchased by Shareholders. The preliminary charge may be charged, waived or reduced at the absolute discretion of the Directors of the Company, the Distributor or any sub-distributor. Any such fee will be payable to the Company and/or the Distributor and/or any sub-distributor for its absolute use and benefit.

Dealing is carried out on a forward pricing basis. i.e. the Net Asset Value next computed after receipt of subscription requests.

The Company 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 Company shall compulsorily redeem any Shares issued and the Shareholder shall be liable for any loss suffered by the Company or the relevant Fund in the event that the redemption proceeds are less than the amount originally subscribed for.

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

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity and, where applicable, the beneficial owner of an investment on a risk sensitive basis. A Politically exposed person ("PEP"), being an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified.

By way of example an individual may be required to produce a certified copy of a passport or identification card together with evidence of his/her address such as a certified copy of a utility bill or bank statement and proof of tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business address of all directors.

Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a recognised intermediary. This exception will only apply if the intermediary is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations 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, will retain any verification material obtained for a set period of time and will provide the material on request to the Administrator, the Distributor or the Company.

The details above are given by way of example only and in that regard the Administrator, the Distributor and the Company each reserve the right to request any such information as is necessary at the time of application for Shares in a Fund to verify the identity of an investor and where applicable the beneficial owner of an investor. In particular, the Administrator, the Distributor and the Company each reserve the right to carry out additional procedures in relation to an investor who is classed as a PEP.

Verification of the investor's identity is required to take place before the establishment of the business relationship. In any event, evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Distributor or the Company may refuse to accept the application and subscription monies and return all subscription monies as permitted by law, or refuse to accept any additional subscriptions or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid if the Shareholder fails to produce such information until such evidence of identity is received).

None of the Company, the Directors, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily repurchased or payment of repurchase proceeds is delayed or withheld in such circumstances. If an application is rejected, the Administrator will return application monies or the balance thereof in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant only in circumstances where evidence of identity is received. The Administrator may refuse to pay or delay payment of redemption proceeds where the requisite information for verification purposes has not been produced by a Shareholder until such evidence of identity is received.

In accordance with anti-money laundering regulations no redemption proceeds will be paid to redeeming Shareholders unless the Administrator is in possession of the full completed original (as determined by the Directors in agreement with the Administrator from time to time) Application Form and appropriate original (as determined by the Directors in agreement with the Administrator from time to time) anti-money laundering documentation and any documentation required by the Directors or their delegate. Any failure to supply the Company with any documentation requested by it for anti-money laundering and terrorist financing procedures may result in a delay in the settlement of redemption proceeds or dividend monies. In circumstances where a redemption request is received, the Company will process any redemption request received by a Shareholder, however the proceeds of that redemption will be held in an Umbrella Cash Account and therefore shall remain an asset of the relevant Fund until such time as the Company is satisfied that its anti-money laundering and terrorist financing procedures have been fully complied with, following which redemption proceeds will be released.

Accordingly a Shareholder is advised to ensure that all relevant documentation requested by the Company in order to comply with anti-money laundering and terrorist financing procedures is submitted to the Company promptly on subscribing for Shares in the Company.

Investors should note specifically that where redemption proceeds are requested to be remitted to an account which is not in the name of the investor, the Company and its delegates reserve the right to request such information as may be necessary to verify the identity of the investor and the owner of the account to which the redemption proceeds will be paid. Redemption proceeds will not be paid to a third party account if the investor and/or owner of the account fail to provide such information or if the Company and its delegates in their discretion decide not to pay redemption proceeds into third party accounts.

Each applicant for Shares acknowledges that the Company and its delegates shall be held harmless against any loss arising as a result of a failure to process or delay in processing the application for Shares or redemption request.

The Company and its delegates reserve the right to obtain any additional information from the investors so that they can monitor the ongoing business relationship with such investors.

The Company and its delegates reserve the right to reject an application without assigning any reason therefor, in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant without interest by transfer to the applicant's designated account or by post at the applicant's risk.

#### *Data Protection Information*

Prospective investors should note that by completing the Application Form they are providing information to the Company which may constitute personal data within the meaning of the Data Protection Legislation. The Company's data privacy notice sets out, amongst other things, the purposes for processing personal data and the legal basis for such processing as well as any other information that may be required to be provided under GDPR. The personal data of prospective investors and registered Shareholders shall be processed in accordance with the Company's data privacy notice. Such personal data may be disclosed and/or transferred to third parties including, but not limited to, regulatory bodies, tax authorities, delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including to countries outside the EEA which may not have the same data protection laws as in Ireland) for the purposes specified in the Company's data privacy notice.

In its capacity as data controller, the Company has requested the Administrator to access and process personal data on its behalf for the purposes of acting as administrator to the Company. It should also be noted that the Administrator may, in certain circumstances, also act as a data controller of the personal data provided to the Company. In circumstances where the Administrator acts as a data controller of such personal data, all rights afforded to Shareholders as data subjects under the GDPR shall be exercisable by a Shareholder solely against the Administrator.

Investors have, among other rights, a right to obtain a copy of their personal data kept by the Company and the right to rectify any inaccuracies in their personal data held by the Company.

The Company and its appointed service providers will retain all documentation provided by a Shareholder in relation to its investment in the Company for such period of time as may be required by Irish legal and regulatory requirements, but for at least six years after the period of investment has ended or the date on which a Shareholder has had its last transaction with the Company.

A copy of the data privacy notice of the Company is available upon request from the Company by contacting [InvestorServices.uk@quaerocapital.com](mailto:InvestorServices.uk@quaerocapital.com).

## **Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended). The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund. If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Directors or their delegate may, if they think fit, redeem the whole of that Shareholder's holding.

Shares will not receive or be credited with any dividend declared on or after the Dealing Day on which they were redeemed.

The Directors may impose a redemption fee of up to 3% of the Net Asset Value of each Share redeemed. The Directors may, at their sole discretion, charge such fee, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Any such fee shall be payable to the relevant Fund for its absolute use and benefit.

If the number of Shares to be redeemed on any Dealing Day equals one tenth or more of the total number of Shares of a Fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of one tenth of the total number of Shares in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares 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 Dealing Day until all Shares to which the original request related have been redeemed.

The Directors may, with the consent of the individual Shareholders and upon prior consultation with the Depositary, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption fee and other expenses of the transfer provided that any Shareholder requesting redemption shall be entitled to request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale, the costs of which shall be borne by the relevant Shareholder. A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represents at least 5% of the Net Asset Value of the relevant Fund provided that any such Shareholder requesting redemption shall be entitled to request the sale of any asset or assets

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

Redemption proceeds of investors who have not supplied AML documentation to the satisfaction of the Company and the Administrator will be held in a non-interest bearing account until such time as all outstanding documentation is produced.

#### *Compulsory Redemption of Shares/Deduction of Tax*

Shareholders are required to notify the Administrator immediately if they become US Persons or persons who are otherwise subject to restrictions on ownership imposed by the Directors and such Shareholders may be required to redeem or transfer their Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time specified by the Directors or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to any of the Company, Shareholders or any Fund or by any person who holds less than the Minimum Holding or does not supply any information or declaration required by the Administrator within seven days of a request to do so. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors in relation to the section of the prospectus entitled "TAXATION" and in particular the section therein headed "Irish Taxation" which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability of Shareholders to Irish taxation including any penalties and interest thereon and/or compulsorily redeem Shares to discharge such liability. Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

Dealing is carried out on a forward pricing basis. i.e. the Net Asset Value next computed after receipt of redemption requests.

#### *Total Redemption of Shares*

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

- (a) on the giving by the Company of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or

- (b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

### **Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may convert some or all of their Shares in one Fund or Class ("the Original Fund") to Shares in another Fund or Class or another Class in the same Fund ("the New Fund") in accordance with the formula and procedures specified below. Applications for conversion of Shares should be made to the Administrator by facsimile or written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day which is a dealing day for the relevant Funds, unless the Directors in their absolute discretion otherwise determine. Conversion requests will only be accepted where cleared funds and completed documents (in the case of the latter, prior to the relevant Valuation Point), are in place from original subscriptions.

Where a conversion request would result in a Shareholder holding a number of Shares of either the Original Fund or the New Fund which would be less than the Minimum Holding for the relevant Fund, the Directors or their delegate may, if they think fit, convert the whole of the holding in the Original Fund to Shares in the New Fund or refuse to effect any conversion from the Original Fund.

Fractions of Shares which shall not be less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) will be retained by the Company in order to defray administration costs.

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

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

where

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

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

NAV is the Net Asset Value per Share of the Original Fund at the Valuation Point on the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator.

F is the conversion charge (if any) of up to 5% of the Net Asset Value of the Shares to be issued in the New Fund.

SP is the Net Asset Value per Share of the New Fund at the Valuation Point on the relevant Dealing Day.

#### *Conversion Fee*

The Directors are empowered to charge a conversion fee of up to 5% of the Net Asset Value of Shares to be issued in the Fund or Class into which conversion has been requested. Details of such conversion fees (if any) shall be specified in the Supplement for each Fund.

#### *Withdrawal of Conversion Requests*

Conversion requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Funds in respect of which the conversion request was made.

#### **Net Asset Value and Valuation of Assets**

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Articles of Association. The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees and other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class subject to adjustment to take account of assets and/or liabilities attributable to the Class. The Net Asset Value of a Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in the Fund or Class at the relevant Valuation Point and rounding the resulting total to four decimal places.

In determining the Net Asset Value of the Company and each Fund:-

- (a) Securities which are quoted, listed or traded on an Eligible Market save as hereinafter provided at (d), (e), (f), (g), (h), (i), (j) and (k) will be valued at the closing or last known market price, which the Directors have determined is the last traded price. Where a security is listed or dealt in on more than one Eligible Market the relevant exchange or market shall be the market which the Directors determine provides the fairest criteria in determining a value for the relevant investment. Investments listed or traded on an Eligible Market, but acquired or

traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point.

- (b) The value of any security which is not quoted, listed or dealt in on an Eligible Market or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the persons listed in 2 (a) – (c) of Schedule 5 of the CBI Regulations whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) Cash on hand or on deposit will be valued at its nominal value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market including without limitation exchange traded futures and options contracts and index futures shall be valued at the settlement price as determined by the market where the exchange traded future and option contract is traded. If the settlement price is not available, the exchange traded future and option contract may be valued as per unlisted securities and securities which are listed/traded on a regulated market where the price is unrepresentative/not available. OTC derivative contracts including without limitation swap contracts and swaptions, which are not cleared by a clearing counterparty, will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Depositary and who is independent of the counterparty (the “Counterparty Valuation”); or (ii) using an alternative valuation provided by a competent person appointed by the Directors and approved for the purpose by the Depositary or a valuation by any other means provided that the value is approved by the Depositary (the “Alternative Valuation”). Where such Alternative Valuation method is used the Company will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.
- (e) Derivative contracts which are not traded on a regulated market but are cleared by a clearing counterparty will be valued on the basis of the mark to market value of the derivative contract or if market conditions prevent marking to market, reliable and prudent marking to model may be used.
- (f) Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken.



- (g) Notwithstanding paragraph (a) above units in investment funds shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if listed or traded on an Eligible Market, in accordance with (a) above.
- (h) In the case of a Fund which is a short-term money market fund the Directors may value the assets of the Fund using the amortised cost method of valuation provided that the use of such method of valuation is carried out in accordance with the Central Bank's requirements.
- (i) In the case of a Fund in relation to which it is not intended to apply the amortised cost method of valuation 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 three months and does not have any specific sensitivity to market parameters, including credit risk.
- (j) The Directors may value Money Market Instruments in a non-money market fund on an amortised basis, in accordance with the Central Bank's requirements.
- (k) The Directors may, adjust the value of any investment where such an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs, and/ or any other considerations which are deemed relevant.
- (l) 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 exchange rate (whether official or otherwise) which the Directors shall determine to be appropriate.
- (m) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person approved for the purpose by the Depositary.
- (n) If the Directors deem it necessary a specific investment may be valued under an alternative method of valuation approved by the Depositary and the rationale/methodology shall be clearly documented.

In calculating the value of assets of the Company and each Fund the following principles will apply:

- (a) in determining the value of investments of a Fund (a) the Directors may value the investments of a Fund (i) at bid prices where on any Dealing Day the value of all redemption requests received exceeds the value of all applications for Shares received for that Dealing Day or at offer prices where on any Dealing Day the value of all applications for Shares received for that Dealing Day exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares held by existing Shareholders; or (ii) at mid prices; provided in each case that the valuation policy selected by the Directors shall be applied consistently with respect to the Company and, as appropriate, individual Funds, and their various assets, for so long as the Company or Funds, as the case may be, are operated on a going concern basis. Every Share allotted by the Company shall be deemed to be in issue and the assets of the relevant Fund shall be deemed to include not

only cash and property in the hands of the Depositary but also the amount of any cash or other property to be received in respect of Shares after deducting therefrom (in the case of Shares allotted for cash) or providing for preliminary charges;

- (b) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (c) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to that Fund;
- (d) there shall be added to the assets of each relevant Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses;
- (e) there shall be added to the assets of each relevant Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief;
- (f) where notice of the redemption of Shares has been received by the Company with respect to a Dealing Day and the cancellation of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue at the Valuation Point and the value of the assets of the relevant Fund shall be deemed to be reduced by the amount payable upon such redemption; and
- (g) there shall be deducted from the assets of the relevant Fund:
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as in the estimate of the Directors will become payable;
  - (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (iv) the remuneration of the Administrator, the Depositary, the Investment Manager, any Distributor and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);

- (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
- (vi) where relevant, an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a subsequent liquidation;
- (vii) an amount as of the relevant Valuation Point representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the relevant Fund or Class of Shares; and
- (viii) any other liability which may properly be deducted.

Notwithstanding that all subscription monies, redemption monies and dividend amounts will be held in Umbrella Cash Accounts and treated as assets of and attributable to a Fund, in determining the Net Asset Value of a Fund:-

- (a) any subscription monies received from an investor prior to the Dealing Day of a Fund in respect of which an application for Shares has been, or is expected to be, received will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund until subsequent to the Valuation Point in respect of the Dealing Day as of which Shares of the Fund are agreed to be issued to that investor;
- (b) any redemption monies payable to an investor subsequent to the Dealing Day of a Fund as of which Shares of that investor were redeemed will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund; and
- (c) any dividend amount payable to a Shareholder will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund.

In calculating the Net Asset Value, the Administrator shall not be liable for any loss suffered by the Company by reason of any error resulting from any inaccuracy in the information provided by any third party pricing service that the Administrator is directed to use by the Company in accordance with the Company's pricing policy. In the absence of negligence, fraud or wilful default, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in calculating the Net Asset Value of a Fund or Class or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders.

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

When calculated, the Net Asset Value will be published as specified in the Section of the Prospectus entitled "The Company".

## **Suspension of Valuation of Assets**

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

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Eligible Markets on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company; or
- (c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments; or
- (d) during the whole or any part of any period when for any reason the value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained; or
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (f) upon mutual agreement between the Company and the Depositary for the purpose of winding up the Company or terminating any Fund; or
- (g) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the investments or the Company or any Fund.

Any suspension of valuation shall be notified to the Central Bank, the Euronext Dublin with respect to any Fund or Class which is listed and the Depositary without delay and, in any event, within the same Dealing Day on which suspension took effect and shall be published in the Financial Times and/or on the website of the Investment Manager at [www.quaerocapital.uk](http://www.quaerocapital.uk). Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Central Bank may also require that the Company temporarily suspends the determination of the Net Asset Value and the issue, conversion and redemption of Shares in a Fund if it decides that it is in the best interests of the general public and the Shareholders to do so.

## **Dividends and Distributions**

The Directors are empowered to declare and pay dividends on Shares issued in any Class or Fund in the Company. The dividend policy for each Fund or Class will be set out in the relevant Supplement.

## 5. TAXATION

### General

***The taxation of income and capital gains of the Company and of Shareholders is subject to the fiscal laws and practices of Ireland and other countries in which the Shareholders are resident or otherwise subject to tax.***

***The following is a brief summary of certain aspects of Irish and United Kingdom taxation law and Irish Revenue and HM Revenue & Customs (“HMRC”) practice relevant to the transactions contemplated in this prospectus. It is based on current law and official interpretation or practice currently in effect, all of which are subject to change. The information given does not constitute legal or tax advice and is not exhaustive of all possible tax considerations. Prospective investors should consult their own professional advisers on the relevant taxation considerations applicable to subscribing for, purchasing, holding, switching or disposal of Shares under the laws of the jurisdictions in which they may be subject to tax.***

Dividends, interest and capital gains (if any) which the Company 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 Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

### Irish Taxation

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes the taxation position of the Company and the Shareholders is as set out below.

#### The Company

The Company will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the

Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the Company satisfying and availing of equivalent measures (see paragraph headed “Equivalent Measures” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

- An exchange by a Shareholder, effected by way of an arms length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- Any transactions (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- A transfer by a Shareholder of the entitlement to Shares where the transfer is between spouses and former spouses, subject to certain conditions; or
- An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Company with another investment undertaking.

If the Company becomes liable to account for tax if a chargeable event occurs, the Company shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Company can make a declaration to the payer that it is a collective investment undertaking beneficially entitled to the dividends which will entitle the Company to receive such dividends without deduction of Irish dividend withholding tax.

### **Stamp Duty**

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. Where any subscription for or redemption of Shares is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to

any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act or a qualifying company within the meaning of Section 110 of the Taxes Act) which is registered in Ireland.

## **Shareholders Tax**

### *Shares which are held in a Recognised Clearing System*

Any payments to a Shareholder or any encashment, redemption, cancellation or transfer of Shares held in a Recognised Clearing System will not give rise to a chargeable event in the Company (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Shares held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal, therefore, as previously advised, Shareholders should seek their own tax advice in this regard). Thus the Company will not have to deduct any Irish taxes on such payments regardless of whether they are held by Shareholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Shareholder has made a Relevant Declaration. However, Shareholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Shares are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Shares.

To the extent any Shares are not held in a Recognised Clearing System at the time of a chargeable event (and subject to the discussion in the previous paragraph relating to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable event.

### *Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland*

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if (a) the Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland, (b) the Shareholder has made a Relevant Declaration on or about the time when the Shares are applied for or acquired by the Shareholder and (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration (provided in a timely manner) or the Company satisfying and availing of equivalent measures (see paragraph headed "Equivalent Measures" below) tax will arise on the happening of a chargeable event in the Company regardless of the fact that a Shareholder is neither Irish Resident nor Ordinarily Resident in Ireland. The appropriate tax that will be deducted is as described below.

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Company on the occasion of a chargeable event provided that either (i) the Company satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.



Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland and either (i) the Company has satisfied and availed of the equivalent measures or (ii) such Shareholders have made Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Shares or gains made on disposals of the Shares.

Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation provides for a refund of tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

#### *Shareholders who are Irish Residents or Ordinarily Resident in Ireland*

Unless a Shareholder is an Exempt Irish Investor and makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or unless the Shares are purchased by the Courts Service, tax at the rate of 41% (25% where the Shareholder is a company and an appropriate declaration is in place) will be required to be deducted by the Company from a distribution (where payments are made annually or at more frequent intervals) to a Shareholder who is Irish Resident or Ordinarily Resident in Ireland. Similarly, tax at the rate of 41% (25% where the Shareholder is a company and an appropriate declaration is in place) will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempt Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation, transfer or deemed disposal (see below) of Shares by a Shareholder who is Irish Resident or Ordinarily Resident in Ireland.

The Finance Act 2006 introduced rules (which were subsequently amended by the Finance Act 2008) in relation to an automatic exit tax for Shareholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Shares held by them in the Company at the ending of a Relevant Period. Such Shareholders (both companies and individuals) will be deemed to have disposed of their Shares ("deemed disposal") at the expiration of that Relevant Period and will be charged to tax at the rate of 41% (25% where the Shareholder is a company and an appropriate declaration is in place) on any deemed gain (calculated without the benefit of indexation relief) accruing to them based on the increased value (if any) of the Shares since purchase or since the previous exit tax applied, whichever is later.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Company will have to deduct the difference. Where the tax arising on the subsequent

chargeable event is less than that which arose on the preceding deemed disposal, the Company will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

#### 10% Threshold

The Company will not have to deduct tax (“exit tax”) in respect of this deemed disposal where the value of the chargeable shares (i.e. those Shares held by Shareholders to whom the declaration procedures do not apply) in the Company (or Fund being an umbrella scheme) is less than 10% of the value of the total Shares in the Company (or Fund) and the Company has made an election to report certain details in respect of each affected Shareholder to the Irish Revenue Commissioners (the “Affected Shareholder”) in each year that the de minimus limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Shareholder on a self assessment basis (“self-assessors”) as opposed to the Company or Fund (or their service providers). The Company is deemed to have made the election to report once it has advised the Affected Shareholders in writing that it will make the required report.

#### 15 % Threshold

As previously stated where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal (e.g. due to a subsequent loss on an actual disposal), the Company will refund the Shareholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable shares in the Company (or Fund being an umbrella scheme) does not exceed 15% of the value of the total Shares, the Company may elect to have any excess tax arising repaid directly by the Irish Revenue Commissioners to the Shareholder. The Company is deemed to have made this election once it notifies the Shareholder in writing that any repayment due will be made directly by the Irish Revenue Commissioners on receipt of a claim by the Shareholder.

#### Other

To avoid multiple deemed disposal events for multiple units an irrevocable election under Section 739D(5B) can be made by the Company to value the Shares held at the 30 June or 31 December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group shares in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

The Irish Revenue Commissioners have provided updated investment undertaking guidance notes which deal with the practical aspects of how the above calculations/objectives will be accomplished.

Shareholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Shares. Alternatively they may be entitled to a refund of all or part of any tax deducted by the Company on a chargeable event.

## **Equivalent Measures**

The Finance Act 2010 ("Act") introduced measures commonly referred to as equivalent measures to amend the rules with regard to Relevant Declarations. The position prior to the Act was that no tax would arise on an investment undertaking with regard to chargeable events in respect of a shareholder who was neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event, provided that a Relevant Declaration was in place and the investment undertaking was not in possession of any information which would reasonably suggest that the information contained therein was no longer materially correct. In the absence of a Relevant Declaration there was a presumption that the investor was Irish Resident or Ordinarily Resident in Ireland. The Act however contained provisions that permit the above exemption in respect of shareholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where appropriate equivalent measures are put in place by the investment undertaking to ensure that such shareholders are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received approval from the Revenue Commissioners in this regard.

## **Personal Portfolio Investment Undertaking**

The Finance Act 2007 introduced provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold shares in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking ("PPIU"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking. Depending on individuals' circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors i.e. it will only be a PPIU in respect of those individuals' who can "influence" selection. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual that gave rise to the chargeable event and occurs on or after 20 February 2007, will be taxed at the rate of 60%. Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

## **Capital Acquisitions Tax**

The disposal of Shares may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B (1) of the Taxes Act), the disposal of Shares by a Shareholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Shareholder disposing ("disponer") of the Shares is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponent will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless:

- (i) that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- (ii) that person is either resident or ordinarily resident in Ireland on that date.

## **United Kingdom Taxation**

**We wish to draw the attention of United Kingdom investors to the following provisions relating to United Kingdom tax legislation. These comments are of a general nature only, not exhaustive of all possible tax considerations and do not constitute legal or tax advice; they relate to complex areas of taxation law and are based on current United Kingdom legislation and HMRC practice.**

**Prospective investors should consult their own professional advisors on the relevant taxation considerations applicable to the purchase, acquisition, holding, switching and disposal of Shares and the relevant receipt or treatment of distributions.**

### **(a) The Company**

The Directors of the Company intend to manage the affairs of the Company in such a way that the Company is not resident in the United Kingdom for UK tax purposes. In these circumstances, and provided that the Company is not trading in the United Kingdom through a fixed place of business or agent situated therein that constitutes a “permanent establishment” for United Kingdom taxation purposes, the Company will not be subject to United Kingdom corporation tax or income tax on its profits. The Directors and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager are conducted in accordance with the provisions of the so-called “investment management exemption” so that these requirements are met insofar as this is within their respective control. On this basis, the Company should not be liable to UK taxation on its income and gains (other than withholding tax on any interest or certain other income received by the Company which has a United Kingdom source). However it cannot be guaranteed that the necessary conditions for these requirements to be met will at all times be satisfied.

### **(b) Shareholders**

The summary which follows is intended only as a general guide to the current tax position under United Kingdom law and HMRC practice for Shareholders who are both resident and domiciled in the United Kingdom for tax purposes, and who hold their Shares as investments and not on trading account. The summary does not address the position of certain classes of investor such as trustees of settlements, insurance companies or charities. The tax position may be changed by subsequent changes in law and relevant practice of HMRC. Shareholders are advised to consult their professional adviser as to their tax position. It should be noted that the levels and bases of, and reliefs from, taxation can change.

Shareholders who are resident in the United Kingdom for United Kingdom taxation purposes should be aware that their Shares will constitute interests in 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 such a person 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 person (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 person has held that interest.

The Shares will constitute interests in an offshore fund. The Directors have successfully applied to HMRC for recognition of certain Classes of Shares in certain Funds as a reporting fund. For those Classes of Shares where the Directors of the Company intend to obtain, or have obtained reporting fund status, the effect of classification of the relevant Class of Shares as a "reporting fund" would be that, subject to satisfying certain conditions (such as the relevant Class 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 investor in the relevant Class of Shares, for each account period of the relevant Class, a report of the income of the Class for that account period which is attributable to the investor's interest (whether or not such income has been distributed to the investor), and such reported income is treated as an additional distribution made by the Class of Shares to the investor. A United Kingdom resident Shareholder in the relevant Class of 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 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.

Details as regards which Classes have been recognised by HMRC as a reporting fund, and the date on which that Class entered the reporting fund regime, can be found on the website of HMRC at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

United Kingdom resident Shareholders holding Shares of a class other than reporting classes should be aware that any gain which they realise upon a sale, redemption or other disposal of their Shares will be categorised as "offshore income gain" and taxed at the time of such sale, redemption or other disposal as income and not as capital gains.

The precise consequences of the taxation of gains realised upon a disposal of Shares as "offshore income gains" (taxed as income) rather than capital gains will depend upon the particular United Kingdom tax position of the relevant Shareholder, but United Kingdom resident Shareholders who are

individuals should be aware that capital gains tax rates are generally lower than income tax rates, and also that it may be possible to utilise capital gains tax exemptions and relief to reduce the tax liability on capital gains, where such exemptions and reliefs could not be utilised in the case of "offshore income gains". However, 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 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.

For Shareholders within the charge to UK corporation tax, indexation allowance (if applicable) may reduce a chargeable gain but will not create or increase any allowable loss.

Subject to their personal circumstances, Shareholders resident in the United Kingdom for United Kingdom tax purposes will generally be liable to United Kingdom income tax or corporation tax in respect of dividends or other distributions of an income nature made by the Fund (including deemed distributions or distributions that are automatically reinvested). However, Shareholders that are United Kingdom resident corporate entities may be exempt from taxation on dividends or other income distributions, subject to certain conditions being satisfied. 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 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.

Individuals in receipt of dividends from offshore funds should note that where a Fund holds "qualifying investments" (broadly, assets in interest bearing or economically similar assets) in excess of 60% of the market value of the Fund's assets at any time in a period, any dividend in that period will be taxed in the hands of a UK individual investor as a payment of yearly interest and not as dividends. Given the investment strategy of the Funds, a Fund may not satisfy the qualifying investments test in respect of a period in which case dividends in respect of that Fund would be taxed as interest.

In certain circumstances on a sale, redemption or other disposal of their Shares, an amount which represents income accrued in respect of such Shares will fall to be taxed as income, with the balance only liable to UK capital gains tax or corporation tax on chargeable gains as above.

If at any time in an accounting period a company within the charge to UK corporation tax holds an interest in an offshore fund within the meaning of the relevant provisions of the Regulations, and there is a time in that period when that fund fails to satisfy the qualifying investments test (so that the Fund's qualifying investments exceed the 60% limit referred to above), the interest held by such a 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 loan relationships in the Corporation Tax Act 2009. The Shares will (as explained above) constitute interests in an offshore fund and given the investment strategy of the Funds, a Fund may not satisfy the qualifying investments test in respect of a period. Shareholders within the charge to United Kingdom corporation tax would in these circumstances be required to account for their interest in the Fund under the loan relationships regime, in which case all returns on their Shares in the relevant accounting period (including gains and losses) would be taxed

or relieved as income receipt or expense on a "fair value" basis. Such Shareholders might therefore, depending upon their particular circumstances, incur a charge to United Kingdom corporation tax on an unrealised increase in the value of their Shares (or obtain relief against United Kingdom corporation tax for an unrealised diminution in the value of their Shares).

An investor that is resident in the United Kingdom and that subsequent to subscription wishes to convert Shares in one Fund for Shares in another Fund (or for another Class of Shares within the same Fund) should note that such a conversion may amount to a disposal of the original Shares triggering a potential liability to tax depending upon the value of the shareholding on conversion. However, whether or not such an exchange gives rise to a chargeable disposal will depend on the precise circumstances as not all exchanges of Shares are expected to give rise to a taxable event. Further, special tax rules exist governing the exchange of Shares of a reporting Class of Shares into a non-reporting Class of Shares, and vice versa. The rules described in this paragraph are complex and investors are advised to consult their own tax advisers.

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.

Persons resident in the United Kingdom for taxation purposes should note the provisions of section 13 of the United Kingdom Taxation of Chargeable Gains Act 1992 ("section 13"). Section 13 could be material to any such person who has an interest in the Company as a "participator" for United Kingdom taxation purposes (which term includes a shareholder) at a time when any gain accrues to the Company (such as on a disposal of any of its investments) which constitutes a chargeable gain or an offshore income gain if, at the same time, the Company is itself controlled in such a manner and by a sufficiently small number of persons as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. The provisions of section 13 would result in any such person who is a Shareholder being treated for the purposes of United Kingdom taxation as if a part of any chargeable gain or offshore income gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company. No liability under section 13 could be incurred by such a person, however, in respect of a chargeable gain or an offshore income gain accruing to the Company if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons connected with him for United Kingdom taxation purposes does not exceed one quarter of the gain. In addition, section 13 does not apply where the asset giving rise to the gain was neither disposed of nor acquired or held as part of a scheme or arrangements having a tax avoidance main purpose. In the case of Shareholders who are individuals domiciled outside the United Kingdom, section 13 applies subject to the remittance basis in particular circumstances.

Companies resident in the United Kingdom for taxation purposes should note the "controlled foreign companies" legislation contained in Part 9A of TIOPA 2010 (the "CFC rules"). The CFC rules could 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 Company if the Company is controlled (as "control" is defined in section

371RA of TIOPA 2010) by persons (whether companies, individuals or others) who are resident in the United Kingdom for taxation purposes or is controlled by two persons taken together, one of whom is resident in the United Kingdom for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the Company, and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of the CFC rules could be to render such companies liable to United Kingdom corporation tax by reference to their proportionate interest in the chargeable profits of the Company. The chargeable profits of the Company do not include any capital gains.

#### *Stamp duty and stamp duty reserve tax ("SDRT")*

No United Kingdom stamp duty or SDRT will be payable on the issue of Shares. Transfers of Shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within, or in certain cases brought into, the United Kingdom, in which case the transfer will be liable to United Kingdom ad valorem stamp duty at the rate of 0.5% of the consideration paid, rounded up to the nearest £5. Provided that the Shares are not registered in any register kept in the United Kingdom, no United Kingdom stamp duty reserve tax is payable on transfers of Shares, or agreements to transfer Shares.

#### **European Union – Taxation of Savings Income Directive**

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as reporting and exchange of information relating to and account for withholding taxes on payments made before those dates). This is to prevent overlap between the Savings Directive and the 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) (see section entitled "Common Reporting Standards" below).

#### **Compliance with US reporting and withholding requirements**

The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 represent an expansive information reporting regime enacted by the United States ("US") aimed at ensuring that Specified US Persons with financial assets outside the US are paying the correct amount of US tax. FATCA will generally impose a withholding tax of up to 30% with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends paid to a foreign financial institution ("FFI") unless the FFI enters directly into a contract ("FFI agreement") with the US Internal Revenue Service ("IRS") or alternatively the FFI is located in a IGA country (please see below). An FFI agreement will impose obligations on the FFI including disclosure of certain information about US investors directly to the IRS and the imposition of withholding tax in the case of non-compliant investors. For these purposes the Company would fall within the definition of a FFI for the purpose of FATCA.



In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement (“Irish IGA”) on the 21 December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting Guidance Notes (which will be updated on an ad-hoc basis) were first issued by the Irish Revenue Commissioners on 1 October 2014 with the most recent version being issued in May 2016.

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

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

### **Common Reporting Standards**

On 14 July 2014, the OECD issued the Standard for Automatic Exchange of Financial Account Information (“the Standard”) which therein contains the Common Reporting Standard (“CRS”). The subsequent introduction of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU) provides the international framework for the implementation of the CRS by Participating Jurisdictions. In this regard, the CRS was implemented into Irish law by the inclusion of relevant provisions in Finance Act 2014 and 2015 and the issuance of Regulation S.I. No. 583 of 2015.

The main objective of the CRS is to provide for the annual automatic exchange of certain financial account information between relevant tax authorities of Participating Jurisdictions

The CRS draws extensively on the intergovernmental approach used for the purposes of implementing FATCA and, as such, there are significant similarities between both reporting mechanisms. However, whereas FATCA essentially only requires reporting of specific information in relation to Specified US Persons to the IRS, the CRS has a significantly wider ambit due to the multiple jurisdictions participating in the regime.

Broadly speaking, the CRS will require Irish Financial Institutions to identify Account Holders resident in other Participating Jurisdictions and to report specific information in relation to these Account Holders to the Irish Revenue Commissioners on an annual basis (which, in turn, will provide this information to the relevant tax authorities where the Account Holder is resident). In this regard, please note that the Company will be considered an Irish Financial Institution for the purposes of the CRS.

For further information on the CRS requirements of the Company, please refer to the below "Customer Information Notice".

#### *Customer Information Notice*

The Company intends to take such steps as may be required to satisfy any obligations imposed by (i) the Standard and, specifically, the CRS therein or (ii) any provisions imposed under Irish law arising from the Standard or any international law implementing the Standard (to include the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU)) so as to ensure compliance or deemed compliance (as the case may be) with the Standard and the CRS therein from 1 January 2016.

The Company is obliged under Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to that section to collect certain information about each Shareholder's tax arrangements.

In certain circumstances the Company may be legally obliged to share this information and other financial information with respect to a Shareholder's interests in the Company with the Irish Revenue Commissioners. In turn, and to the extent the account has been identified as a Reportable Account, the Irish Revenue Commissioners will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, the following information will be reported by the Company to the Irish Revenue Commissioners in respect of each Reportable Account maintained by the Company;

- The name, address, jurisdiction of residence, tax identification number and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person.
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the date of closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the

Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period;

- The currency in which each amount is denominated.

Please note that in certain limited circumstances it may not be necessary to report the tax identification number and date of birth of a Reportable Person.

In addition to the above, the Irish Revenue Commissioners and Irish Data Protection Commissioner have confirmed that Irish Financial Institutions (such as the Company) may adopt the “wider approach” for CRS. This allows the Company to collect data relating to the country of residence and the tax identification number from all non-Irish resident Shareholders. The Company can send this data to the Irish Revenue Commissioners who will determine whether the country of origin is a Participating Jurisdiction for CRS purposes and, if so, exchange data with them. Revenue will delete any data for non-Participating Jurisdictions.

The Irish Revenue Commissioners and the Irish Data Protection Commissioner have confirmed that this wider approach can be undertaken for a set 2-3 year period pending the resolution of the final CRS list of Participating Jurisdictions.

## **6. GENERAL INFORMATION**

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

- (a) The Company was incorporated in Ireland on 31 May, 2006 as an investment company with variable capital with limited liability under registration number 421026. There exists segregated liability between the Funds of the Company. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory at the front of the Prospectus.
- (c) Clause 3 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment in either or both transferable securities and other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public and the Company operates on the principle of risk spreading.
- (d) The authorised share capital of the Company is 500,000,000,000 Shares of no par value and euro 300,000.00 divided into 300,000 redeemable non-participating shares of one euro (€1.00) each. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot shares in the capital of the Company on such terms and in such manner as they may think fit. There are currently two non-participating shares in issue which are held by the Investment Manager.
- (e) No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

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

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

### **3. Voting Rights**

The following rules relating to voting rights apply:-

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of non-participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- (c) The chairman of a general meeting of a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (f) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (g) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the Company at any time. The Directors shall convene an annual general meeting within six months of the end of each Accounting Period.

- (b) Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting provided all Shareholders and the Company's Auditors do not consent to shorter notice.
- (c) Where notice of a general meeting is given by posting it by ordinary prepaid post to the registered address of a Shareholder, then, for the purposes of any issue as to whether the correct period of notice for that meeting has been given, the giving of the notice shall be deemed to have been effected on the expiration of twenty four (24) hours following posting.
- (d) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (e) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

## **5. Reports and Accounts**

The Company will prepare an annual report and audited accounts as of 31 December in each year and a half-yearly report and unaudited accounts as of 30 June in each year. The audited annual report and accounts will be published within four months of the Company's financial year end and its semi-annual report will be published within 2 months of the end of the half year period and in each case will be supplied to subscribers before conclusion of a contract and a paper copy of which will be supplied to Shareholders free of charge on request and will be available to the public at the registered address of the Company. If a Fund or Class is listed, the annual report and half-yearly report will be circulated to the Euronext Dublin and Shareholders within 6 months and 4 months respectively of the end of the relevant financial period.

## **6. Communications and Notices to Shareholders**

Communications and Notices to Shareholders or the first named of joint Shareholders shall be deemed to have been duly given as follows:

## MEANS OF DISPATCH

## DEEMED RECEIVED

Delivery by Hand	:	The day of delivery or next following working day if delivered outside usual business hours.
Post	:	48 hours after posting (save for notices of general meetings which will be deemed received 24 hours after posting).
Fax	:	The day on which a positive transmission receipt is received.
Electronically	:	The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	:	The day of publication in a daily newspaper circulating in the country or countries where shares are marketed.

## 7. Transfer of Shares

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed 5% of the Net Asset Value of the Shares subject to the transfer on the Dealing Day immediately preceding the date of the transfer.

The Directors may decline to register any transfer of Shares if:-

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
- (ii) all applicable taxes and/or stamp duties have not been paid in respect of the instrument of transfer;
- (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, such

relevant information and declarations as the Directors may reasonably require from the transferee including, without limitation, information and declarations of the type which may be requested from an applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or

- (iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or Shareholders as a whole.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.

## **8. Directors**

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

- (a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.
- (b) A Director need not be a Shareholder.
- (c) The Articles of Association contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus and may be reimbursed all reasonable travel, hotel and other expenses properly incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- (f) A Director may hold any other office or place of profit under the Company, other than the office of Auditor, in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.



- (g) No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.
- (h) A Director may not vote on any resolution or in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5 per cent or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.
- (i) The office of a Director shall be vacated in any of the following events namely:-
- (i) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;

- (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
- (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (vii) if he is removed from office by ordinary resolution of the Company.

## 9. Directors' Interests

A Director or intending Director may enter into any contract with the Company and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. The prohibition does not apply (in the absence of some other material interest than is indicated below), *inter alia*, to:

- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries or associated companies;
- (b) any contract or arrangement by a Director to guarantee or underwrite shares or debentures of the Company;
- (c) any proposals concerning any other company in which he is directly or indirectly interested and whether as an officer, shareholder, creditor or otherwise.

The Company may by special resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

Each Director shall be entitled to such remuneration for his services as the Directors may determine provided that the aggregate emoluments of each Director in respect of any twelve month period shall not exceed €25,000 plus expenses, or such higher amount as may be notified to Shareholders from time to time. Richard Pell-Ilderton has waived his right to receive Directors' fees from the Company.

None of the Directors has or has had any direct interest in the promotion of the Company or in any transaction effected by the Company which is unusual in its nature or conditions or is significant to the business of the Company up to the date of this Prospectus. Save as disclosed below no Director is materially interested in any contracts or arrangements of the Company subsisting at the date hereof

other than by virtue of common directorships with other parties which contract with the Company on an arm's length basis, details of which are disclosed herein:

Richard Pell-Ilderton is the Managing Partner of the Investment Manager.

## **10. Winding Up**

- (a) The Company or if relevant any of its Funds or Classes may be wound up if:
- (i) The Net Asset Value of the Company falls below US\$5 million (or its equivalent in another currency) on each Dealing Day for a period of six consecutive weeks and the Shareholders resolve by ordinary resolution to wind up the Company;
  - (ii) Within a period of 90 days from the date on which (a) the Depositary notifies the Company of its desire to retire in accordance with the terms of the Depositary Agreement and has not withdrawn notice of its intention to so retire, (b) the appointment of the Depositary is terminated by the Company in accordance with the terms of the Depositary Agreement, or (c) the Depositary ceases to be approved by the Central Bank to act as a Depositary; no new Depositary has been appointed, the Depositary may request the Directors to, and the Directors shall instruct the Secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an ordinary resolution to wind up the Company. Notwithstanding anything set out above, the Depositary's appointment shall only terminate on revocation of the Company's authorisation by the Central Bank;
  - (iii) The Depositary has notified the Company of its desire to retire or ceases to be qualified to act as Depositary or its appointment has been terminated and no new Depositary has been appointed and the Shareholders resolve by ordinary resolution to wind up the Company;
  - (iv) The Shareholders resolve by ordinary resolution that the Company by reason of its liabilities cannot continue its business and that it be wound up;
  - (v) The Shareholders resolve by special resolution to wind up the Company;
  - (vi) The Company shall cease to be an authorised UCITS under the UCITS Regulations or if any of the Funds or Classes shall cease to be authorised by the Central Bank; and
  - (vii) Any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the Company or any of its Funds.
- (b) In the event of a winding up, the liquidator shall apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.

- (c) The assets available for distribution among the Shareholders shall be applied in the following priority:-
- (i) first, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - (ii) secondly, in the payment to the holders of non-participating shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any Fund provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and
  - (iv) fourthly, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or attributable to each Class immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.
- (d) The liquidator may, with the approval of an ordinary resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company) in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of the Company to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the Company shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the Company.
- (e) The Company may by not less than four nor more than twelve weeks' notice to Shareholders expiring on a Dealing Day, redeem at the redemption price on such Dealing Day, all of the Shares in any Fund or Class or all Funds or Classes not previously redeemed.

- (f) Notwithstanding any other provision contained in the Memorandum and Articles of Association of the Company, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Memorandum and Articles of Association of the Company.

## **11. Indemnities and Insurance**

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Articles of Association to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## **12. General**

- (a) As at the date of this Prospectus, the Company has no loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.
- (b) No share or loan capital of the Company is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- (c) The Company does not have, nor has it had since incorporation, any employees.
- (d) The Company does not intend to purchase or acquire nor agree to purchase or acquire any property.
- (e) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles of Association, the general law of Ireland and the Act.
- (f) The Company is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the Company.
- (g) The Company has no subsidiaries.
- (h) Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to

which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the Company.

- (i) No person has any preferential right to subscribe for any authorised but unissued capital of the Company.

### **13. Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:-

- (a) *Investment Management Agreement:* Pursuant to the Investment Management Agreement the Investment Manager was appointed as investment manager of the Company's assets. The Investment Management Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party. The Investment Manager has the power to delegate its duties with the prior written approval of the Company. The Investment Management Agreement provides that the Investment Manager shall not be liable for any error of judgement or loss suffered by the Company or the relevant Fund in connection with the subject matter of the Investment Management Agreement or any matter or thing done or omitted to be done by the Investment Manager in pursuance of the Investment Management Agreement, unless such loss arises from the negligence, bad faith, fraud or wilful misfeasance in the performance or non-performance by the Investment Manager or persons designated by it of its obligations or duties or material breach by the Investment Manager of the terms of the Investment Management Agreement, provided that the Investment Manager shall not be liable for any broker default or any indirect or consequential loss suffered by the Company or relevant Fund under or in connection with the Investment Management Agreement. The Company shall indemnify and hold harmless the Investment Manager out of the assets of the Company against all or any losses, liabilities, actions, proceedings, claims, costs and expenses (including without limitation reasonable legal fees and expenses) arising from the liability of the Investment Manager under the Investment Management Agreement or arising from the breach by any sub-manager, delegate, sub-contractor or any person appointed or selected pursuant to the provisions of the Investment Management Agreement by the Investment Manager in the performance of its duties other than due to the Investment Manager's negligence, bad faith, fraud or wilful misfeasance in the performance of its obligations or material breach by the Investment Manager of the Investment Management Agreement.
- (b) *Administration Agreement:* Pursuant to the Administration Agreement the Administrator was appointed as administrator to administer the affairs of the Company, subject to the terms and conditions of the Administration Agreement. The Administration Agreement may be terminated by either party on not more than 90 days' written notice or forthwith by notice in writing in certain circumstances specified in the Administration Agreement such as the insolvency of either party or unremedied breach after 30 days notice. The Administrator has the power to delegate its duties with the prior approval of the Central Bank. The Agreement provides that the Company shall indemnify the Administrator against and hold it harmless from any actions, proceedings, claims, costs, demands and expenses which may be brought

against or suffered or incurred by the Administrator in the performance or non-performance of its obligations and duties under the Administration Agreement other than due to the Administrator's wilful default or negligence.

- (c) *Depositary Agreement:* Pursuant to the Depositary Agreement the Depositary has been appointed as depositary of the Company's assets subject to the overall supervision of the Directors. This agreement provides that the appointment of the Depositary will continue unless and until terminated by the Company or the Depositary giving to the other parties not less than 90 days' (or such shorter notice period as such other party may agree to accept) written notice although in certain circumstances the Agreement may be terminated immediately by the Company or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement Depositary approved by the Central Bank has been appointed and provided further that if within a period of 90 days' from the date on which the Depositary notifies the Company of its desire to retire or from the date on which the Company notifies the Depositary of its intention to remove the Depositary, no replacement Depositary shall have been appointed, the Company shall apply to the High Court for an order to wind up the Company or convene in an extraordinary general meeting of the Shareholders of the Company at which there shall be proposed an ordinary resolution to wind up the Company. This 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.

#### **14. 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 Company in Ireland during normal business hours on any Business Day:-

- (a) The Memorandum and Articles of Association of the Company (copies may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations.
- (c) The material contracts detailed above.
- (d) Once published, the latest annual and half yearly reports of the Company (copies of which may be obtained from either the Administrator, the Distributor or any sub-distributor free of charge).
- (e) A list of the directorships and partnerships which the Directors of the Company have held in the last 5 years together with an indication as to whether they are still directors or partners.

Copies of the Prospectus may also be obtained by Shareholders from the Administrator, the Distributor or any sub-distributor.

## Appendix I Eligible Markets

- An EU regulated market (referred to under Article 4(1)(14) of Directive 2004/39/EC)  
(A current list of EU regulated markets can be found at:  
[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_mifid\\_rma#](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_rma#)  
or,
- A market in an EEA State that is regulated, operates regularly, and is open to the public  
or,
- A market set out below which has been deemed eligible by the Investment Manager after consultation with and notification to the Depositary.

The following is a list of additional permitted markets which operate regularly and are recognised and open to the public on which a Fund's investments in securities and financial derivative instruments other than permitted investments in unlisted securities and off exchange derivative instruments, will be listed or traded. The exchanges and markets are listed in accordance with the regulatory criteria as defined in the Central Bank UCITS Regulations. The Central Bank does not issue a list of approved stock exchanges or markets.

(i) any stock exchange which is:-

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

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

(ii) any of the following stock exchanges or markets:-

Argentina	-	Bolsa de Comercio de Buenos Aires
Argentina	-	Bolsa de Comercio de Cordoba
Argentina	-	Bolsa de Comercio de Rosario
Bahrain	-	Bahrain Stock Exchange



Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda 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
Cambodia	-	Cambodian Stock Exchange
Chile	-	Bolsa de Comercio de Santiago
Chile	-	Bolsa Electronica de Chile
China		
Peoples' Rep. of Shanghai)	-	Shanghai Securities Exchange
China		
(Peoples' Rep. of Shenzhen)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Bogota
Colombia	-	Bolsa de Medellin
Colombia	-	Bolsa de Occidente
Croatia	-	Zagreb Stock Exchange
Egypt	-	Alexandria Stock Exchange
Egypt	-	Cairo Stock Exchange
Ghana	-	Ghana Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Delhi Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
Indonesia	-	Jakarta Stock Exchange
Indonesia	-	Surabaya Stock Exchange
Israel	-	Tel-Aviv Stock Exchange
Jordan	-	Amman Financial Market
Kazakhstan (Rep. Of)	-	Central Asian Stock Exchange
Kazakhstan (Rep. Of)	-	Kazakhstan Stock Exchange
Kenya	-	Nairobi Stock Exchange
Laos	-	The Lao Securities Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Kuala Lumpur Stock Exchange
Mauritius	-	Stock Exchange of Mauritius
Mexico	-	Bolsa Mexicana de Valores
Mongolia	-	Mongolian Stock Exchange
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Myanmar	-	Yangon Stock Exchange
Namibia	-	Namibian Stock Exchange
New Zealand	-	New Zealand Stock Exchange
Nigeria	-	Nigerian Stock Exchange
Pakistan	-	Pakistan Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange

Romania	-	Bucharest Stock Exchange
Singapore	-	Singapore Stock Exchange
South Africa	-	Johannesburg Stock Exchange
South Korea	-	Korea Stock Exchange
	-	KOSDAQ Market
Sri Lanka	-	Colombo Stock Exchange
Taiwan		
(Republic of China)	-	Taiwan Stock Exchange Corporation
Thailand	-	Stock Exchange of Thailand
Tunisia	-	Bourse des Valeurs Mobilières de Tunis
Turkey	-	Istanbul Stock Exchange
Ukraine	-	Ukrainian Stock Exchange
Uruguay	-	Bolsa de Valores de Montevideo
Venezuela	-	Caracas Stock Exchange
Venezuela	-	Maracaibo Stock Exchange
Venezuela	-	Venezuela Electronic Stock Exchange
Vietnam	-	Ho Chi Minh Stock Exchange
Vietnam	-	Hanoi Stock Exchange
Zimbabwe	-	Zimbabwe Stock Exchange
Zambia	-	Lusaka Stock Exchange

(iii) any of the following markets:

the market organised by the International Securities Market Association.

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

AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange.

the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.

NASDAQ in the United States.

the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York.

the over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation).

the French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments).

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

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

(iv) 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 (European Union Norway, Iceland and Liechtenstein);

in the United States of America, on the

- Chicago Board of Trade
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;
- New York Futures Exchange.
- New York Board of Trade;
- New York Mercantile Exchange;

in Asia (including Australasia) on the

- Hong Kong Futures Exchange;
- Korean Futures Exchange;
- Malaysia Derivatives Exchange;
- Shanghai Futures Exchange;
- Singapore International Monetary Exchange;
- Singapore Commodity Exchange;
- Sydney Futures Exchange;
- Taiwan Futures Exchange;
- Tokyo International Futures Exchange;
- Tokyo Stock Exchange.

For the purposes only of determining the value of the assets of a Fund, the term “Eligible Market” shall be deemed to include, in relation to any derivatives contract utilised by a Fund, any organised exchange or market on which such contract is regularly traded.

## **Appendix II**

### **Definition of US Person**

The Company defines “U.S. Person” to include any “U.S. Person” as set forth in Regulation S promulgated under the Securities Act of 1933, as amended.

## **Appendix III**

### **Financial Derivative Instruments**

#### **1. Investment in Financial Derivative Instruments**

A Fund may invest in financial derivative instruments for speculative purposes and or use derivative instruments traded on an Eligible Market and/or on over-the-counter markets to attempt to hedge or reduce the overall risk of its investments, enhance performance and/or to manage interest rate and exchange rate risk. A Fund's ability to invest in and use these instruments and strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objectives of the relevant Fund. The use of financial derivative instruments will be subject to the requirements of the Central Bank. For the avoidance of doubt, in circumstances where there is any inconsistency between this Appendix III and a Supplement, the Supplement will prevail, similarly, in circumstances where there is any inconsistency between this Appendix III and the text appearing in section "1. THE COMPANY" under the sub-heading "Financial Derivative Instruments, Securities Financing Transactions and Techniques for Efficient Portfolio Management", the latter will prevail.

The financial derivative instruments which the Investment Manager may invest in on behalf of each Fund, and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are set out below and, if applicable to one or more particular Funds in the relevant Supplement

The use of derivative instruments (whether for efficient portfolio management and/or for investment purposes) may expose a Fund to the risks disclosed under the headings "Risk Factors - Derivatives and Securities Financing Transactions Risk" in the Prospectus. Only derivative instruments which are provided for in the Company's risk management process, which has been approved by the Central Bank, may be used by a Fund.

#### **2. Efficient Portfolio Management**

A Fund may engage in transactions in financial derivative instruments for the purposes of efficient portfolio management and/or to protect against exchange risks within the conditions and limits laid down by the Central Bank from time to time. Efficient portfolio management transactions relating to the assets of the Fund may be entered into by the Investment Manager with one of the following aims (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); (c) generation of additional capital or income for the Fund with a level of risk consistent with the risk profile of the Fund and the diversification requirements in accordance with the CBI Regulations and the Central Bank's guidance "UCITS Financial Derivative Instruments and Efficient Portfolio Management"; and (d) to enhance portfolio liquidity. In relation to efficient portfolio management operations the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost-effective way. Such transactions may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Fund.

More specifically, a Fund may purchase warrants, options and swaps to gain exposure to listed securities or indices including commodity indices. A Fund may use index futures to manage exposure to indices. A Fund may invest in foreign currency-denominated securities, it may also invest in currency exchange rate swap agreements for efficient portfolio management and/or to protect against foreign exchange risks. A Fund will typically use these instruments and/or techniques as set out under the heading “Investment Policy” in the relevant Supplement.

## **Derivative Instruments**

The financial derivative instruments which the Investment Manager may invest in on behalf of a Fund may include but are not limited to futures, forwards, options, contracts for differences and swaps. A Fund may enter into long and synthetic short positions in futures, options, contracts for differences and swaps in order to gain exposure to securities in line with the Investment Objective and Policy of such Fund.

Futures would be used to gain exposure to positions in a more efficient manner. For example a single stock future could be used to provide the Company or a Fund with exposure to a single security. Futures could also be used to manage risk, for example a future to hedge the risk of a security or group of securities held within the underlying security. Short index futures will be used to hedge long equity positions and long index futures will be used to gain broad exposure to a market.

Forward currency contracts would be used to enhance returns from positions held in the Fund that are not in the base currency of each Fund. A Fund, may, also, for example, use forward currency contracts by selling forward a foreign currency against the base currency to protect the Fund from foreign exchange risk that has risen from holding assets in that currency.

Options would be held as long or short positions (buying or selling calls and puts). Calls would be held to give exposure to underlying securities or indices. Puts would be held to hedge position exposure, for example index puts to hedge market risk in a single security or group of securities. Options on interest rates and currencies may also be used in order to protect the Fund from interest rate and foreign exchange risks. Without prejudice to the generality of the foregoing, a Fund may purchase and write call and put options on securities and baskets of securities (including straddles), securities or commodities indices and currencies and enter into interest rate, currency, equity and bond index futures contracts and use options on such futures contracts (including straddles).

Swaps – total return (see additional information below), interest rate, currency and other swaps, would be used to enable the Fund to gain exposure to securities, currencies or indices. A total return swap would be used if it provided exposure to a security or index position in a more cost efficient manner than a direct investment in that security or index position.

A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. Credit default swaps are credit derivative transactions in which two parties enter into an agreement, whereby one party pays the other a fixed periodic coupon for the specified life of the agreement. The other party makes no payments unless a credit event, relating to a predetermined reference asset, occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate. The size of

the payment is usually linked to the decline in the reference asset's market value following the determination of the occurrence of a credit event.

In essence, with the use of Credit Default Swaps, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps can be used, in line with the Central Bank's requirements, for efficient portfolio management purposes or for the purposes of enhancing portfolio performance.

Contracts for difference ("CFDs"), also known as synthetic swaps, are derivative contracts the object of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of equities or financial instruments or in an index of such financial instruments for example, an interest rate CFD is a derivative instrument designed to exchange periodic payments related to interest rates in a single currency and a currency CFD is designed to exchange streams of interest payments in different currencies for an agreed period of time and to exchange principal amounts in different currencies at a pre-agreed exchange rate at maturity. CFDs are traded principal to principal with no centralised market quote. As such they are deemed to be off-exchange or over-the-counter (OTC) products and are not specifically covered by any stock exchange rules.

**Total Return Swaps:** A total return swap is a derivative contract under which one counterparty transfers the total economic performance, including income from interests and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty. Where it is proposed that the Company on behalf of a Fund enter into a total return swap, information on the underlying strategy and composition of the investment portfolio or index will be detailed in the relevant Supplement. Information on the counterparty(ies) of the transactions shall also be disclosed.

The counterparty to any total return swap or other financial derivative instruments with similar characteristics entered into by the Company on behalf of a Fund shall be an entity which satisfies the OTC counterparty criteria set down by the Central Bank in the Central Bank UCITS Regulations and the Company's credit assessment criteria and shall be an entity which specialises in such transactions.

The failure of a counterparty to a swap transaction may have a negative impact on the return for Shareholders. Where it is proposed that the Company on behalf of a Fund enter into a total return swap or other financial derivative instruments with similar characteristics, the Investment Manager intends to minimise counterparty performance risk by only selecting counterparties with a good credit rating and by monitoring any changes in those counterparties' ratings. Additionally, any such transactions will only be concluded on the basis of standardised framework agreements (ISDA with

Credit Support Annex). Further information relating to the risks associated with investment in total return swaps is disclosed in the section of this Prospectus titled “Risk Factors” – “Derivatives and Securities Financing Transactions Risk”

The counterparty to any total return swap or other financial derivative instruments with similar characteristics entered into by the Company on behalf of a Fund shall not assume any discretion over the composition or management of the investment portfolio of that Fund or of the underlying of the total return swap and the counterparty’s approval will not be required in relation to any investment portfolio transaction relating to that Fund. Any deviation from this principle shall be detailed further in the relevant Supplement.

#### *General/Interest Rate Risks*

A Fund may use derivative instruments traded on organised exchanges and over-the-counter markets to attempt to hedge or reduce the overall risk of its investments and to manage interest rate risk.

#### *Exchange Rate Risks*

A Fund may employ techniques and instruments intended to provide protection against exchange rate risks, in the context of the management of its asset and liabilities. In this regard, a Fund may:

- (i) utilise OTC contracts;
- (ii) utilise currency options;
- (iii) hedge exposure to one currency by entering into forward currency transactions in a related currency because of the institutional and expected future correlation between the two currencies.

Warrants would be held to gain exposure to underlying securities for the purpose of efficient portfolio management.

Forward currency contracts would be used to hedge against currency risk that has resulted from positions held in a Fund that are not in the base currency of such Fund. The Fund, may, for example, use forward currency contracts by selling forward a foreign currency against the base currency to protect the Fund from foreign exchange risk that has risen from holding assets in that currency.

Exchange rate swaps may be used in order to protect the Fund against foreign exchange risks. Exchange rate swaps could be used by the Fund to protect assets held in foreign currencies from foreign exchange risk. Interest rate swaps will be used to create or liquidate interest rate exposures for fixed periods starting at varying dates in the future.

#### **When Issued/Delayed Delivery Securities**

A Fund may purchase or sell securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management. In this instance payment for and delivery of securities takes place



in the future at a stated price in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. Securities are considered “delayed delivery” securities when traded in the secondary market, or “when-issued” securities if they are an initial issuance of securities. Delayed delivery securities (which will not begin to accrue interest until the settlement date) and when-issued securities will be recorded as assets of the Fund and will be subject to risks of market value fluctuations. The purchase price of delayed delivery and when-issued securities will be recorded as a liability of the Fund until settlement date and when issued or delivered as the case may be such securities will be taken into account when calculating the limits set out in this Prospectus under the heading Investment Restrictions.

### **Securities Financing Transactions and Total Return Swaps**

A Fund may engage in securities financing transactions (stocklending arrangements and repurchase/reverse repurchase agreements, “SFTs”) and total return swaps, as described above and in the relevant Supplement to the extent permitted by the CBI Regulations and the SFTR.

In respect of SFTs and total return swaps, a counterparty selected will be either an investment firm, authorised in accordance with the EU MiFID Directive (2004/39/EC) or a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve or an “Approved Credit Institution”. An Approved Credit Institution is:

- (i) a credit institution authorised in the EEA; or
- (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Counterparties to an SFT or total return swap will have a minimum credit rating of A-2 or equivalent or have been deemed by the Investment Manager to have an implied rating of A-2. Alternatively, an unrated counterparty may be acceptable where the 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 A-2 or equivalent.

In respect of SFTs and total return swaps, collateral received other than cash, will be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will 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. Collateral will be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund’s Net Asset Value. If the Fund is exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer. Furthermore, the 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 State belongs. In this instance, the Fund will receive securities from at least 6 different issuers, but securities from any single issuer will not account for more than 30 per cent of the Fund's Net Asset Value.

Additional detail on SFTs and total return swaps, namely, the selection of counterparties, acceptable collateral, the policy on sharing of returns and the associated risks, is given under the headings "Counterparty Procedures", "2. Efficient Portfolio **Management**" and "Risk Factors" in the Prospectus and in "Use of Collateral" below.

### **Use of Collateral**

Although in practice the Company does not expect to receive collateral, in accordance with the requirements of the Central Bank, the Company employs a collateral management policy for and on behalf of each Fund in respect of collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes. Any collateral received by the Company for and on behalf of a Fund on a title transfer basis shall be held by the Depositary. For other types of collateral arrangements, the collateral may be held with a third party custodian which is subject to prudential supervision and which is unrelated to the collateral provider. Particulars of the collateral management policy are set out below.

### **Collateral Policy**

Where appropriate, collateral may be accepted from borrowers by or on behalf of a Fund in order to reduce counterparty risk exposure generated through the use of a stock lending programme. The Company does not currently receive non-cash collateral in respect of over-the-counter derivative instruments or any other efficient portfolio management techniques.

The aggregate market value of the collateral provided pursuant to the stock lending programme shall never be less than the minimum percentage required by the Central Bank. The haircut policy applied to posted collateral will vary depending on the class of asset received from the borrowers but will generally range from 102% (where the loaned securities and collateral are denominated in the same currency and are government bonds) to 110% (for all other loaned securities).

Collateral obtained under a repo contract or stock lending arrangement will, at all times, meet the following criteria:

- (i) Liquidity: Collateral received other than cash will be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of Regulation 74 of the UCITS Regulations;
- (ii) Valuation: Collateral received will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place;

- (iii) Issuer credit quality: Collateral received will be of high quality. The Investment Manager shall ensure that:
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager in the credit assessment process; and
  - (b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in (i) this shall result in a new credit assessment being conducted of the issuer by the Manager without delay
  - (c) Correlation: Collateral received will 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;
- (iv) Diversification (asset concentration): Collateral will be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of a Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from the above diversification requirement (subject to such derogation being permitted by the Central Bank and any additional requirements imposed by the Central Bank), 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, non-Member State, or public international body of which one or more Member States belong (and which issuers are set out in Appendix I – “Permitted Investments and Investment Restrictions” of this Prospectus), provided the Fund will receive securities from at least six different issues with securities from any single issue not accounting for more than 30% of the Fund's Net Asset Value;
- (v) Immediately available: Collateral received will be capable of being fully enforced by the Company on behalf of a Fund at any time without reference to or approval from the counterparty.

Invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and may not be placed on deposit with the counterparty.

Repurchase/reverse repurchase agreements, (“repo contracts”) and stock lending agreements may only be effected in accordance with normal market practice.

Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the Company's risk management process.

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

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

- (i) deposits with relevant institutions for the purposes of this section “relevant institutions” refers to those institutions specified in Regulation 7 of the Central Bank UCITS Regulations;
- (ii) high quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with credit institutions referred to in Regulation 7 of the Central Bank UCITS Regulations and the Company, on behalf of the Fund, is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds.

In accordance with the CBI Regulations, invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.

A Fund receiving collateral for at least 30% of its assets will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company on behalf of a Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will 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.

Any counterparty to a repo contract or stock lending arrangement shall be subject to an appropriate internal credit assessment carried out by the Investment Manager, which shall include amongst other considerations, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, industry sector risk and concentration risk. Where such counterparty (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Investment Manager in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Investment Manager without delay.

### **Posting of collateral by a Fund**

Collateral provided by a Fund to a counterparty shall be agreed with the relevant counterparty and may comprise cash or any types of assets held by the relevant Fund in accordance with its investment objective and policies and shall, where applicable, comply with the requirements of EMIR. Collateral may be transferred by a Fund to a counterparty on a title transfer basis where the assets are passed

outside of the custody network and are no longer held by the Depositary or its sub-depositary. In such circumstances, subject to the requirements of SFTR, the counterparty to the transaction may use those assets in its absolute discretion. Where collateral is posted by a Fund to a counterparty under a security collateral arrangement where title to the relevant securities remains with the Fund, such collateral must be safe-kept by the Depositary or its sub-depositary, however, subject to the requirements of SFTR, such assets may be subject to a right of re-use by the counterparty.

### **Revenues generated from Securities Financing Transactions and Total Return Swaps**

All revenues arising from securities financing transactions and total return swaps, net of direct and indirect operational costs and fees, shall be returned to the relevant Fund. This shall include fees and expenses paid to the counterparties to the relevant transactions/securities lending agents which will be at normal commercial rates plus VAT, if applicable.

Information on the revenues generated under such transactions shall be disclosed in the annual and semi-annual reports of the Company, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. Such entities may include the Investment Manager, the Depositary or entities related to the Investment Manager or the Depositary.

### **Repurchase/Reverse Repurchase and Stocklending Agreements for the Purpose of Efficient Portfolio Management**

Subject to the conditions and limits set out in the CBI Regulations, a Fund may use repurchase agreements, reverse repurchase agreements and/or stock lending agreements for efficient portfolio management to generate additional income for the relevant Fund. Repurchase agreements, reverse repurchase agreements and/or stocklending arrangements will only be utilised for efficient portfolio management purposes. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A stocklending agreement is an arrangement whereby title to the “loaned” securities is transferred by a “lender” to a “borrower” with the borrower contracting to deliver “equivalent securities” to the lender at a later date.

The Company will ensure that it is able at any time to recall any security that has been lent or terminate any securities lending arrangement into which it has entered on behalf of a Fund.

Where a reverse repurchase agreement is entered into on behalf of a Fund, the Company will ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement will be used for the calculation of the Net Asset Value of the Fund. Cash collateral received by a Fund under a repurchase agreement is typically reinvested in order to generate a return greater than the financing costs incurred by the Fund. In such circumstances, the Fund will be exposed to market risk and to the risk of failure or default of the issuer of the relevant security in which the cash collateral

has been invested. Furthermore, the Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore it is exposed to market risk in the event that it repurchases such securities from the counterparty at the pre-determined price which is higher than the value of the securities.

Where a repurchase agreement is entered into on behalf of a Fund, the Company 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. Where a Fund enters into a repurchase agreement under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Repo contracts, stock borrowing or stock lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the UCITS Regulations respectively.

## Appendix IV

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

The Depositary's global sub-custodian 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 Company of any such conflict should it so arise.

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegates</b>
Argentina	Citibank N.A., Buenos Aires Branch	
Australia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
Austria	UniCredit Bank Austria A.G	
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 B & H	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 Títulos e Valores Mobiliários S.A ("DTVM")
Bulgaria	Citibank Europe plc, Bulgaria Branch	
<b>CDs - USD</b>	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

Country	Sub-Custodian	Sub-Custodian Delegates
<b>China (A Shares) through Shanghai Hong Kong Stock Connect</b>	The Hongkong and Shanghai Banking Corporation Limited	
China B Share	The Hongkong and Shanghai Banking Corporation Limited	The Hongkong and Shanghai Banking Corporation Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria A.G.	Zagrebacka Banka d.d.
Cyprus	Citibank Europe PLC	
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.	
Denmark	Nordea Bank Danmark A/S	
Egypt	Citibank, N.A. Cairo Branch	
Estonia	Swedbank AS	
Euro CDs	Deutsche Bank AG, London Branch	
Finland	Nordea Bank Finland plc	
France	Deutsche Bank AG	
Germany	Deutsche Bank AG	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank Europe PLC	
Hong Kong SAR	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 BM	
Italy	Deutsche Bank SpA	
Japan	The Hongkong and Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank	



<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegates</b>
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	
Lebanon	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
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	Societe Generale 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 Norge ASA	
Oman	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman SAOG
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	

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegates</b>
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	HSBC Saudi Arabia Limited
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 Ltd
Thailand	Citibank, N.A. , Bangkok Branch	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank AG & Deutsche Bank A.S.	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates - ADX	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East 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

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegates</b>
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	

\* 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

## Appendix V

### Permitted Investments and Investment Restrictions

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	Transferable securities and money market instruments, as prescribed in the CBI 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.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of non-Alternative Investment Funds ("AIFs").
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p>Recently Issued Transferable Securities</p> <p>Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS 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;</p> <ul style="list-style-type: none"> <li>(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and</li> <li>(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.</li> </ul>
<b>2.3</b>	A UCITS 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%.

<b>2.4</b>	Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS.
<b>2.5</b>	The limit of 10% (in 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.
<b>2.6</b>	The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
<b>2.7</b>	Deposits with any single credit institution, other than specified in Regulation 7 of the Central Bank Regulations held as ancillary liquidity (in which case deposits may be up to 20% of the NAV of the UCITS), shall not exceed: (a) 10% of the NAV of the UCITS; or (b) where the deposit is made with the Depositary 20% of the net assets of the UCITS.
<b>2.8</b>	The risk exposure of a UCITS 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 or a credit institution authorised within 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.
<b>2.9</b>	Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets: - investments in transferable securities or money market instruments; - deposits, and/or - counterparty risk exposures arising from OTC derivatives transactions.
<b>2.10</b>	The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
<b>2.11</b>	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
<b>2.12</b>	A UCITS 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,

	<p><b>The individual issuers must be listed in the prospectus and may be drawn from the following list:</b></p> <p>OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC, Export-Import Bank.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Investment funds ("CIS")</b>
<b>3.1</b>	A UCITS may not invest more than 20% of net assets in any one CIS.
<b>3.2</b>	Investment in AIFs may not, in aggregate, exceed 30% of net assets.
<b>3.3</b>	The investment funds are prohibited from investing more than 10 per cent. of net assets in other open-ended CIS.
<b>3.4</b>	When a UCITS invests in the units of other investment funds that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS 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 UCITS investment in the units of such other CIS.
<b>3.5</b>	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.
<b>3.6</b>	<p>Investment by a Fund in another Fund of the Company is subject to the following additional provisions:</p> <ul style="list-style-type: none"> <li>- investment must not be made in a Fund which itself holds shares in other Funds within the Company; and</li> <li>- the investing Fund may not charge an annual management fee in respect of that portion of its assets invested in other Funds within the Company. This provision is also applicable to the</li> </ul>

	annual fee charged by the investment manager where such fee is paid directly out of the assets of the Fund.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A UCITS 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 UCITS is to replicate an index which satisfies the criteria set out in the CBI Regulations and is recognised by the Central Bank.
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, or management company acting in connection with all of the investment funds 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.
<b>5.2</b>	<p>A UCITS may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>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.</p>
<b>5.3</b>	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a UCITS 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 UCITS 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 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</li> </ul>

<b>5.4</b>	UCITS 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.
<b>5.5</b>	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	Neither an investment company, 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: <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments;</li> <li>- units of investment funds; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
<b>6</b>	Financial Derivative Instruments ('FDIs')
<b>6.1</b>	The UCITS global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	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 CBI Regulations/Guidance. (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 CBI Regulations.)
<b>6.3</b>	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.



<b>7</b>	<b>Restrictions on Borrowing and Lending</b>
<b>(a)</b>	A Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis. A Fund may charge its assets as security for such borrowings.
<b>(b)</b>	A Fund may acquire foreign currency by means of a “back-to-back” loan agreement. The UCITS shall ensure that a Fund with foreign currency borrowings which exceed the value of a back-to-back deposit treats that excess as borrowings for the purpose of Regulation 103 of the UCITS Regulations.

The above limits on investments are deemed to apply at the time of purchase of the investments. If those limits are subsequently exceeded for reasons beyond the control of a Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation taking due account of the interests of its Shareholders.

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions imposed by the Euronext Dublin for so long as the Shares in a Fund are listed on the Euronext Dublin and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Class in the Company, subject to the UCITS Regulations.

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

## **QUAERO CAPITAL TAIPAN ASIA PACIFIC EX-JAPAN FUND (THE "FUND")**

### **Supplement 1 dated 30 June, 2017 to the Prospectus for the Company dated 18 June, 2019**

This Supplement contains information relating specifically to Quaero Capital Taipan Asia Pacific ex-Japan Fund (the "Fund"), the initial portfolio of Quaero Capital Funds (Ireland) plc (the "Company"), an open-ended umbrella type investment company with segregated liability between Funds authorised by the Central Bank on 15 June, 2006 as a UCITS pursuant to the UCITS Regulations. At the date of this Supplement there exist two other sub-funds of the Company, Quaero Capital Taiko Japan Fund and Quaero Capital Global Equity Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 18 June, 2019 (the "Prospectus").**

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

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

#### **1. Interpretation**

The expressions below shall have the following meanings:

"Asia Pacific ex-Japan"	shall be deemed to comprise Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.
"Business Day"	means any day (except Saturday or Sunday) on which banks are generally open for business in Dublin, London and New York and in such other locations as may be determined by the Directors and notified to Shareholders in advance.
"Convertible Bond"	means a corporate bond that can be exchanged, at the option of the holder, for a specific number of shares of the relevant company's preferred stock or common stock.

"Dealing Day" means each Business Day, or such other day or days as may be determined by the Directors and notified in advance to Shareholders provided that there shall be at least one Dealing Day in each fortnight.

"Redemption Dealing Deadline" means 12.00 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Redemption Dealing Deadline precedes the Valuation Point.

"Subscription Dealing Deadline" means 12.00 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Subscription Dealing Deadline precedes the Valuation Point.

"Valuation Point" means 11.59 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders provided, always, that the relevant Subscription and/or Redemption Dealing Deadline falls before the Valuation Point.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency of the Fund is US Dollars.

## **3. Share Classes**

<i>Name</i>	<i>Denomination</i>
Class A USD	USD
Class B EUR hedged	EUR
Class C GBP hedged	GBP
Class D GBP	GBP
Class I USD	USD
Class I EUR hedged	EUR
Class I GBP hedged	GBP
Class I GBP	GBP

There are currently eight Classes of Shares in the Fund as shown above.

The Directors may create further Classes of Shares in the Fund, in accordance with the requirements of the Central Bank, to which different levels of subscription fees and expenses

(including the management fee), Minimum Subscription, Minimum Holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy and such other features as the Directors in consultation with the Investment Manager may determine may be applicable.

#### **4. Share Class Hedging**

The Fund will enter into currency hedging arrangements, in an attempt to hedge the exposure of the Class C GBP hedged, Class B EUR hedged, Class I EUR hedged and Class I GBP hedged (“Hedged Share Class(es)”) against the Base Currency. The benefits, losses and expenses relating to such currency hedging arrangements shall be for the account of the relevant Hedged Share Class. Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Investment Manager.

Such hedging strategy shall be subject to the conditions and within the limits laid down by the Central Bank and may not be implemented if the Investment Manager considers that it can no longer hedge the currency exposure in an effective manner.

No assurance can be given that such currency hedging arrangements, if conducted, will be successful. Such currency hedging arrangements may substantially limit Shareholders in Hedged Share Classes from benefiting if the denominated currency of these share classes falls against the Fund's Base Currency.

The exposure of the Class D GBP and Class I GBP against the Base Currency will not be hedged. Hence, the value of the Class D GBP and Class I GBP expressed in Sterling will be subject to exchange rate risk in relation to the Base Currency of the Fund and any currency conversion that may be necessary will take place on subscription, redemption, switching and distributions at prevailing exchange rates. Investors should also note that the value of the share expressed in the class currency will be subject to exchange rate risk in relation to the Fund's Base Currency.

#### **5. Investment Objective**

The Fund's investment objective is to achieve long-term capital growth.

#### **6. Investment Policy**

The Fund will pursue its investment objective by investing primarily in listed equities of companies in Asia Pacific ex-Japan. For these purposes a company is considered to be in Asia Pacific ex-Japan if (i) it is incorporated under the laws of a country within the region; (ii) it derives at least 50% of its revenues or profits from goods produced or sold, investments made or services performed in the region; (iii) it has at least 50% of its assets located within the region; or (iv) the main trading market for its securities is in a country within the region. At all times the Fund aims to be well diversified across the major countries, currencies and sectors in Asia Pacific ex-Japan. It is expected that the Fund will typically hold between 30

and 60 different positions at any given time. As at the date of this Supplement, the Fund is not investing in Bangladesh, Cambodia, Laos, Mongolia, Myanmar or Vietnam but may do so in future if suitable opportunities are identified by the Investment Manager.

The industrial sectors that are likely to be represented in the portfolio include but are not limited to energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, telecommunication services and utilities.

Australasia has been included specifically to give access to liquid opportunities in assets less correlated with the banking, property and technology markets elsewhere in the region in areas such as basic industries, media, gaming and medical technology. Although investments in the less liquid markets in Asia Pacific ex-Japan will be made from time to time they will always constitute a minority of the Fund's holdings.

The Fund may also invest in certain companies using American depositary receipts, Global depositary receipts or LEPOs on underlying securities (see below under 'Financial Derivative Instruments'), where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Fund may invest in and have direct access to China A shares listed on the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect scheme (as further described in the sub-section headed "Shanghai-Hong Kong Stock Connect Scheme" below). Exposure to China A shares through the Shanghai-Hong Kong Stock Connect scheme will not be more than 10% of the Fund's Net Asset Value.

The Fund may invest in both short and long term Asia Pacific ex-Japanese v

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognised credit rating agency and issued or backed by one or more EU Member States, the United States or other institutions permitted in Appendix I to the Prospectus, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

The Fund may invest no more than 10% of its Net Asset Value in other UCITS and/or open-ended non-UCITS investment funds (including ETFs deemed to be investment funds).

#### *Financial Derivative Instruments*

The Fund may invest in financial derivative instruments for investment and/or hedging purposes under and in accordance with conditions or requirements imposed by the Central Bank. The types of financial derivative instrument in which the Fund may invest and the purposes and effects of each such investment are as follows:

*Futures:* In addition to using stock index futures for the management of volatility, the Fund may use stock index futures contracts traded on an Eligible Market where the Investment Manager wants the Fund to invest in a particular equity market and where for reasons relating to timing or costs, it decides that investment by means of the futures market is more appropriate for the Fund than direct equity investments.

*Total return swaps and CFDs:* The Fund may enter into total return swaps or contracts for differences (“CFDs”) as described in Appendix III to the Prospectus to provide exposure to a security or an index in a more cost efficient manner than a direct investment or where direct investment in the underlying security would be subject to regulatory restrictions e.g. the China A share market. It is not possible to list comprehensively in this Supplement all of the counterparties as they have not, as of the date of issue of this Supplement, been selected and they may change from time to time, however, it is anticipated that the counterparties to the Fund for such transactions will be internationally recognised investment banks or brokers. Such counterparties will not have any discretion over the composition or management of the Fund's portfolio. The Fund will where practicable diversify its exposure to counterparties by trading with several internationally recognised investment banks or brokers at any given time. Total return swaps and CFDs will be priced on a daily basis by reference to the price of the underlying security or index.

The maximum exposure of the Fund in respect of total return swaps, shall be 10% of the Net Asset Value. However, the Investment Manager does not anticipate that the Fund's exposure to total return swaps will exceed 5% of the Net Asset Value.

*LEPOs:* The Fund may also invest in transferable securities with embedded derivatives such as equity warrants, low exercise price options (“LEPOs”) or P-notes which in the view of the Investment Manager offer an efficient means of providing the Fund with exposure to equity securities listed or traded on an Eligible Market in Asia Pacific ex-Japan. These products typically aim to provide economic exposure to the underlying security without the associated tax and administrative burdens of investing in the local market. The Fund will not receive any legal or beneficial interest in the underlying security. These instruments must be listed on an Eligible Market set out in Appendix I to the Prospectus.

*Options:* Options may also be used to hedge against currency and interest rate risk.

*Forwards:* The Fund may use forward currency contracts for hedging purposes.

Risks associated with the use of financial derivative instruments are detailed in the Prospectus at the section entitled “Risk Factors”. It is not anticipated that the Fund shall receive collateral in respect of OTC financial derivative transactions.

#### *Risk Management Process*

The Investment Manager is required under the UCITS Regulations to employ a risk management process which will enable it to accurately monitor, manage and measure, the risks attached to financial derivative positions. The Investment Manager will use the

commitment method, which is one of the two methods permitted under the UCITS Regulations for this purpose, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been reviewed and cleared of comment by the Central Bank

*Policy in relation to leverage and global exposure*

Any additional exposure created by the use of financial derivative instruments will not exceed the Net Asset Value of the Fund. Global exposure and leverage, measured under the commitment approach, shall not exceed 100% of the Net Asset Value of the Fund on a permanent basis

***Shanghai-Hong Kong Stock Connect Scheme***

The Fund may invest in China A shares through the Shanghai-Hong Kong Stock Connect scheme (the “Connect Scheme”). The Connect Scheme is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited (“HKEx”), Shanghai Stock Exchange (“SSE”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”), to achieve mutual stock market access between mainland China and Hong Kong. The Connect Scheme enables Hong Kong and overseas investors to invest in certain eligible China A shares listed on the SSE (“China Connect Securities”) through their Hong Kong brokers and a securities trading service company established by The Stock Exchange of Hong Kong Limited (“SEHK”) under the Northbound Trading Link, subject to the rules of the Connect Scheme. The Connect Scheme commenced operation on 17 November 2014.

*Eligible Securities*

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

- (a) SSE-listed shares which are not traded in Renminbi (“RMB”); and
- (b) SSE-listed shares which are included in the “risk alert board” (as described in the listing rules of the SSE).

The current rules for the eligibility of shares as China Connect Securities are stated to apply to the “initial phase” of the Connect Scheme. In the future, the shares eligible as China Connect Securities may change.

### *Trading Quota*

Trading under the Connect Scheme will be subject to a maximum cross-boundary investment quota (“Aggregate Quota”), together with a daily quota (“Daily Quota”). Northbound trading will be subject to a separate set of Aggregate and Daily Quota.

The Aggregate Quota caps the absolute amount of fund inflow into the People’s Republic of China (the “PRC”) under Northbound trading. The Northbound Aggregate Quota is set at RMB300 billion.

The Daily Quota limits the maximum net buy value of cross-boundary trades under the Connect Scheme each day. The Northbound Daily Quota is set at RMB13 billion.

These Aggregate and Daily Quota may be increased or reduced subject to the review and approval by the relevant PRC regulators from time to time.

SEHK will monitor the quota and publish the remaining balance of the Northbound Aggregate Quota and Daily Quota at scheduled times on the HKEx’s website.

### *Settlement and Custody*

Under the Connect Scheme, The Hong Kong Securities Clearing Company Limited (“HKSCC”), a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A shares traded through the Connect Scheme are issued in scripless form, so investors will not hold any physical China A shares. Hong Kong and overseas investors who have acquired China Connect Securities through Northbound trading should maintain the China Connect Securities with their brokers’ or custodians’ stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

### *Corporate Actions and Shareholders’ Meetings*

Notwithstanding the fact that HKSCC does not claim proprietary interests in the China Connect Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such China Connect Securities.

HKSCC will monitor the corporate actions affecting China Connect Securities and keep the relevant brokers or custodians participating in CCASS (“CCASS participants”) informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.



SSE-listed companies usually announce their annual general meeting/extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

#### *Currency*

Hong Kong and overseas investors will trade and settle China Connect Securities in RMB only. Hence, the Fund will need to use RMB to trade and settle China Connect Securities.

Further information about the Stock Connect is available online at the website:

<http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en>

The Fund shall be allowed to trade China Connect Securities listed on the SSE through the Northbound Trading Link of the Connect Scheme, subject to applicable rules and regulations issued from time to time.

## **7. Investment Philosophy and Approach**

#### *Philosophy*

The Investment Manager believes that share prices in Asia Pacific ex-Japan are ultimately a function of both corporate business performance and macro-economic variables, but that there can be considerable inefficiencies in the interpretation of news and financial results and their effect on the pricing of securities, and that this can lead to potentially profitable investment opportunities.

#### *Approach*

The Investment Manager will seek to profit from investment opportunities by identifying undervalued securities using a variety of fundamental analytical tools, some of which are outlined below, and then employing qualitative and quantitative technical and price momentum screens to implement positions.

There will be a preference for cheap companies (relative to their histories, peers and position in the business cycle) in industries with robust franchises. Potential investments are then screened for liquidity.

Investments which meet the above criteria will typically be entered into only when the stock price momentum has turned neutral to positive and where the price is displaying resilience to poor news-flow and reacting well to positive news-flow.

The Fund may employ stock index futures (both long and short) to supplement the equity positions in order to facilitate rapid and cheap adjustment of net exposure, which will vary at

market extremes between 0 per cent long and 100 per cent long but will generally be in the 80 per cent to 100 per cent net long range.

Analysis will predominantly be of the micro (bottom-up) variety, but will incorporate macro-economic input and sectoral and stock-specific themes evident in other markets that are yet to be fully reflected in the pricing of securities within the Asia Pacific ex-Japan region. There will be an emphasis on targeting valuation extremes, but profit and price momentum screens will also be employed for timing purposes. Although there will be no formal capitalisation bias, it is envisaged that mid and small capitalisation issues will be typically well represented in the portfolio due to the higher likelihood of valuation mismatch in less well followed securities. However there are circumstances envisaged over the course of a business cycle where this bias would not be evident or even be reversed depending on shifts in relative value and momentum.

### *Methodology*

The quantitative aspects of corporate analysis will typically include:

- (a) the level of and changes in corporate profits, utilising tools to normalise earnings for factors such as one-off charges or profits, unusual depreciation schedules or an unsustainable level of taxation;
- (b) the strength of cash and free cash generation through the cycle, and the extent to which this is reflected in distributions to shareholders;
- (c) measures of profitability such as return on equity and return on incrementally invested capital, put in the context of price to book or net asset value;
- (d) valuation measures such as price to earnings ratios, price to book (net asset value) and price to sales ratios, enterprise value to cash flow and dividend yield, set into the context of both history and peer group and the position within the economic cycle; and
- (e) balance sheet strength and risk, taking into account the predictability of cashflow and the nature of any debt repayment schedule or covenant, utilising measures such as net debt to equity ratios and levels of interest coverage, while factoring in the probability and quantum of any contingent liabilities, disclosed or otherwise.

Qualitative factors considered will typically include:

- (a) the quality of corporate management, its record of capital allocation through a business cycle and the treatment of minorities in any given transaction;
- (b) other issues of corporate governance including remuneration policy; and
- (c) the robustness of a business franchise and the barriers to entry for other competitors.

Macro-economic analysis will typically look at some or all of the following factors:

- (a) GDP growth for the countries in the region, relative to historic performance, each other and the rest of the world;
- (b) the level of and changes in interest rates both short and long term in the context of growth and inflation;
- (c) currency fluctuations within the region in both nominal and real terms;
- (d) governments' fiscal policies and the composition of growth between consumer, corporate and state sectors; and
- (e) political changes that may herald changes in the operating environment for business.

## **8. Profile of a Typical Investor**

The Fund is suitable for investors who plan to invest for at least five years and who are willing to accept the risks and volatility associated with investing in listed equities of companies in Asia Pacific ex-Japan.

## **9. Offer**

### *Initial Offer Price*

The initial offer period for Class A USD, Class B EUR hedged, Class C GBP hedged, Class D GBP, Class I USD and Class I GBP has now closed. Shares in the above Classes of the Fund are now being issued at the Net Asset Value per Share on each Dealing Day.

The initial offer period for Class I EUR hedged and Class I GBP hedged commenced at 9.00 a.m. (Irish time) on 04 January 2016 and is due to close at 5.00 p.m. (Irish time) on 31 December, 2016 subject to such extension or modification as the Directors may determine. During the initial offer period, shares for each Class will be issued at the initial price of €1,000 for Class I EUR hedged and £1,000 for Class I GBP hedged. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on a quarterly basis. After the closing of the initial offer period, Shares will be issued in these Classes at the Net Asset Value per Share on each Dealing Day.

### *Minimum Subscription*

The Minimum Subscription is US\$15,000 for Class A USD, €15,000 for Class B EUR hedged, £10,000 for Class C GBP hedged and Class D GBP, US\$1,500,000 for Class I USD, €1,000,000 for Class I EUR hedged, and £1,000,000 for Class I GBP hedged and Class I GBP.

The Directors reserve the right to differentiate between shareholders and to waive or reduce the Minimum Subscription in their discretion.

#### *Minimum Holding*

The Minimum Holding is US\$3,000 for Class A USD, €3,000 for Class B EUR hedged, £2,000 for Class C GBP hedged and Class D GBP, US\$300,000 for Class I USD, €200,000 for Class EUR hedged, and £200,000 for Class I GBP hedged and Class I GBP.

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Holding in their discretion.

### **10. Application for Shares**

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

Initial applications should be made using a signed original Application Form obtained from the Administrator, the Distributor or any sub-distributor but subsequent applications may, if the Directors so determine, be made electronically, by telefax or by telephone subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Shares will be registered as of the Dealing Day. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion).

Subscription monies, representing less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the Base Currency or the currency of denomination of the relevant Class. However, the Company may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate. The cost and risk of converting currency will be borne by the investor.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds for the account of the Company within three (3) Business Days following the relevant Dealing Day. The Directors reserve the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in respect of a subscription has not been received by the relevant time, the subscription shall be held in abeyance and shall be effective on the next succeeding Dealing Day following receipt of the relevant subscription monies.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within two (2) Business Days of the purchase being made. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator on behalf of the Company electronically, by telephone, by facsimile or by written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless, in exceptional circumstances, the Directors in their absolute discretion determine otherwise provided such requests are received prior to the Valuation Point for that Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made to an investor until an original redemption request together with the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering/terrorist

financing procedures) has been received from the investor and the anti-money laundering/terrorist financing procedures have been completed.

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

#### *Method of Payment*

Redemption payments will be made to the bank account detailed in the Application Form or as subsequently notified in writing to the Administrator. Redemption payments following processing of instruments received will only be made to the account of record of a Shareholder. Any wire transfer charges incurred as a result of redemption payments shall be borne by the Shareholders.

#### *Currency of Payment*

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

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within three (3) Business Days of the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

As described above, failure to supply the Company 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 shall remain an asset of the relevant Fund and the Shareholder will rank as a general creditor of the Fund. Similarly, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares/Deduction of Tax” and “Total Redemption of Shares”.

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements (i.e. subsequent subscription requirements) (if applicable) of the relevant fund or Classes, Shareholders may convert some or all of their Shares in one fund or Class to Shares in another fund or Class or another Class in the same fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

Conversions may be subject to a charge of up to 3% of the Net Asset Value of the converting Shares at the discretion of the Directors.

## **13. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading “Suspension of Valuation of Assets”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **14. Fees and Expenses**

At the date of issue of this Supplement, the fees and expenses attributable to (i) the establishment and organisation of the Company as detailed in the section of the Prospectus headed “Establishment Expenses” and (ii) the fees and expenses relating to the establishment of the Fund have been fully amortised. The Fund shall bear its attributable portion of the fees and operating expenses of the Company which are set out in detail under the heading “Fees and Expenses” in the Prospectus. The fees payable out of the Fund’s assets are as follows:

### *Administrator and Depositary*

Administration and registration services are provided in respect of the Fund and the Company by Northern Trust International Fund Administration Services (Ireland) Limited. The Depositary of the Fund is Northern Trust Fiduciary Services (Ireland) Limited.

Further details concerning the specific fees of the Administrator and Registrar and the Depositary appear under “FEES AND EXPENSES” in the Prospectus.

### *Investment Management Fees*

In respect of Class A USD, Class B EUR hedged, Class C GBP hedged and Class D GBP, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 1.5% of the Net Asset Value attributable to the relevant Class.

In respect of Class I USD, Class I EUR hedged, Class I GBP hedged and Class I GBP, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 0.75% of the Net Asset Value attributable to the relevant Class.

The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

### *Preliminary Fee*

It is not the Distributor's current intention to levy a preliminary charge on Shareholders. However, the Directors or Distributor and any sub-distributor are empowered to levy a preliminary charge up to a maximum of 5% of the Net Asset Value of the Shares purchased by the particular Shareholder. The Distributor and any sub-distributor will give not less than one month's notice to Shareholders of their intention to introduce a preliminary charge.

### *Redemption Fee*

The Directors may impose a redemption fee of up to 3% of the Net Asset Value of each Share redeemed. The Directors may, at their sole discretion, charge such fee, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Any such fee shall be payable to the Fund for its absolute use and benefit.

## **15. Dividends and Distributions**

The Directors have discretion from time to time to declare such dividends as may appear to them to be justified out of the net income accruing to the Fund in respect of each Class.

All Classes of the Fund have been recognised as reporting funds for United Kingdom tax purposes by HMRC (reporting fund status, once granted, does not require annual renewal). Under the reporting funds regime, a Class may apply to HMRC to be recognised as a reporting fund where, among other, the Fund reports to UK investors their share of the income of the Class in a period, irrespective of whether such income is distributed. A United Kingdom resident Shareholder in the relevant Class of 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 Shares. Details of the reporting fund status of each Class, including the date on which that Class entered the reporting fund regime, can be found on the website of HMRC at



<https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>. Please see the section headed "TAXATION" in the main Prospectus for further detail.

Although the Directors currently intend to take all steps that are practicable and are consistent with applicable laws, regulatory requirements and the investment objective and policy of the Fund to ensure that continued certification of each Class of Shares as a "reporting fund" is obtained in respect of each Accounting Period (as referred to in the "United Kingdom Taxation" section in the main body of the Prospectus), it must be appreciated that no assurance can be given as to whether certification will, in practice, be obtained in respect of any particular Accounting Period, especially since the exact conditions that must be fulfilled to obtain or maintain that certification (including the proper method of computing United Kingdom equivalent profits) may be affected by changes in HMRC or accounting practice or by subsequent changes to the relevant provisions of the legislation or administrative practice.

Dividends, if declared will normally be declared in April and will be paid within two months of declaration.

Unless otherwise indicated by Shareholders by ticking the relevant box on the Application Form, all dividends will be automatically reinvested. The Net Asset Value per Share will not change as a result of the above reinvestment process.

Dividends may be paid out of the net income of the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by telegraphic transfer at the expense of Shareholders.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100.00/€100.00/£100.00, such distribution shall be automatically re-invested in the manner set forth above. A preliminary charge or redemption fee shall not be deducted from such amount.

The Directors may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such change will be disclosed in an updated Prospectus or Supplement and all Shareholders will be notified in advance of such change becoming effective.

## **16. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the section of the Prospectus entitled "THE COMPANY".

## **QUAERO CAPITAL TAIKO JAPAN FUND (THE "FUND")**

### **Supplement 2 dated 30 June 2017 to the Prospectus for the Company dated 18 June, 2019**

This Supplement contains information relating specifically to Quaero Capital Taiko Japan Fund (the "Fund"), a sub-fund of Quaero Capital Funds (Ireland) plc (the "Company"), an open-ended umbrella type investment company with segregated liability between Funds authorised by the Central Bank on 15 June, 2006 as a UCITS pursuant to the UCITS Regulations. At the date of this Supplement there exist two other sub-funds of the Company, Quaero Capital Taipan Asia Pacific ex-Japan Fund and Quaero Capital Global Equity Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 18 June, 2019 (the "Prospectus").**

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

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

#### **1. Interpretation**

The expressions below shall have the following meanings:

"Business Day"	means any day (except Saturday or Sunday) on which banks are generally open for business in Tokyo, Dublin, London and New York and in such other locations as may be determined by the Directors and notified to Shareholders in advance.
"Convertible Bond"	means a corporate bond that can be exchanged, at the option of the holder, for a specific number of shares of the relevant company's preferred stock or common stock.
"Dealing Day"	means each Business Day, or such other day or days as may be determined by the Directors and notified in advance to Shareholders provided that there shall be at least one Dealing Day in each fortnight.

"Redemption Dealing Deadline"	means 12.00 noon (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Redemption Dealing Deadline precedes the Valuation Point.
"Subscription Dealing Deadline"	means 12.00 noon (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Subscription Dealing Deadline precedes the Valuation Point.
"TOPIX"	means the Tokyo Stock Price Index which is referred to as "TPX" on Bloomberg.
"Valuation Point"	means 11.59 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders provided, always, that the relevant Subscription and/or Redemption Dealing Deadline falls before the Valuation Point.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Base Currency

The Base Currency of the Fund is Yen.

## 3. Share Classes

<i>Name</i>	<i>Denomination</i>
Class A JPY	JPY
Class B USD hedged	USD
Class C EUR hedged	EUR
Class D GBP hedged	GBP
Class E GBP	GBP
Class I JPY	JPY
Class I USD hedged	USD
Class I EUR hedged	EUR
Class I GBP hedged	GBP
Class I GBP	GBP

There are currently ten Classes of Shares in the Fund as shown above.

Shares shall be issued to investors as Shares of a Class of Shares above. The Directors may create further Classes of Shares in the Fund, in accordance with the requirements of the Central Bank, to which different levels of subscription fees and expenses (including the management fee), Minimum Subscription, Minimum Holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy and such other features as the Directors in consultation with the Investment Manager may determine may be applicable.

#### **4. Share Class Hedging**

The Fund will enter into currency hedging arrangements in an attempt to hedge the exposure of the Class B USD hedged, Class C EUR hedged, Class D GBP hedged, Class I USD hedged, Class I EUR hedged and Class I GBP hedged ("Hedged Share Class(es)") against the Base Currency. The benefits, losses and expenses relating to such currency hedging arrangements shall be for the account of the relevant Hedged Share Class. Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Investment Manager.

Such hedging strategy shall be subject to the conditions and within the limits laid down by the Central Bank and may not be implemented if the Investment Manager considers that it can no longer hedge the currency exposure in an effective manner.

No assurance can be given that such currency hedging arrangements, if conducted, will be successful. Such currency hedging arrangements may substantially limit Shareholders in Hedged Share Classes from benefiting if the denominated currency of these share classes falls against the Fund's Base Currency.

The exposure of the Class E GBP and Class I GBP against the Base Currency will not be hedged. Hence, the value of the Class E GBP and Class I GBP expressed in Sterling will be subject to exchange rate risk in relation to the Base Currency of the Fund.

#### **5. Investment Objective**

The Fund's investment objective is to achieve long-term capital growth.

#### **6. Investment Policy**

The Fund will pursue its investment objective by investing primarily in listed equities of companies in Japan. It is expected that the Fund will typically hold between 20 and 30 different positions at any given time.

The industrial sectors that are likely to be represented in the portfolio include any of the sectors comprising the TOPIX. Although there will be no formal capitalisation bias, it is envisaged that mid and small capitalisation issues will be typically well represented in the portfolio due to the higher likelihood of valuation mismatch in less well followed securities.

However there are circumstances envisaged over the course of a business cycle where this bias would not be evident or even be reversed depending on shifts in relative value and momentum.

The Fund may invest in both short and long term Japanese debt securities (such as fixed and/or floating rate bonds and notes) of corporate issuers, primarily rated A3 or P3 for short term debt by Moody's Investors Service Inc. or Standard & Poors, and government entities. The debt and fixed-income securities in which the Fund may invest will principally be of investment grade. The Fund may, however, invest not more than 10 per cent of its Net Asset Value in debt and fixed-income securities (primarily Convertible Bonds) which are not required to satisfy any minimum rating standard. Such securities may include instruments that are considered to be of poor standing and which have predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

The Fund may also hold exchange traded funds ("ETFs") and cash or other liquid assets including but not limited to Japanese Government Bonds.

The Fund may invest no more than 10% of its Net Asset Value in other UCITS and/or open-ended non-UCITS investment funds (including ETFs deemed to be investment funds).

The Fund will only take long positions in each of the assets in which it is invested.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognised credit rating agency and issued or backed by one or more EU Member States, the United States or other institutions permitted in Appendix I to the Prospectus, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

#### *Financial Derivative Instruments*

The Fund may invest in financial derivative instruments for investment and/or hedging purposes under and in accordance with conditions or requirements imposed by the Central Bank. The types of financial derivative instrument in which the Fund may invest and the purposes of each such investment are as follows:

*Futures:* In addition to using stock index futures for the management of volatility, the Fund may use stock index futures contracts traded on an Eligible Market where the Investment Manager wants the Fund to invest in a particular equity market and where for reasons relating to timing or costs, it decides that investment by means of the futures market is more appropriate for the Fund than direct equity investments.

*Options:* Options may also be used for hedging purposes.

*Forwards:* The Fund may use forward currency contracts for hedging purposes.

Risks associated with the use of financial derivative instruments are detailed in the Prospectus at the section entitled “Risk Factors”. It is not anticipated that the Fund shall receive collateral in respect of OTC financial derivative transactions.

#### *Risk Management Process*

The Investment Manager is required under the UCITS Regulations to employ a risk management process which will enable it to accurately monitor, manage and measure, the risks attached to financial derivative positions. The Investment Manager will use the commitment method, which is one of the two methods permitted under the UCITS regulations for this purpose, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been reviewed and cleared of comment by the Central Bank

#### *Policy in relation to leverage and global exposure*

Any additional exposure created by the use of financial derivative instruments will not exceed the Net Asset Value of the Fund. Global exposure and leverage, measured under the commitment approach, shall not exceed 100% of the Net Asset Value of the Fund on a permanent basis.

## **7. Investment Philosophy and Approach**

### *Philosophy*

The Investment Manager believes that share prices in Japan are ultimately a function of both corporate business performance and macro-economic variables, but that there can be considerable inefficiencies in the interpretation of news and financial results and their effect on the pricing of securities, and that this can lead to potentially profitable investment opportunities.

### *Approach*

The Investment Manager will seek to profit from investment opportunities by identifying under-valued securities using a variety of fundamental analytical tools, some of which are outlined below, and then employing qualitative and quantitative technical and price momentum screens to implement positions.

There will be a preference for cheap companies (relative to their histories, peers and position in the business cycle) in industries with robust franchises. Potential investments are then screened for liquidity.

Analysis will predominantly be of the micro (bottom-up) variety, but will incorporate macro-economic input and sectoral and stock-specific themes evident in other markets that are yet to be fully reflected in the pricing of securities within Japan.

### *Methodology*

The quantitative aspects of corporate analysis will typically include:

- (a) the level of and changes in corporate profits, utilising tools to normalise earnings for factors such as one-off charges or profits, unusual depreciation schedules or an unsustainable level of taxation;
- (b) the strength of cash and free cash generation through the cycle, and the extent to which this is reflected in distributions to shareholders;
- (c) measures of profitability such as return on equity and return on capital, put in the context of price to book or net asset value;
- (d) valuation measures such as price to earnings ratios, price to book (net asset value) and price to sales ratios, free cash flow and dividend yield, set into the context of both history and peer group and the position within the economic cycle; and
- (e) balance sheet strength and risk, taking into account the predictability of cashflow and the nature of any debt repayment schedule or covenant, utilising measures such as net debt to equity ratios and levels of interest coverage, while factoring in the probability and quantum of any contingent liabilities, disclosed or otherwise.

Qualitative factors considered will typically include:

- (a) the quality of corporate management, its record of capital allocation through a business cycle and the treatment of minorities in any given transaction;
- (b) other issues of corporate governance including remuneration policy; and
- (c) the robustness of a business franchise and the barriers to entry for other competitors.

Macro-economic analysis will typically look at some or all of the following factors:

- (a) GDP growth for Japan, relative to historic performance and the rest of the world;
- (b) the level of and changes in interest rates both short and long term in the context of growth and inflation;
- (c) currency fluctuations globally in both nominal and real terms;

- (d) government fiscal policies and the composition of growth between consumer, corporate and state sectors; and
- (e) political changes that may herald changes in the operating environment for business.

## **8. Profile of a Typical Investor**

The Fund is suitable for investors who plan to invest for at least five years and who are willing to accept the risks and volatility associated with investing in listed equities of companies in Japan.

## **9. Offer**

### *Initial Offer*

The initial offer period for Class A JPY, Class B USD hedged, for Class C EUR hedged, Class D GBP hedged, Class E GBP, Class I JPY, Class I USD hedged, Class I GBP hedged and Class I GBP has now closed. Shares in the above Classes of the Fund are now being issued at the Net Asset Value per Share on each Dealing Day.

The initial offer period for Class I EUR hedged commenced at 9.00 a.m. (Irish time) on 4 August, 2015 and is due to close at 5.00 p.m. (Irish time) on 4 February, 2017 subject to such extension or modification as the Directors may determine. During the initial offer period, shares for Class I EUR hedged will be issued at the initial price of €1,000. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on a quarterly basis. After the closing of the initial offer period, Shares will be issued in this Class at the Net Asset Value per Share on each Dealing Day.

### *Minimum Subscription*

The Minimum Subscription is JPY 1,500,000 for Class A JPY, US\$15,000 for Class B USD hedged, €10,000 for Class C EUR hedged, £10,000 for Class D GBP hedged and Class E GBP, JPY 150,000,000 for Class I JPY, US\$1,500,000 for Class I USD hedged, €1,000,000 for I EUR hedged, £1,000,000 for Class I GBP hedged and Class I GBP.

The Directors reserve the right to differentiate between shareholders and to waive or reduce the Minimum Subscription.

### *Minimum Holding*

The Minimum Holding is JPY 300,000 for Class A JPY, US\$3,000 for Class B USD hedged, €2,000 for Class C EUR hedged, £2,000 for Class D GBP hedged and Class E GBP, JPY 30,000,000 for Class I JPY, US\$300,000 for Class I USD hedged, €200,000 for Class I EUR hedged and £200,000 for Class I GBP hedged and Class I GBP.



The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Holding in their discretion.

## **10. Application for Shares**

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

Initial applications should be made using a signed original Application Form obtained from the Administrator, the Distributor or any sub-distributor but subsequent applications may, if the Directors so determine, be made electronically, by telefax or by telephone subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Shares will be registered as of the Dealing Day.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion).

Subscription monies, representing less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the Base Currency or the currency of denomination of the relevant Class. However, the Company may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate. The cost and risk of converting currency will be borne by the investor.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds for the account of the Company within three (3) Business Days following the relevant Dealing Day. The Directors reserve the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in respect of a subscription has not been received by the relevant time, the subscription shall be held in abeyance and shall be effective on the next succeeding Dealing Day following receipt of the relevant subscription monies.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within two (2) Business Days of the purchase being made. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator on behalf of the Company electronically, by telephone, by facsimile or by written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless, in exceptional circumstances, the Directors in their absolute discretion determine otherwise provided such requests are received prior to the Valuation Point for that Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made to an investor until an original redemption request together with the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering/terrorist financing procedures) has been received from the investor and the anti-money laundering/terrorist financing procedures have been completed.

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

### *Method of Payment*

Redemption payments will be made to the bank account detailed in the Application Form or as subsequently notified in writing to the Administrator. Redemption payments following processing of instruments received will only be made to the account of record of a Shareholder. Any wire transfer charges incurred as a result of redemption payments shall be borne by the Shareholders.

### *Currency of Payment*

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

### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within three (3) Business Days of the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

As described above, failure to supply the Company 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 shall remain an asset of the relevant Fund and the Shareholder will rank as a general creditor of the Fund. Similarly, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares/Deduction of Tax" and "Total Redemption of Shares".

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements (i.e. subsequent subscription requirements) (if applicable) of the relevant fund or Classes, Shareholders may convert some or all of their Shares in one fund or Class to Shares in another fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

Conversions may be subject to a charge of up to 3% of the Net Asset Value of the converting Shares at the discretion of the Directors.

### **13. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

### **14. Fees and Expenses**

At the date of issue of this Supplement, the fees and expenses attributable to (i) the establishment and organisation of the Company as detailed in the section of the Prospectus headed "Establishment Expenses" and (ii) the fees and expenses relating to the establishment of the Fund have been fully amortised. The Fund shall bear its attributable proportion of the fees and operating expenses of the Company which are set out in detail under the heading "FEES AND EXPENSES" in the Prospectus. The fees payable out of the Fund's assets are as follows:

#### *Administrator and Depositary*

Administration and registration services are provided in respect of the Fund and the Company by Northern Trust International Fund Administration Services (Ireland) Limited. The Depositary of the Fund is Northern Trust Fiduciary Services (Ireland) Limited.

Further details concerning the specific fees of the Administrator and Registrar and the Depositary appear under "FEES AND EXPENSES" in the Prospectus.

#### *Investment Management Fees*

In respect of Class A JPY, Class B USD hedged, Class C EUR hedged, Class D GBP hedged and Class E GBP, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 1.5% of the Net Asset Value attributable to the relevant Class.

In respect of Class I JPY, Class I USD hedged, Class I EUR hedged, Class I GBP hedged and Class I GBP, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 0.75% of the Net Asset Value attributable to the relevant Class.

The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

### *Preliminary Fee*

It is not the Distributor's current intention to levy a preliminary charge on Shareholders. However, the Directors, the Distributor and any sub-distributor are empowered to levy a preliminary charge up to a maximum of 5% of the Net Asset Value of the Shares purchased by the particular Shareholder. The Distributor and any sub-distributor will give not less than one month's notice to Shareholders of their intention to introduce a preliminary charge.

### *Redemption Fee*

The Directors may impose a redemption fee of up to 3% of the Net Asset Value of each Share redeemed. The Directors may, at their sole discretion, charge such fee, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Any such fee shall be payable to the Fund for its absolute use and benefit.

## **15. Dividends and Distributions**

The Directors have discretion from time to time to declare such dividends as may appear to them to be justified out of the net income accruing to the Fund in respect of each Class.

All Classes of the Fund have been recognised as reporting funds for United Kingdom tax purposes by HMRC (reporting fund status, once granted, does not require annual renewal). Under the reporting funds regime, a Class may apply to HMRC to be recognised as a reporting fund where, among other, the Fund reports to UK investors their share of the income of the Class in a period, irrespective of whether such income is distributed. . A United Kingdom resident Shareholder in the relevant Class of 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 Shares. Details of the reporting fund status of each Class, including the date on which that Class entered the reporting fund regime, can be found on the website of HMRC at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>. Please see the section headed "TAXATION" in the main Prospectus for further detail.

Although the Directors currently intend to take all steps that are practicable and are consistent with applicable laws, regulatory requirements and the investment objective and policy of the Fund to ensure that continued certification of each Class of Shares is obtained in respect of each Accounting Period (as referred to in the "United Kingdom Taxation" section in the main body of the Prospectus), it must be appreciated that no assurance can be given as to whether certification will, in practice, be obtained in respect of any particular Accounting Period, especially since the exact conditions that must be fulfilled to obtain or maintain that certification (including the proper method of computing United Kingdom equivalent profits) may be affected by changes in HMRC practice or by subsequent changes to the relevant provisions of the legislation or administrative practice.

Dividends, if declared, will normally be declared in April and will be paid within two months of declaration.

Unless otherwise indicated by Shareholders by ticking the relevant box on the Application Form, all dividends will be automatically reinvested. The Net Asset Value per Share will not change as a result of the above reinvestment process.

Dividends may be paid out of the net income of the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by telegraphic transfer at the expense of Shareholders.

Where the amount of any distribution payable to an individual Shareholder would be less than JPY10,000/US\$100.00/€100.00/£100.00 such distribution shall be automatically re-invested in the manner set forth above. A preliminary charge or redemption fee shall not be deducted from such amount.

The Directors may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such change will be disclosed in an updated Prospectus or Supplement and all Shareholders will be notified in advance of such change becoming effective.

## **16. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the section of the Prospectus entitled "THE COMPANY".

## **QUAERO CAPITAL GLOBAL EQUITY FUND (THE "FUND")**

### **Supplement 3 dated 18 June, 2019 to the Prospectus for the Company dated 18 June, 2019**

This Supplement contains information relating specifically to Quaero Capital Global Equity Fund (the "Fund"), a sub-fund of Quaero Capital Funds (Ireland) plc (the "Company"), an open-ended umbrella type investment company with segregated liability between Funds authorised by the Central Bank on 15 June, 2006 as a UCITS pursuant to the UCITS Regulations. At the date of this Supplement there exist two other sub-funds of the Company, Quaero Capital Taipan Asia Pacific ex Japan Fund and Quaero Capital Taiko Japan Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 18 June, 2019 (the "Prospectus").**

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

**Although the Fund may invest in money market instruments and cash deposits, Shares in the Fund are not deposits and are different in nature to a deposit in that the investment is not guaranteed and the value of the investment is capable of fluctuation.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

#### **1. Interpretation**

The expressions below shall have the following meanings:

"Business Day"	means any day (except Saturday or Sunday) on which banks are generally open for business in Dublin, London and New York and in such other locations as may be determined by the Directors and notified to Shareholders in advance.
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"Dealing Day"	means each Business Day, or such other day or days as may be determined by the Directors and notified in advance to Shareholders provided that there shall be at least one Dealing Day in each fortnight.
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"Redemption Dealing Deadline" means 12.00 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Redemption Dealing Deadline precedes the Valuation Point.

"Subscription Dealing Deadline" means 12.00 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders or otherwise provided always that the Subscription Dealing Deadline precedes the Valuation Point.

"Valuation Point" means 11.00 p.m. (Irish time) on the Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders provided, always, that the relevant Subscription and/or Redemption Dealing Deadline falls before the Valuation Point.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency of the Fund is US Dollars.

## **3. Share Classes**

<i>Name</i>	<i>Denomination</i>
Class A USD	USD
Class B EUR	EUR
Class C GBP	GBP
Class D CHF	CHF
Class E USD	USD
Class F EUR	EUR
Class G GBP	GBP
Class H CHF	CHF
Class I USD	USD
Class J EUR	EUR
Class K GBP	GBP
Class L CHF	CHF

There are currently twelve Classes of Shares in the Fund as shown above.



The Directors may create further Classes of Shares in the Fund, in accordance with the requirements of the Central Bank, to which different levels of subscription fees and expenses (including the management fee), Minimum Subscription, Minimum Holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy and such other features as the Directors in consultation with the Investment Manager may determine may be applicable.

#### **4. No Share Class Hedging**

It is currently envisaged that the Fund will not enter into currency hedging arrangements in order to hedge the exposure of the Share Classes denominated in a currency different from the Fund's Base Currency against the Base Currency. Any change to this policy will be disclosed in an updated Supplement and notified to Shareholders in advance.

Hence, the value of the Share Classes denominated in a currency different from the Fund's Base Currency, expressed in their currency of denomination, will be subject to exchange rate risk in relation to the Base Currency of the Fund and any currency conversion that may be necessary will take place on subscription, redemption, switching and distributions at prevailing exchange rates. Investors should also note that the value of the share expressed in the class currency will be subject to exchange rate risk in relation to the Fund's Base Currency.

#### **5. Investment Objective**

The Fund's investment objective is to achieve long-term capital growth.

#### **6. Investment Policy**

The Fund will pursue its investment objective by primarily investing in large and medium capitalisation listed equities on a global basis. At all times the Fund aims to be diversified across four major regions (North America, Europe, Japan, rest of the world) and across industrial sectors. It is expected that the Fund will typically hold between 40 and 60 different positions at any given time which are selected as described in "Investment Philosophy and Approach". The Fund may be invested in excess of 20% in emerging markets at any one time.

The industrial sectors that are likely to be represented in the portfolio include but are not limited to energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, telecommunication services and utilities.

The Fund may also invest in certain companies using American depositary receipts or Global depositary receipts on underlying securities (see below under 'Financial Derivative Instruments'), where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Fund may invest in and have direct access to China A shares listed on the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect scheme. Exposure to China A

shares through the Shanghai-Hong Kong Stock Connect scheme will not be more than 10% of the Fund's Net Asset Value. The Fund may also hold exchange traded funds ("ETFs") and cash or other liquid assets including but not limited to U.S. Treasury Bills.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognised credit rating agency and issued or backed by one or more EU Member States, the United States or other institutions permitted in Appendix I to the Prospectus, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so, for example in the case of a market event causing a decline in equity values and where holding cash or cash equivalent is deemed to be more protective for the value of the Fund.

The Fund may invest no more than 10% of its Net Asset Value in other UCITS and/or open-ended AIF investment funds (including ETFs deemed to be investment funds).

#### *Financial Derivative Instruments*

The Fund may invest in financial derivative instruments for investment and/or hedging purposes under and in accordance with conditions or requirements imposed by the Central Bank. The types of financial derivative instrument in which the Fund may invest and the purposes and effects of each such investment are as follows:

*Futures:* In addition to using stock index futures for the management of volatility, the Fund may use stock index futures contracts traded on an Eligible Market where the Investment Manager wants the Fund to invest in a particular equity market and where for reasons relating to timing or costs, it decides that investment by means of the futures market is more appropriate for the Fund than direct equity investments. The Fund may employ stock index futures (both long and short) to supplement the equity positions in order to facilitate rapid and cheap adjustment of net exposure, which will vary at market extremes between 0 per cent long and 100 per cent long but will generally be in the 80 per cent to 100 per cent net long range. In order to reduce net exposure to zero at times of market extremes, the Fund may employ short stock index futures to the value of 100 per cent of the equity positions.

*Total return swaps and CFDs:* The Fund may enter into total return swaps or contracts for differences ("CFDs") as described in Appendix III to the Prospectus to provide exposure to a security or an index in a more cost efficient manner than a direct investment or where direct investment in the underlying security would be subject to regulatory restrictions e.g. the China A share market. It is not possible to list comprehensively in this Supplement all of the counterparties as they have not, as of the date of issue of this Supplement, been selected and they may change from time to time, however, it is anticipated that the counterparties to the Fund for such transactions will be internationally recognised investment banks or brokers. Such counterparties will not have any discretion over the composition or management of the Fund's portfolio. The Fund will where practicable diversify its exposure to counterparties by

trading with several internationally recognised investment banks or brokers at any given time. Total return swaps and CFDs will be priced on a daily basis by reference to the price of the underlying security or index.

The maximum exposure of the Fund in respect of total return swaps, shall be 10% of the Net Asset Value. However, the Investment Manager does not anticipate that the Fund's exposure to total return swaps will exceed 5% of the Net Asset Value.

Risks associated with the use of financial derivative instruments are detailed in the Prospectus at the section entitled "Risk Factors". It is not anticipated that the Fund shall receive collateral in respect of OTC financial derivative transactions.

#### *Risk Management Process*

The Investment Manager is required under the UCITS Regulations to employ a risk management process which will enable it to accurately monitor, manage and measure, the risks attached to financial derivative positions. The Investment Manager will use the commitment method, which is one of the two methods permitted under the UCITS Regulations for this purpose, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank

#### *Policy in relation to leverage and global exposure*

Any additional exposure created by the use of financial derivative instruments will not exceed the Net Asset Value of the Fund. Global exposure and leverage, measured under the commitment approach, shall not exceed 100% of the Net Asset Value of the Fund on a permanent basis

## **7. Investment Philosophy and Approach**

### *Philosophy*

The investment Manager's process is based on cognitive psychology, the scientific study of mental processes, being the discipline on which behavioural finance is based. Behavioural finance is a field of finance that uses psychology-based theories to explain stock market anomalies. Cognitive psychology is used by the Investment Manager to identify and take advantage of the systematic mistakes, or biases, made by company managers and investors.

Company managers tend to suffer mainly from an over-confidence bias, which shapes their decisions, while investors tend to suffer mainly from an anchoring bias, which colours their perceptions. Anchoring is a tendency to rely too heavily on an initial piece of information offered when making decisions.

Because of their over-confidence, company managers would generally tend to take too much risk, while investors would sometimes tend to rely on irrelevant information, just because it happened to be the initial piece of information they used.

The Investment Manager tries to identify 1) the companies whose managers are behaving in a low risk way, contrary to their over-confidence bias; and 2) among those companies, the ones about which investors feel anxious or sceptical nonetheless, as they anchor to information flagging higher risk in spite of company managers' low-risk behaviour. Such information would include, for example, managers' prior high-risk behaviour, the stock's prior negative price action, a negative industry narrative, and investors' existing investment case or their central case for the industry to which the company belongs.

In essence, the Investment Manager looks for low-risk stocks which are perceived with anxiety or scepticism which are not justified, as investors base their assessment on (anchor to) information reflecting higher risk which is irrelevant in the current low-risk situation.

### *Approach*

The Investment Manager employs a bottom-up investment process. Individual stocks are analysed to identify the presence of biases in the way the underlying company is managed by its management team or in the way it is perceived by investors.

As company managers tend to suffer mainly from an over-confidence bias, and so to make the mistake of taking too much risk, they would usually end up allocating too much capital. Investors would instead tend to make the mistake of letting their analysis be dominated by their starting point, which will be an irrelevant anchor point, if, as illustrated above, it signals high risk in the context of a company which is managed in a low-risk way.

The process follows two steps. First, quantitative filters are used to exclude stocks which are unlikely to be subject to bias. Company managers of companies with low profitability are more likely to have allocated too much capital, i.e. to manage their companies over-confidently and in a high-risk way, so a profitability filter is used to exclude such companies, which are deemed to be higher risk. Investors, on the other side, are less likely to be anchored to an irrelevant anchor point if a stock is expensive or if it has a volatile valuation history, as anxiety or scepticism are less common in this case. Valuation filters are then used to exclude such stocks.

Secondly, the Investment Manager applies its qualitative analysis to identify the stocks which will be included in the portfolio. The qualitative analysis consists of looking for the information, either in the company's past or in its current environment, indicating a cautious risk attitude in company managers and, for investors, the existence of an irrelevant anchor point providing the basis for investment. The stocks which do not exhibit low-risk characteristics and for which no clear anchor point can be found, are excluded. Only the stocks surviving such de-selection process will end up in the final portfolio.

## **8. Profile of a Typical Investor**

The Fund is suitable for investors who plan to invest for at least five years and who are willing to accept the risks and volatility associated with investing in listed global equities.

## **9. Offer**

### *Initial Offer Price*

The initial offer period for shares of each Class will commence at 9.00 a.m. (Irish time) on 19 June, 2019 and will close at 5.00 p.m. (Irish time) on 19 June, 2019 subject to such extension or modification as the Directors may determine. During the initial offer period, shares for each Class will be issued at the initial price of \$1,000 for Class A USD, E USD and Class I USD, €1,000 for Class B EUR, Class F EUR and Class J EUR, and £1,000 for Class C GBP, Class G GBP and Class K GBP and CHF1,000 for Class D CHF, Class H CHF and Class L CHF. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis. After the closing of the initial offer period, Shares will be issued in these Classes at the Net Asset Value per Share on each Dealing Day.

### *Minimum Subscription*

The Minimum Subscription is US\$10,000,000 for Class A USD, €10,000,000 for Class B EUR, £10,000,000 for Class C GBP, CHF10,000,000 for Class D CHF, US\$1,000,000 for Class E USD, €1,000,000 for Class F EUR, £1,000,000 for Class G GBP, CHF1,000,000 for Class H CHF, \$1,000 for Class I USD, €1,000 for Class J EUR, £1,000 for Class K GBP and CHF1,000 for Class L CHF.

The Directors reserve the right to differentiate between shareholders and to waive or reduce the Minimum Subscription in their discretion.

### *Minimum Holding*

The Minimum Holding is US\$10,000,000 for Class A USD, €10,000,000 for Class B EUR, £10,000,000 for Class C GBP, CHF10,000,000 for Class D CHF, US\$1,000,000 for Class E USD, €1,000,000 for Class F EUR, £1,000,000 for Class G GBP, CHF1,000,000 for Class H CHF, \$1,000 for Class I USD, €1,000 for Class J EUR, £1,000 for Class K GBP and CHF1,000 for Class L CHF.

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Holding in their discretion.

## **10. Application for Shares**

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

Initial applications should be made using a signed original Application Form obtained from the Administrator, the Distributor or any sub-distributor but subsequent applications may, if the Directors so determine, be made electronically, by telefax or by telephone subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Shares will be registered as of the Dealing Day. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion).

Subscription monies, representing less than 0.01 of a Share (or such other number as the Directors may determine in their absolute discretion) will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the Base Currency or the currency of denomination of the relevant Class. However, the Company may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate. The cost and risk of converting currency will be borne by the investor.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds for the account of the Company within three (3) Business Days following the relevant Dealing Day. The Directors reserve the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in respect of a subscription has not been received by the relevant time, the subscription shall be held in abeyance and shall be effective on the next succeeding Dealing Day following receipt of the relevant subscription monies.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within two (2) Business Days of the purchase being made. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### *Anti-Dilution Levy*

The Directors or, where such function has been delegated to the Investment Manager, the Investment Manager may, at their discretion, apply an anti-dilution levy to Subscriptions as described in the section of the Prospectus entitled "Anti-Dilution Levy/Duties and Charges".

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator on behalf of the Company electronically, by telephone, by facsimile or by written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Redemption Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Redemption Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless, in exceptional circumstances, the Directors in their absolute discretion determine otherwise provided such requests are received prior to the Valuation Point for that Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made to an investor until an original redemption request together with the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering/terrorist financing procedures) has been received from the investor and the anti-money laundering/terrorist financing procedures have been completed.

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

#### *Method of Payment*

Redemption payments will be made to the bank account detailed in the Application Form or as subsequently notified in writing to the Administrator. Redemption payments following processing of instruments received will only be made to the account of record of a Shareholder. Any wire transfer charges incurred as a result of redemption payments shall be borne by the Shareholders.

#### *Currency of Payment*

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

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within three (3) Business Days of the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

As described above, failure to supply the Company 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 shall remain an asset of the relevant Fund and the Shareholder will rank as a general creditor of the Fund. Similarly, any sums payable by way of dividend to Shareholders shall remain an asset of the relevant Fund until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares/Deduction of Tax" and "Total Redemption of Shares".

#### *Anti-Dilution Levy*

The Directors or, where such function has been delegated to the Investment Manager, the



Investment Manager may, at their discretion, apply an anti-dilution levy to Redemptions as described in the section of the Prospectus entitled “Anti-Dilution Levy/Duties and Charges”.

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements (i.e. subsequent subscription requirements) (if applicable) of the relevant fund or Classes, Shareholders may convert some or all of their Shares in one fund or Class to Shares in another fund or Class or another Class in the same fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

Conversions may be subject to a charge of up to 3% of the Net Asset Value of the converting Shares at the discretion of the Directors.

## **13. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading “Suspension of Valuation of Assets”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **14. Fees and Expenses**

At the date of issue of this Supplement, the fees and expenses attributable to (i) the establishment and organisation of the Company as detailed in the section of the Prospectus headed “Establishment Expenses” have been fully amortised.

The Fund shall bear the fees and expenses relating to the establishment of the Fund which amount to €15,500. Such establishment expenses may be amortised over the first five Accounting Periods of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair in the best interests of Shareholders.

The Fund shall bear its attributable portion of the fees and operating expenses of the Company which are set out in detail under the heading “Fees and Expenses” in the Prospectus. The fees payable out of the Fund’s assets are as follows:

### *Administrator and Depositary*

Administration and registration services are provided in respect of the Fund and the Company by Northern Trust International Fund Administration Services (Ireland) Limited. The Depositary of the Fund is Northern Trust Fiduciary Services (Ireland) Limited.

Further details concerning the specific fees of the Administrator and Registrar and the Depositary appear under “Fees and Expenses” in the Prospectus.

#### *Investment Management Fees*

In respect of Class A USD, Class B EUR, Class C GBP and Class D CHF, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 0.4% of the Net Asset Value attributable to the relevant Class.

In respect of Class E USD, Class F EUR, Class G GBP and Class H CHF, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 0.75% of the Net Asset Value attributable to the relevant Class.

In respect of Class I USD, Class J EUR, Class K GBP and Class L CHF, the Investment Manager is entitled to receive an investment management fee which shall be calculated and payable monthly in arrears of up to 1.5% of the Net Asset Value attributable to the relevant Class.

The Investment Manager shall be entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

#### *Preliminary Fee*

It is not the Distributor’s current intention to levy a preliminary charge on Shareholders. However, the Directors or Distributor and any sub-distributor are empowered to levy a preliminary charge up to a maximum of 5% of the Net Asset Value of the Shares purchased by the particular Shareholder. The Distributor and any sub-distributor will give not less than one month's notice to Shareholders of their intention to introduce a preliminary charge.

#### *Redemption Fee*

The Directors may impose a redemption fee of up to 3% of the Net Asset Value of each Share redeemed. The Directors may, at their sole discretion, charge such fee, waive such fee or differentiate between applicants as to the amount of such fee within the permitted limits. Any such fee shall be payable to the Fund for its absolute use and benefit.

## **15. Dividends and Distributions**

The Directors have discretion from time to time to declare such dividends as may appear to them to be justified out of the net income accruing to the Fund in respect of each Class.

All Classes of the Fund will apply to seek recognition as reporting funds for United Kingdom tax purposes by HM Revenue & Customs (“HMRC”) (reporting fund status, once granted, does not require annual renewal). Under the reporting funds regime, a Class may apply to

HMRC to be recognised as a reporting fund where, among other, the Fund reports to UK investors their share of the income of the Class in a period, irrespective of whether such income is distributed. A United Kingdom resident Shareholder in the relevant Class of 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 Shares. Details of the reporting fund status of each Class, including the date on which that Class entered the reporting fund regime, can be found on the website of HMRC at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>. Please see the section headed "Taxation" in the main Prospectus for further detail.

Although the Directors currently intend to take all steps that are practicable and are consistent with applicable laws, regulatory requirements and the investment objective and policy of the Fund to ensure that continued certification of each Class of Shares as a "reporting fund" is obtained in respect of each Accounting Period (as referred to in the "United Kingdom Taxation" section in the main body of the Prospectus), it must be appreciated that no assurance can be given as to whether certification will, in practice, be obtained in respect of any particular Accounting Period, especially since the exact conditions that must be fulfilled to obtain or maintain that certification (including the proper method of computing United Kingdom equivalent profits) may be affected by changes in HMRC or accounting practice or by subsequent changes to the relevant provisions of the legislation or administrative practice.

Dividends, if declared will normally be declared in April and will be paid within two months of declaration.

Unless otherwise indicated by Shareholders by ticking the relevant box on the Application Form, all dividends will be automatically reinvested in the relevant Share Class. The Net Asset Value per Share will not change as a result of the above reinvestment process.

Dividends may be paid out of the net income of the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by telegraphic transfer at the expense of Shareholders.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100.00/€100.00/£100.00, such distribution shall be automatically re-invested in the manner set forth above. A preliminary charge or redemption fee shall not be deducted from such amount.

The Directors may at any time determine to change the policy of the Fund with respect to distribution. If the Directors so determine full details of any such change will be disclosed in an updated Prospectus or Supplement and all Shareholders will be notified in advance of such change becoming effective.

## **16. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the section of the Prospectus entitled "The Company".