

If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, accountant, solicitor or other independent financial adviser.

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**VERITAS FUNDS PLC (the Company)**

**(an umbrella fund with segregated liability between sub-funds)**

**Investment Manager**

**VERITAS ASSET MANAGEMENT LLP**

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The Company is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability under the laws of Ireland with registered number 342215. The Company is authorised in Ireland as an investment company pursuant to the European Communities (Undertakings for Collective Investments in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended, supplemented or consolidated from time to time.

As at the date of this Prospectus, the Company has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

**Dated: 1 October 2018**

## **PRELIMINARY**

*The Company is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated in Ireland with limited liability and authorised by the Central Bank of Ireland (the "Central Bank") pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended by European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (S.I. No. 143 of 2016) as may further be amended, supplemented or consolidated from time to time and any regulations, rules, guidelines or notices made thereunder (the "Regulations"). Accordingly, the Company is supervised by the Central Bank.*

*The directors of the Company whose names appear on page 27 (the "Directors"), accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.*

**It is important that you read the Data Protection Notice available at [www.veritas-asset.com/privacy](http://www.veritas-asset.com/privacy) carefully to understand the Company's use of your Personal Data including information on your rights in respect of your Personal Data.**

Prospective investors should note that by completing the Application Form and providing any other personal information in connection with an application for or the holding of Shares in the Company, they are providing information which may constitute Personal Data within the meaning of the Data Protection Laws. Any Personal Data provided by investors will be held by the Company as Data Controller in accordance with Data Protection Laws.

Investors will be required to provide their Personal Data for statutory and contractual purposes and in furtherance of the pursuit of the legitimate interests of the Company. Failure to provide the required Personal Data will result in the Company being unable to permit, process or release the investor's investment in the Company and the Sub-Funds and this may result in the Company terminating its relationship with the investor.

This is not a complete notification of your data protection rights in relation to an investment in the Company or its Sub-Funds nor of the Company's use of Personal Data and you are urged to carefully read the Data Protection Notice available as indicated above.

*Distribution of this Prospectus is not authorised after the publication of the latest half-yearly report of the Company unless it is accompanied by a copy of that report, and is not authorised after the publication of the first annual report of the Company unless it is accompanied by a copy of the latest annual report and any subsequent half-yearly report. Such reports will form part of this Prospectus.*

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

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offer, issue or sale of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions. Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase or holding of Shares, (b) any foreign exchange restrictions which may affect

them, and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares.

**Authorisation of the Company and approval of its Sub-Funds by the Central Bank is not an endorsement or guarantee of the Company or of its Sub-Funds by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. The Authorisation of the Company and of its Sub-Funds by the Central Bank shall not constitute a warranty as to the performance of the Company or of its Sub-Funds and the Central Bank shall not be liable for the performance or default of the Company or of its Sub-Funds.**

*The Company qualifies as an undertaking for collective investment in transferable securities (a UCITS). The Directors may apply for authorisation for distribution of the Sub-Funds in such countries within the European Union, or elsewhere as they deem appropriate.*

*None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended, (the "1933 Act") and (except in a transaction which is exempt from registration under the 1933 Act) none of the Shares may be offered or sold, directly or indirectly, in the United States or to any U.S. person. In addition, the Company has not been and will not be registered under the Investment Company Act of 1940, as amended, (the "1940 Act"). Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment companies, if the Company has more than 100 beneficial owners who are U.S. Persons (as defined herein), it may become subject to the 1940 Act. The Directors will not knowingly permit the number of Shareholders who are U.S. Persons to exceed 50.*

*All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.*

*Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes in that law.*

*The difference at any one time between the sale and repurchase price of Shares means that investment should be viewed as medium to long term.*

*Attention is drawn to the section headed "Risk Warnings".*

# VERITAS FUNDS PLC

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## **VERITAS FUNDS PLC**

### **DIRECTORS AND ADVISERS**

<b>Registered Office of the Company</b>	25/28 North Wall Quay Dublin 1 Ireland
<b>Directors of the Company</b>	Mike Kirby Richard Grant Brian Wilkinson Ian Barnes (all of the above address)
<b>Investment Manager, Promoter and United Kingdom Representative of the Company</b>	Veritas Asset Management LLP 1 <sup>st</sup> Floor 90 Long Acre London WC2E 9RA United Kingdom
<b>Depository</b>	HSBC Institutional Trust Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b>Administrator</b>	HSBC Securities Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b>Legal Advisers</b>	A&L Goodbody North Wall Quay Dublin 1 Ireland
<b>Registered Auditors</b>	PricewaterhouseCoopers Chartered Accountants 1 George's Quay Dublin 1 Ireland

## INTERPRETATION

In this Prospectus:-

*"the Company"* means Veritas Funds plc;

all references to a specific time of day are to Irish time;

all references to "dollars" or "US\$" are to the United States dollar, the currency of the United States of America;

all references to "Euro" or "€" are to the lawful unit of single currency in certain states of the European Union;

all reference to "GBP" or "£" are to the British Pound, the currency of the United Kingdom;

*"Act"* means the Irish Companies Act 2014 (as amended, consolidated, supplemented or substituted from time to time);

*"Administrator"* means HSBC Securities Services (Ireland) DAC;

*"AIF"* means alternative investment fund being a structure for collective investment, which is not a UCITS;

*"Application Form"* means the form which investors in the Company must complete upon initial application for Shares in a Sub-Fund in accordance with the provisions of the section of this Prospectus entitled "Applications for Shares";

*"Articles"* means the Articles of Association of the Company as amended from time to time;

*"Associated Company"* means any company within the Veritas Group;

*"Business Day"* in relation to each Sub-Fund, has the meaning assigned to it in the relevant Supplement, or such other Business Day(s) as the Directors may from time to time determine and notify to Shareholders;

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

*"Central Bank UCITS Regulations"* means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (S.I. No. 420 of 2015), as amended, supplemented or replaced from time to time and any rules, guidelines or notices made by the Central Bank pursuant to them or issued by the Central Bank from time to time affecting the Company or any Sub-Fund;

*"Class"* means a class of Share within a Sub-Fund;

*"CIS"* means an open-ended collective investment scheme;

*"Controller"*, *"Personal Data"* and *"Processor"* shall have the meanings ascribed under applicable Data Protection Laws.

*"Covered Person"* has the meaning given to it in the Application Form of the Company;

*"Data Protection Laws"* means the (i) EU Data Protection Directive 95/46/EC and Data Protection Acts 1988 and 2003 in Ireland (as amended or replaced) (together the **DPA**), (ii) to the extent applicable the data protection and information privacy laws of another jurisdiction and (iii) any subsequent re-enactment,

replacement or amendment of such laws or the DPA, and including, for the avoidance of doubt, the General Data Protection Regulation (EU) 2016/679 (the **GDPR**) and any law implementing the GDPR to the extent applicable) and any guidance issued by the Irish Data Protection Commissioner.

*"Dealing Day"*, in relation to each Sub-Fund, has the meaning assigned to it in the relevant Supplement, or such other Business Day(s) as the Directors may from time to time determine and notify in advance to Shareholders, which shall at all times be at least once per fortnight;

*"Dealing Deadline"* in relation to each Sub-Fund has the meaning assigned to it in the relevant Supplement, or such other time as the Directors may from time to time determine and notify to Shareholders in advance;

*"Depositary"* means HSBC Institutional Trust Services (Ireland) DAC;

*"Directive"* means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended by Directive 2014/97/EU of the European Parliament and the Council of 23 July 2014 as regards depositary functions, remunerations policies and sanctions, as may be further amended, supplemented or replaced from time to time;

*"Directors"* means the Directors of the Company for the time being and any duly constituted committee or delegate thereof, each a Director;

*"EEA"* means the European Economic Area (EU Member States, Iceland, Norway, and Liechtenstein);

*"EEA Member State"* means a member state of the EEA;

*"EU"* means the member states of the European Union;

*"FINRA"* means the US Financial Industry Regulatory Authority;

*"Foreign Person"* means (i) a person who is neither resident nor ordinarily resident in Ireland for tax purposes who has provided the Company with the appropriate declaration under Schedule 2B of the TCA and in respect of whom the Company is not in possession of any information that would reasonably suggest that the declaration is incorrect or has at any time been incorrect, or (ii) the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with in respect of that person or class of Shareholder to which that person belongs, and that approval has not been withdrawn and any conditions to which that approval is subject to have been satisfied;

*"Irish Taxable Person"*

means any person, other than

- a. a Foreign Person;
- b. an intermediary, including a nominee, for a Foreign Person;
- c. a qualifying management company within the meaning of section 739B TCA;
- d. a specified company within the meaning of section 734 TCA;
- e. an investment undertaking within the meaning of section 739B of the TCA;
- f. an investment limited partnership within the meaning of section 739J of the TCA;
- g. an exempt approved scheme or a retirement annuity contract or trust scheme within the provisions of sections 774, 784 or 785 TCA;

- h. a company carrying on life business within the meaning of section 706 TCA;
- i. a special investment scheme within the meaning of section 737 TCA;
- j. a unit trust to which section 731(5)(a) TCA applies;
- k. a charity entitled to an exemption from income tax or corporation tax under section 207(1)(b) TCA;
- l. a person entitled to exemption from income tax and capital gains tax under section 784A(2) TCA, section 787I TCA or section 848E TCA and the units held are assets of an approved retirement fund, an approved minimum retirement fund, a special savings incentive account or a personal retirement savings account (as defined in section 787A TCA);
- m. the Courts Service;
- n. a Credit Union;
- o. a company within the charge to corporation tax under section 739G(2) TCA, but only where the fund is a money market fund;
- p. a company within the charge to corporation tax under section 110(2) TCA;
- q. the National Asset Management Agency;
- r. the National Treasury Management Agency or a Fund investment vehicle within the meaning of section 739J(6)(kb) TCA;
- s. the National Pensions Reserve Fund Commission or a Commission investment vehicle (within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 as amended);
- t. the State acting through the National Pensions Reserve Fund Commission or a Commission investment vehicle within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 (as amended); and
- u. any other person as may be approved by the directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the Company in respect of that Shareholder under section Part 27 Chapter 1A of the TCA

in respect of each of which the appropriate declaration set out in Schedule 2B TCA or otherwise and such other information evidencing such status is in the possession of the Company on the appropriate date.

*"Investment Manager"* means Veritas Asset Management LLP;

*"Management Shares"* means Management Shares in the capital of the Company issued in accordance with the Articles and with the rights provided for under the Articles;

*"Member State"* means a member state of the EU;

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

*"Net Asset Value"* means the amount determined as at the Valuation Point in accordance with the principles set out on pages 50 to 53 as being the net asset value of a Sub-Fund;

*"New Issues"* means as defined pursuant to FINRA Rule 5130 to include any initial public offering of an equity security as defined in Section 3(a)(11) of the US Securities Exchange Act of 1934 made pursuant to a registration statement or offering circular;

*"OECD"* means the Organisation for Economic Co-operation and Development (the current members being: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea (Republic), Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak (Republic), Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States);

*"OECD Member State"* means a member state of the OECD;

*"OTC derivative"* means a financial derivative instrument dealt in over-the-counter;

*"Prospectus"* means the current prospectus of the Company and any Supplements and addenda thereto;

*"Recognised Exchanges"* means the stock exchanges listed in Appendix I to the Prospectus;

*"Representative"* means Veritas Asset Management LLP;

*"Repurchase Charge"* such fee as may, at the discretion of the Directors be subtracted from repurchase proceeds. The Repurchase Charge shall be for the account of the Investment Manager, and who may waive such charge or differentiate between applicants as to the amount of such charge subject to the maximum charge of 3 % of the Net Asset Value per Share. The Repurchase Charge for a particular Sub-Fund will be set out in the supplement for that Sub-Fund;

*"Restricted Person"* means as defined under FINRA Rule 5130. Restricted Persons are, generally, FINRA members and other broker-dealers, their officers, directors, employees and affiliates, and persons having portfolio management responsibility for collective investment vehicles or financial or other institutions, as well as certain immediate family members of such persons. A more precise definition of Restricted Person is contained in the Application Form;

*"Sales Charge"* such fee as may, at the discretion of the Directors be added to subscription proceeds. The Sales Charge shall be for the account of the Investment Manager, and who may waive such charge or differentiate between applicants as to the amount of such charge subject to the maximum charge of 3 % of the Net Asset Value per Share;

*"Shares"* means participating Shares of no par value in the capital of the Company, which may be designated as participating shares in one or more Sub-Funds and which may also be divided into different Classes within each Sub-Fund;

*"Shareholder"* means any person holding Shares of the Company;

*"Sub-Fund"* means a separate pool of assets which is invested in accordance with the investment objective applicable to such Sub-Fund, established by the Directors from time to time with the prior approval of the Central Bank;

*"Supplement"* means any supplement to this Prospectus for the time being in issue;

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

*"transferable securities"* means

- (i) shares in companies and other securities equivalent to shares in companies;

- (ii) bonds and other forms of securitised debt; and
- (iii) other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange,

other than the techniques and instruments referred to in regulation 48A of the Regulations;

*"UCITS Regulations"* or *"Regulations"* means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, S.I. 352 of 2011 as amended by European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, S.I. No. 143 of 2016, as may be further amended, supplemented and/or replaced from time to time and any rules or notices made by the Central Bank pursuant to them;

*"UCITS"* means an undertaking for collective investment in transferable securities authorised pursuant to the Regulations;

*"United States and US"* means United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction;

*"US Person"* has, except where otherwise stated, the meaning assigned to it in Regulation S under the 1933 Act and includes:

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

Notwithstanding the foregoing "US Person" does not include:

(a) any discretionary account or similar account (other than estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-US law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

*"Valuation Point"* means 12:00 noon (Dublin time) in the relevant markets on the relevant Dealing Day or such other time or times as are disclosed in the Supplement of the relevant Sub-Fund or such other time or times prior to dealing with respect to each Dealing Day as may be determined by the Directors with the approval of the Depositary and as notified to Shareholders; being the point in time by reference to which the value of the net assets of a Sub-Fund is taken.

"VAT" means value added tax.

## **PART I**

### **PRINCIPAL FEATURES**

The Company is structured as an umbrella type open-ended investment company with variable capital and segregated liability between Sub-Funds incorporated on 24 April 2001 and authorised in Ireland by the Central Bank pursuant to the Regulations. This authorisation does not, however, 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 base currency, the minimum investment and holding and the minimum subsequent investment for each Sub-Fund is set out in the relevant Supplement.

#### **Dealing**

Shares can normally be purchased, repurchased or switched on application to the Company. Investors should be aware that Shares can only be repurchased once settlement proceeds and registration details as specified under the section "Applications for Shares" below have been received by the Company.

#### **Sub-Funds**

The Company is an umbrella type structure with segregated liability between Sub-Funds in which different Sub-Funds may be issued from time to time with the prior approval of the Central Bank and Shareholders will be entitled to switch Shares of one Sub-Fund for Shares of another Sub-Fund. Prior to the issue of any Shares, the Directors will designate the Sub-Fund in relation to which such Shares shall be designated. A separate pool of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to such Sub-Fund. Shares are currently available in respect of the following Sub-Funds with the following base currencies:

Veritas Global Focus Fund	US Dollar
Veritas Asian Fund	US Dollar
Veritas Global Equity Income Fund	Sterling
Veritas China Fund	US Dollar
Veritas Global Real Return Fund	Sterling
Veritas Izoard Fund	US Dollar

Other Sub-Funds and/or Class thereof may be introduced by the Company from time to time, with the prior approval of the Central Bank. The Directors shall have the power to change the name of any Sub-Fund from time to time with the prior notification to the Central Bank. A Supplement relating to any new Sub-Fund will be issued by the Directors at the time of creation of any other Sub-Funds.

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

### **INVESTMENT OBJECTIVE AND POLICIES**

The investment objective and policies for each Sub-Fund will be formulated by the Directors at the time of the creation of the Sub-Fund.

The assets of each Sub-Fund will be invested separately in accordance with the investment objective, policies and guidelines of that Sub-Fund which are set out in a Supplement to this Prospectus. Supplements may be added to or removed from this Prospectus from time to time as Sub-Funds are approved or as approval is revoked, as the case may be.

Any changes to the investment objective will be subject to approval of the Shareholders by way of an ordinary resolution. Shareholders will be given reasonable notice prior to the implementation of any change to the investment objective and/or policy.

## **INVESTMENT IN NEW ISSUES**

A Sub-Fund may, but is not required to, invest in New Issues. Investment in New Issues may be limited by rules imposed by FINRA Rule 5130, which seek to provide that investment in New Issues by an entity such as a Sub-Fund of the Company is only permissible where beneficial ownership by Restricted Persons does not exceed ten per cent. of that Sub-Fund.

FINRA Rule 5131 provides that allocations of profits and losses from New Issues to the accounts of Covered Persons are only permissible where either (a) beneficial ownership by Covered Persons does not exceed in the aggregate twenty-five per cent. of the Sub-Fund, or (b) beneficial ownership of Covered Persons does exceed twenty-five per cent. of the Sub-Fund, but no more than twenty-five per cent. of the profits and losses from the Sub-Fund are allocated to Covered Persons.

The rules currently imposed by FINRA on entities such as the Company provide that allocations of profits and losses from New Issues for the account of Restricted Persons are only permissible where the beneficial ownership by Restricted Persons does not exceed in the aggregate ten per cent. of the relevant Sub-Fund of the Company. Where the beneficial ownership of the relevant Sub-Fund by a Restricted Persons exceeds ten per cent., the Company may be unable to invest in New Issues.

Each investor in the Company must provide information regarding whether or not it is a Restricted Person and/or Covered Person at the time of its investment, and will be required to update such information periodically thereafter. Certain investors, such as other investment funds, may be required to provide additional information regarding their ownership by Restricted Persons and Covered Persons in order to enable the Company to make a determination whether such investor should be regarded as a Restricted Person or Covered Person. In any case where the Company has requested but not received information sufficient enough for it to reasonably determine that an investor is not a Restricted Person or Covered Person, the Company may treat such investor as a Restricted Person and/or Covered Person. Any such classification by the Company will be conclusive and binding on the investor.

## **INVESTMENT RESTRICTIONS**

The investment restrictions applying to each Sub-Fund of the Company under the Regulations are set out below. These are, however, subject to the qualifications and exemptions contained in the Regulations and in the Central Bank UCITS Regulations. Any additional investment restrictions for a Sub-Fund will be formulated by the Directors at the time of the creation of such Sub-Fund.

The Directors 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 Shareholders are resident.

### **1. Permitted Investments**

Investments of a Sub-Fund are confined to:

1. transferable securities and money market instruments 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;
2. recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;

3. money market instruments other than those dealt on a regulated market;
4. units of UCITS;
5. units of AIFs;
6. deposits with credit institutions;
7. financial derivative instruments.

## 2. Investment Limits

1. A Sub-Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1 above.
2. **Recently Issued Transferable Securities**  
Subject to paragraph (2) a Sub-Fund shall not invest any more than 10% of assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply. Paragraph (1) does not apply to an investment by a Sub-Fund in US Securities known as Rule 144 A securities provided that:
  - the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the Sub-Fund within seven days at the price, or approximately at the price, at which they are valued by the Sub-Fund.
3. A Sub-Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
4. 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 bond-holders. If a Sub-Fund 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 Sub-Fund.
5. The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by 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.
6. 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.
7. Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank UCITS Regulations held as ancillary liquidity shall not exceed:
  - (a) 10% of the NAV of the Sub-Fund; or
  - (b) where the deposit is made with the Depositary 20% of the net assets of the Sub-Fund.
8. The risk exposure of a Sub-Fund to counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA, a credit institution authorised 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.

9. Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
  - investments in transferable securities or money market instruments;
  - deposits, and/or
  - counterparty risk exposures arising from OTC derivatives transactions.
10. The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
11. Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
12. A Sub-Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international bodies of which one or more Member States are members or any of the following:

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.

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

### **3. Investment in CIS**

1. A Sub-Fund may not invest more than 20% of net asset in any one CIS.
2. Investment in AIFs may not, in aggregate, exceed 30% of net assets.
3. The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
4. Where by virtue of investment in the units of another investment fund, the Company and/or a Sub-Fund, an investment manager or an investment adviser receives a commission on behalf of the Company and/or a Sub-Fund (including rebated commission), the Company shall ensure that the relevant commission is paid into the property of the relevant Sub-Fund.
5. Subject to the limits referred to in 3.1, sub-funds that are certified as "distributing funds" or accepted as "reporting funds" for the purposes of United Kingdom taxation intend to restrict their investments in other CIS so as not to compromise their distributing fund or reporting fund status.

### **4. Index Tracking UCITS**

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

### **5. General Provisions**

1. An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
2. A Sub-Fund may acquire no more than:
  1. 10% of the non-voting shares of any single issuing body;
  2. 10% of the debt securities of any single issuing body;
  3. 25% of the units of any single CIS
  4. 10% of the money market instruments of any single issuing body.

The limits laid down in 5.2.2, 5.2.3 and 5.2.4 above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

3. 5.1 and 5.2 shall not be applicable to:
  1. transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

2. transferable securities and money market instruments issued or guaranteed by a non-Member State;
  3. transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  4. 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 non-Member State, where under the legislation of that non-Member State such a holding represents the only way in which the Sub-Fund can invest in the securities of issuing bodies of that non-Member 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, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  5. shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
4. A Sub-Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
  5. The Central Bank may allow a recently authorised Sub-Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
  6. If the limits laid down herein are exceeded for reasons beyond the control of a Sub-Fund, or as a result of the exercise of subscription rights, the Sub-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.
  7. A Sub-Fund may not carry out uncovered sales of:
    1. transferable securities;
    2. money market instruments;
    3. units of CIS; or
    4. financial derivative instruments.
  8. A Sub-Fund may hold ancillary liquid assets.

## **6. Financial Derivative Instruments (FDIs)**

1. A Sub-Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed its total net asset value.
2. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations)

3. A Sub-Fund may invest in FDIs dealt in OTC provided that the counterparties to OTCs are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
4. Investments in FDIs are subject to the conditions and limits laid down by the Central Bank.

### **Financial Derivative Instruments (FDIs)**

A particular Sub-Fund of the Company may engage in transactions for investment purposes or beyond using a limited number of simple derivative instruments for non-complex hedging. In this case, the Supplement for that Sub-Fund will disclose this and will also

- state the expected effect of the FDI transactions;
- if a Sub-Fund will principally invest in FDI, this will be clearly stated at the beginning of the Supplement;
- provide a description of the types of FDI that may be used including clear details as to their commercial purpose;
- provide an explanation of the expected effect of those transactions on the risk profile of the Sub-Fund describing the extent to which the Sub-Fund will be leveraged through the use of FDIs; and
- where the Net Asset Value of the Sub-Fund is likely to have a high volatility due to its investment policies or portfolio management techniques, this possibility will be disclosed.

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

The Company, on behalf of a Sub-Fund, may employ techniques and instruments including but not limited to futures, options, FX forwards, Contracts for Difference (CFDs) and equity swaps (all as described in detail below) or such other instruments as may be described in detail in the Supplement of the relevant Sub-Fund relating to transferable securities and/or other financial instruments in which it invests for EPM purposes. The use of these techniques and instruments for EPM purposes is subject to the conditions and within the limits laid down by the Central Bank UCITS Regulations.

Direct and indirect operational costs and/or fees arising from the use of techniques and instruments for efficient portfolio management purposes on behalf of a Sub-Fund may be deducted from the revenue delivered to the relevant Sub-Fund. These costs and/or fees will be charged at normal commercial rates and will not include hidden revenue.

Where applicable, the entities to which such direct and indirect operational costs and/or fees have been paid during the annual period to the relevant accounting year end of the Sub-Fund (including whether such entities are related to the Company or Depositary) will be disclosed in the annual report for such period.

### **Futures**

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (e.g. one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of each Sub-Fund of the Company that the purchase or sale of futures will be to either gain access to a market with a restricted trading regime, or to reduce the exposure of the fund to a particular market. An example would be where the Sub-Fund has an exposure to a particular stock market and wishes to reduce the exposure to that market by selling an index future where the underlying is the index of that particular market.

In the view of the Company, the use of futures is to exercise EPM. The use of these instruments is limited to hedging an existing exposure or using the instrument to gain access to a particular market where there

is local tax or regulatory restrictions for foreign investors. Where the intention is to gain access to a particular market, the Sub-Fund will hold in cash or securities with a maturity of three months or less the exercise value of that contract. Where the intention is to hedge an existing exposure, it will be based on the Investment Manager's assessment that the assets being hedged can be reasonably expected to behave, in terms of price movement, in the same manner as the futures contract.

### Options

These instruments give the holder the right, but not the obligation to buy (call option) or sell (put option) an underlying security or index for a set period of time. Options have a predetermined expiry date (eg one month, three months etc). Options can either be purchased, giving the purchaser the rights of the option, or written where the entity writing the option is granting the rights to a third party.

It is the intention of each Sub-Fund of the Company that the purchase or writing of options will be to either gain access to a market with a restricted trading regime, or to reduce the exposure of the fund to a particular market. An example would be where the sub-fund has an exposure to a particular stock market and wishes to reduce the exposure to that market by purchasing a put option or writing a call option where the underlying is the index of that particular market.

In the view of the Company, the use of options is limited to EPM. The use of these instruments is limited to hedging an existing exposure or using the instrument to gain access to a particular market where there is local tax or regulatory restrictions for foreign investors. Where the intention is to gain access to a particular market, the sub-fund will hold in cash or securities with a maturity of three months or less, the exercise value of that contract. Where the intention is to hedge an existing exposure, it will be based on the Investment Manager's assessment that the assets being hedged can be reasonably expected to behave, in terms of price movement, in the same manner as the options contract.

### Contracts for Differences (CFD's)

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

It is the intention of each Sub-Fund of the Company that the use of CFD's will be to either gain access to a market with a restricted trading regime, or to reduce the exposure of the fund to a particular market. An example would be where the sub-fund wishes to purchase a security where the local regulatory and tax jurisdictions make it difficult for a foreign investor to purchase the security. In this situation, the sub-fund will enter into a swap agreement with a counterparty that has the ability to purchase the security locally, and then pass on the economic benefits of the security through a swap agreement.

In the view of the Company, the use of CFD's is limited to EPM, unless otherwise stated in the Supplement. The use of these instruments is limited to hedging an existing exposure or using the instrument to gain access to a particular market where there is local tax or regulatory restrictions for foreign investors. Where the intention is to gain access to a particular market, the sub-fund will hold in cash or securities with a maturity of three months or less the notional value of that contract. Where the intention is to hedge an existing exposure, it will be based on the Investment Manager's assessment that the assets being hedged can be reasonably expected to behave, in terms of price movement, in the same manner as the basket of securities in the swap contract.

### Equity Swap contracts

These instruments give the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. An equity swap can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security and paying an interest stream, or a 'short' exposure where the holder is receiving an interest stream and paying the economic benefits of the underlying security.

It is the intention of each Sub-Fund of the Company that the use of equity swaps will be to either gain access to a market with a restricted trading regime, or to reduce the exposure of the fund to a particular market. An example would be where the sub-fund wishes to purchase a security where the local regulatory and tax jurisdictions make it difficult for a foreign investor to purchase the security. In this situation, the sub-fund will enter into a swap agreement with a counterparty that has the ability to purchase the security locally, and then pass on the economic benefits of the security through a swap agreement.

In the view of the Company, the use of equity swaps is limited to EPM, unless otherwise stated in the Supplement. The use of these instruments is limited to hedging an existing exposure or using the instrument to gain access to a particular market where there is local tax or regulatory restrictions for foreign investors. Where the intention is to gain access to a particular market, the sub-fund will hold in cash or securities with a maturity of three months or less the notional value of that contract. Where the intention is to hedge an existing exposure, it will be based on the Investment Manager's assessment that the assets being hedged can be reasonably expected to behave, in terms of price movement, in the same manner as the basket of securities in the swap contract.

### FX Forwards

These instruments allow the holder to purchase one currency and sell another currency at a pre-determined rate of exchange at a pre-determined date in the future.

It is the intention of each Sub-Fund of the Company that the use of FX forwards will be to hedge the exposure of the relevant Sub-Fund where there exist share classes in a currency other than the base currency of the fund. In addition, the Sub-Fund may use FX forwards to hedge the holdings in the portfolio which are denominated in a currency other than the functional currency of the Sub-Fund and to protect holders of the Sub-fund from a fall in value of the functional currency of the Sub-Fund.

In the view of the Company, the use of FX forwards is to exercise EPM as their use is predominately limited to hedging of a non-functional currency part of the portfolio or a non-functional currency share class.

Financial derivative instruments utilised for the purposes of EPM may only be used in accordance with the investment objective of the relevant Sub-Fund. Any such technique or instrument must be one which (alone or in combination with one or other techniques or instruments) is reasonably believed by the Investment Manager to be economically appropriate to the EPM of the relevant Sub-Fund, i.e. the use of a technique or instrument may only be undertaken for the purpose of one or more of the following: (a) a reduction in risk, (b) a reduction in cost, or (c) an increase in capital or income returns to the relevant Sub-Fund.

### **Risk Management Process for FDI**

Prior to the entry into any financial derivative instruments for the purposes of EPM or investment purposes by a Sub-Fund, the Company will ensure that a risk management process relating to the use of such financial derivative instruments has been adopted on behalf of the relevant Sub-Fund, details of which will be sent to the Central Bank and will be available on request to the Company or the Administrator.

The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent

developments in the risk and yield characteristics of the main categories of investments in respect of the relevant Sub-Fund.

### **Collateral Arrangements**

In so far as a Sub-Fund receives collateral, the following collateral policy applies:

#### Permitted Types of Collateral

##### *Cash collateral*

A Sub-Fund may accept cash collateral in respect of OTC derivatives and/or Securities Financing Transactions (described below).

Reinvestment of cash collateral must at all times meet with the following requirements:

1. Cash collateral received may not be invested other than in the following:
  - (i) deposits with a credit institution authorised in the European Economic Area (EEA) (European Union Member States, Norway, Iceland, Liechtenstein), 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 a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
  - (ii) high-quality government bonds;
  - (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on an accrued basis;
  - (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).
2. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.
3. Diversification (asset concentration): invested cash collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Net Asset Value of the relevant Sub-Fund. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer;

#### Level of Collateral required

The level of collateral required for OTC derivatives is such collateral to ensure, in any event, that counterparty exposure is managed within the limits set out in the section "INVESTMENT RESTRICTIONS" in this Prospectus.

The Company only accepts cash collateral and therefore no haircut policy is required. Prior to accepting non-cash collateral, the Prospectus will be updated.

#### Collateral Risk

Cash received as collateral may be invested in other eligible securities, in accordance with the requirements of the Central Bank. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with such investments, such as failure or default of the issuer of the relevant security.

### **Securities Financing Transactions and total return swaps**

Subject to the investment policies and restrictions for a Sub-Fund set out in the Supplement in respect of a Sub-Fund, a Sub-Fund may enter into one or more repurchase or reverse repurchase transactions ("repo transactions") stocklending (together **Securities Financing Transactions**) and total return swaps for investment and/or EPM purposes. The use of such transactions or agreements is subject to the conditions and limits set out in the Central Bank UCITS Regulations and the Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.

The types of assets of a Sub-Fund that can be subject to a Securities Financing Transactions and total return swaps will be determined by the Investment Manager in accordance with the investment policy of a Sub-Fund and can be debt and debt related securities, structured financial instruments, including asset backed securities, and liquid and near cash assets, such as short-term fixed income securities, instruments and obligations, bills, commercial paper and notes, equity and equity related securities, derivatives and other investments of a Sub-Fund where such assets are permitted investments of a Sub-Fund as specified in the Supplement for a Sub-Fund.

Any Securities Financing Transactions and/or total return swaps will only be entered into with institutions of appropriate financial standing which engage in these types of arrangements and which are acceptable to the Investment Manager and will be on arm's length commercial terms. The Company's counterparties for Securities Lending Transactions are regulated financial institutions headquartered in OECD countries which have, either directly or at parent-level, an investment grade rating from at least two of the three main credit rating agencies.

The use of Securities Financing Transactions and/or total return swaps may only be effected in accordance with normal market practice and all assets received under such transactions will be considered collateral and in order to reduce its exposure to any counterparty through Securities Financing Transactions and/or total return swaps, a Sub-Fund will adopt collateral arrangements as described under the "**Collateral Policy**" section above and will comply with the criteria set out in that section and the methodology for valuing assets as described in the "**Valuation of Assets**" section of this Prospectus, which details the methodology for valuing assets received by a Sub-Fund, whether or not such assets are received as collateral. Such transactions may be subject to daily variation margin payments. In accordance with normal market practice, borrowers will be required to provide collateral to a Sub-Fund of a value of at least equal to the market value of any securities loaned in accordance with the Sub-Fund's collateral policy. Without prejudice to the foregoing, collateral pursuant to Securities Financing Transactions and/or total return swaps must be capable of being valued on at least a daily mark-to-market basis.

Please see **RISK FACTORS** for the risks involved in entering into specific Securities Financing Transactions and/or total return swaps.

The assets and collateral subject to Securities Financing Transactions and total return swaps shall be held by the Depositary.

Direct and indirect operational costs and fees incurred in performing these transactions may be deducted from any associated revenue delivered to a Sub-Fund. All such revenue, net of direct and indirect

operational costs, will be returned to the relevant Sub-Fund. Such costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The entities to which such costs and fees are paid will be disclosed in the annual report and audited accounts of the Company.

Unless otherwise specified in the Supplement for a Sub-Fund, the expected proportion of assets under management that will be subject to each type of Securities Financing Transactions and total return swaps are as follows:

repurchase transactions (including reverse repurchase transactions)	expected to vary between 0% and 5% of the Net Asset Value of a Sub-Fund
total return swaps	expected to vary between 0% and 20% of the Net Asset Value of a Sub-Fund

Such variations may be dependent on, but are not limited to, factors such as total fund size, borrower demand to borrow stocks from the underlying market and seasonal trends in the underlying market.

The maximum proportion of assets under management that will be subject to Securities Financing Transactions and/or total return swaps is 100% of the Net Asset Value of a Sub-Fund.

### **BORROWING AND LENDING POWERS**

- (1) A Sub-Fund may only borrow an amount which in the aggregate does not exceed 10 % of its Net Asset Value. Such borrowings may, however, only be made on a temporary basis. A Sub-Fund may charge its assets as security for such borrowings.
- (2) A Sub-Fund may acquire foreign currency by means of a "back-to-back" loan. Foreign currency obtained in this manner is not regarded as borrowings for the purposes of the borrowing restrictions set out at (1) above provided that the offsetting deposit:-
  - (a) is denominated in the base currency of the relevant Sub-Fund; and
  - (b) equals or exceeds the value of the foreign currency loan outstanding.

Where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purpose of this Section.

- (3) A Sub-Fund may not, save as set out in (1) above, mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any securities owned or held by the Sub-Fund provided that the purchase or sale of securities on a when-issued or delayed-delivery basis, and placing of margin monies with brokers with respect to the writing of options or the purchase or sale of forward or futures contracts, are not deemed to be the pledge of the assets.
- (4) Without prejudice to the powers of a Sub-Fund to invest in transferable securities, the Company may not lend or act as guarantor on behalf of third parties.
- (5) A Sub-Fund may lend securities for the purpose of EPM, in accordance with the guidelines laid down from time to time by the Central Bank.

### **RISK WARNINGS**

Potential investors should consider the following risks before investing in any of the Sub-Funds. The investment objective and policies for each Sub-Fund are set forth in the relevant Supplement. Certain of the Sub-Funds' investment policies involve certain risks that a prospective investor should keep in mind.

Any additional risks specific to a Sub-Fund will be set out in the relevant Supplement. None of the Sub-Funds is intended to be a complete investment programme, and there is no assurance that any Sub-Fund will achieve its objective.

## **General**

It should be remembered that the price of Shares and the income from them may fall as well as rise, and that investors may not get back the amount they have invested. In addition to market factors, changes in exchange rates may cause the value of Shares to go up or down.

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirements within their own countries of residence for the purchase of Shares, (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of the purchase and repurchase of Shares.

Investment in certain securities markets involves a greater degree of risk than usually associated with investment in the securities of other major securities markets. Potential investors should consider the following risks before investing in any of the Sub-Funds.

## **Segregated Liability**

Each Sub-Fund is a segregated portfolio of assets and will accordingly bear its own liabilities, and will be solely liable to third parties for all the liabilities of the relevant Sub-Fund.

While the provisions of the Act provide for segregated liability between Sub-Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditor claims. Accordingly, it is not free from doubt that the assets of any Sub-Fund of the Company may be exposed to the liabilities of other funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Sub-Fund of the Company.

Allocation of non Sub-Fund specific liabilities: In addition, where the liability is not Sub-Fund specific liability, such liability will be apportioned between all Sub-Funds of the Company on a pro rata basis to the amount paid up on the Shares of each such Sub-Fund. In each case the apportionment of such liabilities will reduce the return that would otherwise have been payable on Shares in each Sub-Fund accordingly. Each Class within each such Sub-Fund will then be charged the proportion of the unsatisfied liability that is charged to that Sub-Fund pro rata to the amount paid up on the Shares of each Class of such relevant Sub-Fund.

## **Currency Risk**

The Net Asset Value per Share will be computed in the base currency of the relevant Sub-Fund, whereas a Sub-Fund's investments may be acquired in a wide range of currencies, some of which may be affected by currency movements of a more volatile nature than those of developed countries and some of which may not be freely convertible. It may not be possible or practicable to hedge against the consequent currency risk exposure and in certain instances the Investment Manager may consider it desirable not to hedge against such risk. The Investment Manager may enter into cross currency hedging transactions in relation to any Sub-Fund if such is provided for in the relevant Supplement to this Prospectus.

To the extent that a Sub-Fund employs a strategy of hedging the return of a particular Class of Shares to an exchange rate other than the relevant Sub-Fund's Base Currency, this may substantially limit Shareholders of that Class from benefiting if the currency to which it is hedged falls against the Base Currency of the relevant Sub-Fund.

## **Market Risk**

Some of the Markets on which the Sub-Funds may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which a Sub-Fund may liquidate positions to meet repurchase requests or other funding requirements. Potential investors should also note that some Sub-Funds may have exposure to the securities of small capitalisation companies which are less liquid and this may result in fluctuations in the price of the Shares of the relevant Sub-Fund.

### **Settlement and Credit Risks**

The trading and settlement practices of some of the stock exchanges or markets on which the Sub-Funds may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by the Sub-Funds. In addition, Sub-Funds will be exposed to credit risk on parties with whom they trade and will bear the risk of settlement default. The Depositary may be instructed by the Investment Manager to settle transactions on a delivery free of payment basis where the Investment Manager believes that this form of settlement is appropriate. Shareholders should be aware, however, that this may result in a loss to a Sub-Fund if a transaction fails to settle and the Depositary will not be liable to the Sub-Fund or to the Shareholders for such a loss if the Depositary is acting pursuant to specific proper instructions.

### **Regulatory Risks and Accounting Standards**

Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed OECD countries and there may be less publicly available information on the issuers than is published by or about issuers in such OECD countries. Consequently, some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of shareholder protection or information to investors as would generally apply in many developed OECD countries. In particular, greater reliance may be placed by the auditors on representations from the manager of a company and there may be less independent verification of information than would apply in many developed OECD countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.

### **Political Risks**

The performance of a Sub-Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Sub-Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

### **Valuation Risk**

Sub-Funds may invest some of their assets in unquoted securities or quoted securities for which there is no reliable price source available. Such investment will be valued at the probable realisation value as determined in accordance with the provisions set out in the section "Valuation of Assets". Estimates of the fair value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. A Sub-Fund may, for the purpose of EPM, invest in derivative instruments and there can be no assurance that the value as determined in accordance with the section "Valuation and Assets" reflects the exact amount at which those instruments may be "closed out".

### **Investment Manager Risk**

Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of a Sub-Fund's investments and the Investment Manager's other duties and responsibilities in relation to the relevant Sub-Fund, potential investors should note that the Investment Manager may value unlisted securities and the fees of the Investment Manager based on Net Asset Value will increase as the Net Asset Value of the Sub-Fund increases.

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

Where a Sub-Fund acquires securities on over-the-counter markets, there is no guarantee that the Sub-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.

### **Custody Risk**

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Sub-Fund may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Sub-Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

### **Withholding Tax Risk**

The income and gains of a Sub-Fund from its securities and assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. See Section headed "Taxation".

### **Taxation**

Potential investors' attention is drawn to the taxation risks associated with investing in a Sub-Fund. See section headed "Taxation".

### **Interest Rate Risk**

The fixed and floating rate securities in which a Sub-Fund may invest may be interest rate sensitive, which means that their value and, consequently, the Net Asset Value of that Sub-Fund may fluctuate as interest rates fluctuate. An increase in interest rates will generally reduce the value of the fixed income securities. Such a Sub-Fund's performance, therefore, will depend in part on the Investment Manager's ability to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns to such a Sub-Fund while attempting to minimise the associated risks to its investment capital.

### **Emerging Markets Economies**

The economies of emerging markets in which certain Sub-Funds may invest, may differ favourably or unfavourably from the economies of industrialised countries. The economies of developing countries are generally heavily dependent on international trade and have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed and negotiated by the countries with which they trade. Investments in emerging markets entails risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding tax on income at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed market economies. There is also a possibility that redemption of Shares following a redemption request may be delayed due to the illiquid nature of the assets. As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to correspondents in circumstances where the use of such correspondents is necessary may be exposed to risk. There can be no assurance that losses will not arise to the Company from the actions, or inaction or insolvency of such correspondents, particularly since regulations and the standards of administration in emerging market countries may be underdeveloped and not of the standard experienced in most industrialised economies.

### **Futures and Options Risk**

The Investment Manager may engage in various portfolio strategies on behalf of the Sub-Funds through the use of futures and options. Due to the nature of futures trading, cash to meet margin monies will be held by a broker with whom a Sub-Fund has an open position. In the event of the insolvency or bankruptcy of a broker, there can be no guarantee that such monies will be returned to a Sub-Fund. On execution of an option, a Sub-Fund may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is "in the money". The Investment Manager is fully aware of these counterparty risks and has in place procedures designed to monitor and limit counterparty risks.

### **Default Risk**

A Sub-Fund will, by investing in swaps or total return swaps, be exposed to the creditworthiness of the counterparty and any clearing broker and their ability to satisfy the terms of derivative contracts entered into. Accordingly, a Sub-Fund may be exposed to the risk that the counterparty or clearing broker may default on their respective obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of either the counterparty or clearing broker, a Sub-Fund could experience delays in liquidating its positions as well as suffer significant losses, including declines in value during the period in which the Sub-Fund seeks to enforce its rights, the inability to realise any gains during such period and fees and expenses incurred in enforcing its rights.

The investment risks set out in this Prospectus are not purported to be exhaustive.

## MANAGEMENT AND ADMINISTRATION

### Directors

The Directors of the Company are:

Mike Kirby  
Richard Grant  
Brian Wilkinson  
Ian Barnes

#### **Mike Kirby**

Mike Kirby, Irish resident, is Managing Principal of KB Associates, a firm which provides a range of advisory and project management services to the promoters of off-shore mutual funds. He has held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) where he was responsible for the establishment and management of its investor servicing business in Ireland. Prior to this he was Vice President product management & marketing global securities services with J P Morgan (previously Chase Manhattan Bank) (1993-1995) in London and prior to this he was responsible for the establishment of Daiwa Securities fund administration business in Dublin (1989-1993). From 2000-2002 he was a Senior Vice President of MiFund Inc, a privately owned mutual funds supermarket incorporated in the USA, and Managing Director of MiFund Services Limited its wholly owned Irish subsidiary. Mr. Kirby holds a Bachelor of Commerce (Hons) from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland. He was a founder member of the Irish Funds Industry Association.

#### **Richard Grant**

Richard Grant is Chief Operating Officer of the Investment Manager. Prior to joining Veritas in March 2004, Richard was the European Finance Director of Perry Capital, an Event-Driven hedge fund manager. Before joining Perry Capital in July 2000, he was manager of the Corporate Reporting Department for Merrill Lynch Europe. Richard qualified as a Chartered Accountant with KPMG in 1991 and holds an MA in Accounting and Economics from Edinburgh University.

#### **Brian Wilkinson**

Mr. Brian Wilkinson currently acts as an independent non-executive director to a number of investment funds domiciled in Ireland and abroad. Previously, Mr. Wilkinson held the position of Managing Director of HSBC Securities Services (Ireland) Limited (2001-2006), Managing Director of Fortis Fund Services (Ireland) Limited (1995-2001), Executive Director of Fortis Fund Services (Isle of Man) Limited (1992-1995) and executive Director of GAM Administration Limited (1986-1992). Mr. Wilkinson has over 20 years experience in senior management positions in the fund administration industry and has been a director of over 50 investment funds during this period.

#### **Ian Barnes**

Ian Barnes is currently Chief Executive Officer at Veritas Asset Management LLP, a role he has held since January 2017. Prior to this, he was the Head of UBS Asset Management, UK & Ireland (CEO Legal Entities), from 2012. From 2001 to 2012 Mr. Barnes held a number of roles within Russell Investments. Mr. Barnes originally joined Russell as a Senior Investment Consultant in 2001 and was responsible for a book of UK and multi-national blue-chip corporate clients. This role evolved into a focus on Fiduciary Management where Mr. Barnes helped drive the development of Russell's business in EMEA. From 2007 onwards Mr. Barnes moved out of consulting and became head of a new business for Russell called OpenWorld, which was a single manager platform designed to identify and distribute high quality, inaccessible boutique managers to an institutional and wealth management client base.

As the day to day management and the running of the Company has been delegated to the Investment Manager, all of the Directors of the Company are non-executive.

The address of all the Directors, for the purposes of the Company, is the registered office of the Company.

None of the Directors have ever:

- (i) had any unspent convictions in relation to indictable offences; or
- (ii) been a director of any company or partnership which, while he was a director with an executive function or partner at the time of or within the 12 months preceding such events, been declared bankrupt, went into receivership, liquidation, administration or voluntary arrangements; or
- (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of affairs of any company.

## **Depository**

Pursuant to the agreement dated 11 October 2016 between the Company, and the Depository (the "Depository Agreement") and for the purposes of and in compliance with the UCITS Regulations, the Depository has been appointed as depository to the Company.

The Depository was incorporated in Ireland on 29 November 1991 and is regulated by the Central Bank of Ireland. The Depository is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales.

The Depository provides services to the Company as set out in the Depository Agreement and, in doing so, shall comply with the UCITS Regulations.

The Depository's duties include the following:-

- (i) safekeeping the assets of the Company's, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly;
- (ii) ensuring that the Company's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to shares of the Company have been received;
- (iii) carrying out its oversight functions and ensuring that issues, redemptions and cancellations and the valuation of the shares of the Company are calculated in accordance with the UCITS Regulations;
- (iv) carrying out the instructions of the Company, unless they conflict with the UCITS Regulations;
- (v) ensuring that the transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (vi) ensuring that the Company's income is applied in accordance with the UCITS Regulations.

The Depository may delegate its safekeeping functions to one or more delegates in accordance with, and subject to the UCITS Regulations and on the terms set out in the Depository Agreement. The performance of the safekeeping function of the Depository in respect of certain of the Company's assets has been delegated to the delegates and sub-delegates listed in Appendix II. An up to date list of any such delegate(s) or sub-delegates is available from the Company on request. The Depository will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depository or a delegate on its behalf.

Subject to the paragraph below, and pursuant to the Depository Agreement, the Depository will be liable to the Company for the loss of financial instruments of the Company which are entrusted to the Depository for safekeeping. The Depository shall also be liable for all other losses suffered by the Company as a result of its negligence or intentional failure to properly fulfil its obligations under the UCITS Regulations.

The liability of the Depository will not be affected by the fact that it has delegated safekeeping to a third party.

The Depository will not be liable where the loss of financial instrument held in custody by the Depository arises as a result of an external event beyond the reasonable control of the Depository, the consequences

of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

The Company shall indemnify the Depositary, every delegate and their respective officers, agents and employees (“**Indemnified Persons**”) on an after-tax basis in respect of any and all Liabilities (as defined in the Depositary Agreement) brought against, suffered or incurred by that Indemnified Person as a result of or in connection with:

- (i) the appointment of the Depositary under the Depositary Agreement or the performance by the Depositary of the services set out in the Depositary Agreement;
- (ii) any breach by the Company of Applicable Law (as defined in the Depositary Agreement), the Constitutional Documents, the Depositary Agreement, this Prospectus or fraud, negligence or wilful default of the Company to disclose to investors any information required by the Depositary Agreement or the UCITS Regulations, or to provide to the Depositary with any information required by the Depositary in order to provide the services listed in the Depositary Agreement;
- (iii) any Identified Custody Risk or any Identified Segregation Risk (as defined in the Depositary Agreement);
- (iv) the registration of Financial Instruments and Other Assets in the name of the Depositary or any delegate or Settlement System (as defined in the Depositary Agreement);
- (v) any breach of or default under any of the representations, warranties, covenants, undertakings or agreements made by the Depositary, a delegate or sub-delegate of a delegate (or a nominee of the Depositary, a delegate or sub-delegate of a delegate) on behalf of the Company in connection with any subscription agreements, application forms, investor questionnaires, purchase agreements, related documentation or similar materials relating to the Company's Fund's investment in any collective investment scheme, managed account, investment company, Underlying Structure (as defined in the Depositary Agreement) or similar pooled investment vehicle on behalf of the Company,

provided that such indemnity shall not apply to any Liabilities (as defined in the Depositary Agreement) arising out of the negligence, fraud or wilful default of the Indemnified Person or to the extent that such indemnity would require the Company to indemnify the Depositary for any loss for which the Depositary is liable to the Company under the UCITS Regulations.

The Depositary's liability to the investors of the Company may be invoked directly or indirectly though the Company provided this does not lead to duplication of redress or to unequal treatment of Shareholders.

The appointment of the Depositary under the Depositary Agreement may be terminated without cause by not less than (90) days written notice provided that the Depositary Services Agreement does not terminate until a replacement Depositary has been appointed.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Company and has a financial or business interest in such product or service, or receives remuneration for other related products or services it provides to the Company. The Depositary maintains a conflict of interest policy to address this.

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary (or any of its affiliates) act. Potential conflicts of interest may also arise between the Depositary and its delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to the applicable laws.

The Depositary Agreement provides that the appointment of the Depositary will continue in force until terminated by either the Company or the Depositary giving to the other not less than ninety days' notice in writing (or such shorter notice as such other party may agree to accept) expiring at any time, provided that either the Company or the Depositary may forthwith terminate the Depositary Agreement by notice taking immediate or subsequent effect if any such other party (the "Defaulting Party") shall at any time during the continuance of the Depositary Agreement:-.

- (a) commit any material breach of the Depositary Agreement or commit persistent breaches of the Depositary Agreement which is or are either incapable of remedy or have not been remedied within thirty (30) days of the other party serving notice upon the Defaulting Party requiring it to remedy same;
- (b) be unable to pay its debts as they fall due or otherwise become insolvent or enter into any composition or arrangement with or for the benefit of its creditors or any class thereof;
- (c) be the subject of any petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer to it or in respect of its affairs or assets;
- (d) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues;
- (e) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties;
- (f) be subject to a court order for its winding up or liquidation.

Save as provided for above the Company may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor Depositary shall have been appointed in accordance with the Articles and with the prior approval of the Central Bank.

If the Depositary shall have given to the Company notice of its desire to retire from its appointment and no successor shall have been appointed in accordance with the Articles within ninety days from the giving of such notice, the Depositary may by written notice to the Company immediately require the Company to redeem or repurchase all Shares and the Depositary's appointment hereunder shall terminate on the occurrence of such redemption or repurchase and on revocation of the Central Bank's authorisation of the Company.

Upon the termination of the Depositary Agreement the Depositary shall deliver the securities, cash and any other property of the Company in its custody hereunder to such person as the Company may nominate as successor Depositary provided that such successor is approved by the Central Bank; provided, however, that the Depositary shall not be required to make any such delivery or payment until full payment shall have been made by the Company of all liabilities constituting a charge on or against the properties held by the Depositary or on or against the Depositary, and until full payment shall have been made to the Depositary of all its fees, compensation, costs and expenses due to it under the provisions of the Depositary Agreement.

The Depositary Agreement shall terminate automatically upon revocation by the Central Bank of its authorisation of the Company.

The Depositary Agreement provides that the Depositary shall be indemnified out of the assets of the Company from and against all costs, liabilities and expenses arising to the Depositary pursuant to the Depositary Agreement otherwise than by reason of the negligent or intentional failure of the Depositary to perform its obligations pursuant to the UCITS Regulations.

The Depositary in no way acts as guarantor or offeror of the Company's shares or any underlying investment. The Depositary is a service provider to the Company and has no responsibility or authority to

make investment decisions, or render investment advice, with respect to the assets of the Company. Save as required by the UCITS Regulations, the Depositary is not responsible for, and accepts no responsibility or liability for, any losses suffered by the Company or any Shareholders in the Company, as a result of any failure by the Company or the Investment Manager to adhere to the Company's investment objectives, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Depositary is a service provider to the Company and is not responsible for the preparation of this document or for the activities of the Company and therefore accepts no responsibility for any information contained, or incorporated by reference, in this document.

### **Investment Manager/Promoter**

The Company has delegated its discretionary investment management function to Veritas Asset Management LLP, a limited liability partnership incorporated under the laws of England and Wales on 30 April 2014. The Investment Manager is authorised and regulated by the Financial Conduct Authority of the UK and currently has assets under management of approximately GBP15.3 billion as at 31 March 2017. Veritas Asset Management LLP is also a registered investment adviser with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940.

The Investment Manager may also provide investment management services to other funds and unit trusts, institutional and private investors. The Directors are satisfied that this situation does not give rise to any actual or potential conflict of interest. However, if any conflict of interest should arise the Investment Manager will ensure that it is resolved fairly in accordance with its conflicts of interest policy.

The Company has appointed the Investment Manager as discretionary investment manager in respect of the Sub-Funds.

The Investment Manager may delegate discretionary investment management to one or more sub-investment managers in respect of any Sub-Funds. Information on these entities will be provided to Shareholders on request. Details of all sub-investment managers will be disclosed in the Company's periodic reports.

The Investment Management Agreement may be terminated by either party on not less than six months notice, or earlier in certain conditions specified in the Investment Management Agreement and shall terminate automatically on the termination howsoever arising of the Sub-Funds. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than in respect of matters arising by reason of its fraud, wilful default, bad faith, negligence or reckless disregard of its obligations thereunder.

### **United Kingdom Representative to the Company**

The Investment Manager will also act as the United Kingdom representative to the Company. In performing this role, Veritas Asset Management LLP will be responsible for promoting and marketing the Company in the United Kingdom. The address at which facilities will be maintained to process any complaints that may be received from persons in the United Kingdom concerning the Company or the management thereof is 1<sup>st</sup> Floor, 90 Long Acre, London WC2E 9RA. This address is the Investment Manager's principal place of business in the United Kingdom. The Investment Manager will not be paid any monies or other consideration in carrying out this role.

### **Administrator**

The Company has appointed HSBC Securities Services (Ireland) DAC as administrator and registrar of the Company pursuant to the Administration Agreement. The Administrator will have responsibility for the administration of the Company's affairs including the calculation of the Net Asset Value and preparation of the accounts of the Company, subject to the overall supervision of the Directors.

The Administrator was incorporated in Ireland as a limited liability company on 29 November 1991 and is a wholly owned subsidiary of HSBC Holdings plc. As at 30 June 2016, HSBC Holdings Plc had consolidated gross assets of approximately US \$ 2,608 billion.

The Administration Agreement and the appointment of the Administrator shall continue in force until terminated by either the Company or the Administrator giving to the other not less than ninety days' notice in writing expiring at any time provided that this Agreement may be determined forthwith by the Company or the Administrator by notice taking immediate or subsequent effect if any party hereto (the "Defaulting Party") shall at any time during the continuance of the Administration Agreement:-

- (a) commit any material breach of the Administration Agreement or commit persistent breaches of the Administration Agreement which is or are either incapable of remedy or have not been remedied within thirty (30) days of the other party serving notice upon the Defaulting Party requiring it to remedy same;
- (b) be unable to pay its debts as they fall due or otherwise become insolvent or enter into any composition or arrangement with or for the benefit of its creditors or any class thereof;
- (c) be the subject of any petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer to it or in respect of its affairs or assets;
- (d) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues;
- (e) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party;
- (f) be the subject of a court order for its winding up or liquidation;
- (g) have its authorisation by the Central Bank revoked.

The termination of the Administration Agreement shall be without prejudice to any rights that may have accrued hereunder to any party to the Administration Agreement before such termination.

The Administration Agreement contains indemnities in favour of the Administrator other than matters arising by reason of its fraud, wilful default or negligence in the performance of its duties and obligations, and also contains provisions regarding the Administrator's legal responsibilities.

#### **PORTFOLIO TRANSACTIONS/ SHARE DEALING**

The Investment Manager, the Depositary, the Administrator and any associate of the Investment Manager, the Depositary or the Administrator may:-

- (a) become the owner of Shares in the Company and hold, dispose of or otherwise deal with Shares as if that entity were not such an entity; or
- (b) deal in property of any description on that entity's individual account notwithstanding the fact that property of that description is included in the property of the Company; or
- (c) act as principal or agent in the sale or purchase of property to or from the Depositary for the account of the Company without that entity having to account to any other such entity, to the Shareholders or to any of them for any profits or benefits made by or derived from or in connection with any such transaction:-

Provided that such transactions are carried out as if effected on normal commercial terms negotiated at arms length and such transactions must be in the best interests of Shareholders and are subject to:-

- (i) a certified valuation of such transaction by an entity approved by the Depositary (or in the case of a transaction with the Depositary, an entity approved by the Directors) as independent and competent has been obtained, or
- (ii) such transaction has been executed on best terms on organised investment exchanges under their rules, or
- (i) where the conditions set out in (i) or (ii) above are not practical, the transaction is executed on terms which the Depositary is (or in the case of a transaction with the Depositary, the Directors are) satisfied conform with the principle outlined above.

The Investment Manager or an Associated Company of the Investment Manager may invest in Shares of certain Sub-Funds (seeding money) for the purposes of ensuring that these Sub-Funds have a viable minimum size sufficient to enable an appropriate degree of diversification at a reasonable cost to be achieved. In such circumstances, the Investment Manager or an Associated Company of the Investment Manager may hold a high proportion of the Shares in issue. As the Sub-Funds grow in size, it is intended that such Shares will be redeemed.

### **CONFLICTS OF INTEREST**

The Investment Manager, the Depositary, the Administrator and their respective affiliates, officers and shareholders (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 a Sub-Fund. These include management of other funds, purchases and sales of securities, investment and management counselling, brokerage services, trustee and custodial services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which a Sub-Fund may invest. In particular, it is envisaged that the Investment Manager may be involved in managing or advising on the investments of other investment funds which may have similar or overlapping investment objective to or with a Sub-Fund and that investment opportunities shall be fairly allocated to their respective clients. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the Directors shall endeavour to ensure that it is resolved fairly and in the interests of Shareholders.

From time to time conflicts of interest may arise as a result of the discharge of the Depositary's obligation under the Depositary Agreement or in relation to any delegation. Conflicts of interest may arise for the Depositary or its delegates where the Depositary or its delegate:

- is likely to make a financial gain, or avoid a financial loss at the expense of the Company or its investors;
- has an interest in the outcome of a service or an activity provided to the Company or of a transaction carried out on behalf of the Company which is distinct from the Company's interest;
- has a financial or other incentive to favour the interest of another client or group of clients over the interests of the Company;
- carries on the same activities for the Company and for other clients that adversely affect the Company; or
- is in receipt of inducement in the form of monies, good or services other than the standard commission or fee for that service.

Such conflict of interest may arise, for example, where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. The Depositary will notify the board of the Company of any such conflict should it so arise.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to investors on request from the Depositary.

### **DEALING COMMISSIONS**

The Investment Manager shall be entitled to effect transactions with or through the agency of another person with whom the Investment Manager has an arrangement under which that person will from time to time provide to or procure for the Investment Manager services or other benefits, the nature of which are such that they are lawful and appropriate aids to the Investment Manager in carrying out its investment decision making responsibilities and in the provision of investment services to the Company and for which it makes no direct payment but instead undertakes to place business with that person. In any such arrangements the Investment Manager must ensure that:-

- (i) the counterparty to the arrangement provides best execution to the company;
- (ii) benefits of the arrangements must be those which assist in the provision of investment services to the Company;
- (iii) there is adequate disclosure in the Prospectus and the Company's annual reports.

### **CHARGES AND EXPENSES**

The Administrator will reflect appropriate accruals for all charges and expenses including management fees in the daily Net Asset Value of each Sub-Fund. While the accruals will not be the exact fee that is ultimately paid, it will represent an accurate estimate.

#### **Investment Manager**

Details of the fee payable to the Investment Manager under the Investment Management Agreement in respect of the Sub-Funds of the Company are set out in the Supplement for each Sub-Fund.

The Investment Manager will be entitled to receive and retain for its own account the Sales Charge on the issue of Shares. The Investment Manager will also be entitled to reimbursement of all reasonable vouched out-of-pocket costs (including, but not limited to, expenses for legal, auditing and consulting services) and investment related expenses, to include software expenses (and any value added tax payable on any disbursement including trading advisory fees) incurred for the benefit of the Company. All or part of this Sales Charge may be remitted to any distributors or agents. (See "Applications for Shares" below.)

If shares of funds are being acquired which are managed by the Investment Manager either directly or indirectly or which are managed by a company related to the Investment Manager by virtue of common management, control or a direct or indirect interest of more than 10% of the capital or the votes, the Investment Manager may only charge an investment management fee of 0.25% of the net assets of the relevant Sub-Fund. In addition, the Investment Manager may not attribute any sales or repurchase charge of such funds to the relevant Sub-Fund.

#### **Administrator**

Details of the fee payable to the Administrator, under the Administration Agreement in respect of the Sub-Funds of the Company are set out in the Supplement for each Sub-Fund.

#### **Depositary**

Details of the fee payable to the Depositary, under the Depositary Agreement in respect of the Sub-Funds of the Company are set out in the Supplement for each Sub-Fund.

## General

The costs, charges and expenses which may be charged to the Company include, but are not limited to: all taxes which may be due on the assets and the income of the Company, usual banking and brokerage fees due on transactions involving portfolio securities of the Company (the latter to be included in the acquisition price and to be deducted from the selling price); insurance, postage, telephone, facsimile and telex; the cost of obtaining valuation prices of investments (to include the cost of any software used in that regard); Directors' fees and remuneration of officers and employees of the Company; remuneration and out-of-pocket expenses of the Investment Manager, the Depositary and the Administrator and of representatives in other jurisdictions where the shares are qualified for sale, and of all other agents employed on behalf of the Company; such remuneration may be based on the net assets of the Company or on a transaction basis or may be a fixed sum; formation expenses; marketing and promotional expenses; the cost of printing certificates and proxies; the cost of incorporating the Company and the preparation of all other documents concerning the Company including registration statements and offering circulars with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering of Shares; the cost of qualifying the Company for the sale of Shares in any jurisdiction or a listing on any stock exchange; the cost of the annual levy with the Central Bank; the cost of preparing, printing and publishing in such languages as are necessary, and distributing annual and semi-annual reports and such other reports or documents as may be desirable or required under the applicable laws or regulations of the above-cited authorities; the cost of accounting and book keeping, the cost of calculating the Net Asset Value of Shares of each Sub-Fund, the cost of processing shareholder transactions, including the cost of availing of or operating any straight through processing or other automated systems (which may be allocated to Sub-Funds based on the proportion of such transactions attributable to each Sub-Fund) the cost of preparing, printing, publishing and distributing public notices and other communications, including but not limited to newspaper notices, to the Shareholders, legal and auditing fees; registrar's fees; and all other similar charges and expenses in each case, plus any applicable VAT.

Expenses will be charged to the Sub-Fund in respect of which they were incurred or, where an expense is not considered by the Administrator to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro rata to the value of the net assets of the relevant Sub-Funds.

## Remuneration Policy

Taking into account the internal organisation and nature, scale and complexity of the Company's activities, the Directors have put in place a remuneration policy (the **Remuneration Policy**) which is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times, taking into consideration the need to align risks in terms of risk management and exposure to risk and for the policies to be in line with the business strategy, objectives and interests of the Company.

The Directors consider the Remuneration Policy and practices for the Directors, whose activities may have a material impact on the risk profiles of the Company, are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile of the Company. The Company's Remuneration Policy is designed to be consistent with the requirements of the UCITS Regulations and the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD.

The Company has no employees to whom remuneration is paid. The Directors are paid fixed fees in accordance with this Prospectus and none of the Directors will have a performance based variable component to their remuneration. The components of any variable element to remuneration arrangements will be in accordance with the Regulations.

The Investment Manager is subject to the FCA's remuneration code, and accordingly implements remuneration policies designed to manage conflicts of interest.

The total amount of remuneration for the financial year paid by the Company to its identified staff will be

disclosed in the Company's annual audited financial statements, as must the aggregate amount of remuneration broken down by senior management (i.e. the Directors) whose actions have a material impact on the risk profile of the Company.

The details of the Company's remuneration policy are available on [www.veritas-asset.com](http://www.veritas-asset.com) and a copy will be made available free of charge on request.

### **Infringement Policy**

The Company has in place appropriate procedures for the reporting of infringements internally through a specific, independent and autonomous channel, in compliance with the Regulations.

## **DIVIDENDS**

The Articles provide for the Company to distribute in respect of each accounting period not less than 85 % of surplus net income represented by the dividends and interest received for each Sub-Fund to the holders of Shares of the relevant Sub-Fund, after charging expenses and various other items, as set out under "Charges and Expenses", as are attributable to the income of that Sub-Fund. In addition, the Company may distribute to the holders of Shares of the relevant Sub-Fund such part of any net realised capital gains attributable to the relevant Sub-Fund as is, in their opinion, appropriate to maintain a satisfactory level of distribution. It is intended that dividends for all Sub-Funds will normally be paid annually not later than 30 January in each year, although the Directors have the power under the Articles to make an interim distribution in each year. Shareholders of Shares described as accumulating Shares will not receive payment in respect of any such distribution or dividend. The price of accumulating Shares shall rise by the net income earned per accumulating Share.

Subject as mentioned under "Reinvestment of dividends" (see below) payment of distributions will be made by generally by credit transfer in the relevant base currency sent, at the risk of persons entitled thereto, to Shareholders at their addresses (or first address, in the case of any joint holding) shown in the register of Shareholders or as they may otherwise direct.

Each Sub-Fund will maintain an equalisation account with a view to ensuring that the level of dividends payable on Shares (or the reportable income arising in respect of any Class approved as a reporting fund) is not affected by the issue and redemption of such Shares during an accounting period. The subscription price of such Shares will therefore be deemed to include an equalisation payment calculated by reference to the accrued income of the Sub-Fund and the equalisation payment will be refunded to the Shareholders as part of their first distribution, but for tax purposes will be treated as a return of capital. The redemption price of each Share will also include an equalisation payment in respect of the accrued income of the Sub-Fund up to the date of redemption.

The Directors may compulsorily redeem from such Shareholder holding Shares of such value as is necessary to offset any liability to taxation or withholding tax arising as a result of the relevant Shareholder's holding of Shares or its beneficial ownership of them, or its disposal of them.

The Directors intend that, for any Class that is intended to be a "reporting fund" for the purposes of United Kingdom taxation, the Company will pay such dividends and report such income as may be required in order for that Class to qualify as a "reporting fund".

Any distributions remaining unclaimed after a period of six years will lapse and such distributions shall be transferred to the relevant Sub-Fund.

No dividend is payable to holders of Management Shares.

## **REINVESTMENT OF DIVIDENDS**

Shareholders may, either when applying for Shares or subsequently, request the Company in writing to reinvest distributions to which they are entitled in the subscription of further Shares of the Sub-Fund to which the dividend relates. Such further Shares will be issued on the date of distribution or, if that is not a Dealing Day, on the next following Dealing Day at a price calculated in the same way as for other issues of Shares but without incurring any Sales Charge. There is, however, no minimum number of such further Shares which may be so subscribed and fractions of Shares will be issued if necessary. Every such request by a Shareholder will remain effective until countermanded in writing or, if earlier, the person making the request ceases to be a Shareholder.

Non-corporate investors who are resident in the United Kingdom should note that all distributions made from the Company are assessable to United Kingdom income tax (as is reportable income arising in respect of any Class approved as a reporting fund) notwithstanding their reinvestment in further Shares in the Company. See the "United Kingdom Taxation" section below for further details.

## **TAXATION**

### **General**

**The following statements are by way of a general guide to potential investors and Shareholders only and do not constitute tax advice. Shareholders and potential investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

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

Shareholders and potential investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this Document and proposed regulations and legislation in draft form. 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.

### **Ireland**

#### **Tax on Income and Capital Gains**

##### **The Company**

The Company will only be subject to tax on chargeable events in respect of Shareholders who are Irish Taxable Persons (generally persons who are resident or ordinarily resident in Ireland for tax purposes - see the section headed "Certain Irish Tax Definitions" for more details).

A chargeable event occurs on for example:

- (i) a payment of any kind to a Shareholder by the Company;
- (ii) a transfer of Shares; and
- (iii) on the eighth anniversary of a Shareholder acquiring Shares and every subsequent eighth anniversary

but does not include any transaction in relation to Shares held in a clearing system recognised by the Irish Revenue Commissioners, certain transfers arising as a result of an amalgamation or reconstruction of fund vehicles and certain transfers between spouses or former spouses.

If a Shareholder is not an Irish Taxable Person at the time a chargeable event arises no Irish tax will be payable on that chargeable event in respect of that Shareholder.

Where tax is payable on a chargeable event, subject to the comments below, it is a liability of the relevant Sub-Fund which is recoverable by deduction or, in the case of a transfer and on the eight year rolling chargeable event by cancellation or appropriation of Shares from the relevant Shareholders. In certain circumstances, and only after notification by the Company to a Shareholder, the tax payable on the eight year rolling chargeable event can at the election of the Company become a liability of the Shareholder rather than the Company. In such circumstances the Shareholder must file an Irish tax return and pay the appropriate tax (at the rate set out below) to the Irish Revenue Commissioners.

In the absence of the appropriate declaration being received by the Company that a Shareholder is not an Irish Taxable Person or if the Company has information that would reasonably suggest that a declaration is incorrect, and in the absence of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with (or following the withdrawal of, or failure to meet any conditions attaching to such approval), the Company will be obliged to pay tax on the occasion of a chargeable event (even if, in fact, the Shareholder is neither resident nor ordinarily resident in Ireland). Where the chargeable event is an income distribution tax will be deducted at the rate of 41%, or at the rate of 25% where the Shareholder is a company and the appropriate declaration has been made, on the amount of the distribution. Where the chargeable event occurs on any other payment to a Shareholder, not being a company which has made the appropriate declaration, on a transfer of Shares and on the eight year rolling chargeable event, tax will be deducted at the rate of 41% on the increase in value of the shares since their acquisition. Tax will be deducted at the rate of 25% on such transfers where the Shareholder is a company and the appropriate declaration has been made. In respect of the eight year rolling chargeable event, there is a mechanism for obtaining a refund of tax where the Shares are subsequently disposed of for a lesser value.

An anti-avoidance provision increases the 41% rate of tax to 60% (80% where details of the payment/disposal are not correctly included in the individual's tax return) if, under the terms of an investment in a fund, the investor or certain persons associated with the investor have an ability to influence the selection of the assets of the fund.

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

## **Shareholders**

Shareholders who are neither resident nor ordinarily resident in Ireland and in respect of whom the relevant declarations have been made (or in respect of whom written notice of approval from the Revenue Commissioners has been obtained by the Company to the effect that the requirement to have been provided with such declaration from that Shareholder or class of shareholders to which the Shareholder belongs is deemed to have been complied with) will not be subject to Irish tax on any distributions from the Company or any Sub-Fund on any gain arising on a redemption or transfer of their Shares provided the Shares are not held through a branch or agency in Ireland. No tax will be deducted from any payments made by the Company or any Sub-Fund to Shareholders who are not Irish Taxable Persons.

Shareholders who are Irish resident or ordinarily resident or who hold their Shares through a branch or agency in Ireland may have a liability under the self assessment system to pay tax or further tax on any distribution or gain arising from their holdings of Shares. In particular where the Company has elected not to deduct tax at the occasion of the eight year rolling chargeable event a Shareholder will have an obligation to file a self assessment tax return and pay the appropriate amount of tax to the Revenue Commissioners.

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

## **Stamp duty**

Generally, no Irish stamp duty will be payable on the subscription, transfer or redemption of Shares provided that no application for Shares or re-purchase, redemption or transfer of Shares is satisfied by an in specie transfer of any Irish situated property.

## **Capital acquisitions tax**

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

1. at the date of the disposition the transferor is neither domiciled nor ordinarily resident in Ireland and at the date of the gift or inheritance the transferee of the Shares is neither domiciled nor ordinarily resident in Ireland; and
2. the Shares are comprised in the disposition at the date of the gift or inheritance and the valuation date.

## **Other tax matters**

The income and/or gains of the Company or a Sub-Fund from its securities and assets may suffer withholding tax in the countries where such income and/or gains arise. The Company or a Sub-Fund 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 repayment to the Company or a Sub-Fund, the Net Asset Value of the relevant Sub-Fund will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

## **Certain Irish Tax Definitions**

### **I. Residence - Company**

Prior to the Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in the Finance Act 2014 to provide that a company incorporated in the Republic of Ireland (the **State**) will be regarded as resident for tax purposes in the State, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in the State set out in the revised section 23A TCA 1997.

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

We would recommend that any Irish incorporated company that considers it is not Irish tax resident seeks professional advice before asserting this in any tax declaration given to the Company.

### **II. Residence - Individual**

An individual will be regarded as being resident in the State for a tax year if s/he:

1. spends 183 days or more in the State in that tax year;

or

2. has a combined presence of 280 days in the State, taking into account the number of days spent in the State in that tax year together with the number of days spent in the State in the preceding year.

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two year test. From 1 January 2009, presence in the State for a day means the personal presence of an individual at any time during the day.

### **III. Ordinary Residence - Individual**

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

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

An individual who has been ordinarily resident in the State ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in the State in 2014 and departs from the State in that tax year will remain ordinarily resident up to the end of the tax year in 2017.

### **IV. Intermediary**

This means a person who:

1. carries on a business which consists of, or includes, the receipt of payments from an investment undertaking resident in Ireland on behalf of other persons; or
2. holds units in an investment undertaking on behalf of other persons.

### **United Kingdom Taxation**

The following information, which relates only to United Kingdom taxation, is applicable to the Company and to persons who are resident (and, in the case of individuals only, ordinarily resident and domiciled) solely in the United Kingdom and who beneficially own Shares as investments and not as securities to be realised in the course of a trade. The following statements are intended to apply only as a general and non-exhaustive guide to the position under current United Kingdom tax law and HM Revenue & Customs practice at the date of this prospectus. Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

The information is not exhaustive and potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10% of the Shares in any Sub-Fund or of any one class of Shares in any Sub-Fund;
- who are members of a special class of taxpayer, such as charities and UK Insurance Companies;
- who intend to acquire Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position,

should consult their professional advisers without delay.

Shareholders who are neither resident nor ordinarily resident nor temporarily non-resident in the United Kingdom and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the Shares are connected will not normally be liable to United Kingdom taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

## **The Company**

The Directors intend that the affairs of the Company should be managed and conducted so that it is not resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a permanent establishment situated therein for United Kingdom corporation tax purposes or through a branch or agency situated in the United Kingdom which would bring it within the charge to income tax, the Company will not be subject to United Kingdom corporation tax or income tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

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

## **Shareholders**

Subject to their personal circumstances, individual Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax in respect of any dividends or other distributions of income by the Company, whether or not such distributions are reinvested. In addition, Shareholders in Classes approved as reporting funds for United Kingdom tax purposes may be treated as receiving reportable income in respect of income arising to such Shares (see further below). A dividend tax credit of 1/9<sup>th</sup> of the dividend may be available to such investors on dividends (including reportable income) received from the Company. However, as a result of anti-avoidance rules such credit will not be available to individual investors in any Class where the market value of the Class's investments in debt instruments, securities and certain other offshore funds which invest in similar assets exceeds 60% of the market value of all of the assets of the Class at any relevant time. Investors in these Classes (if any) will be treated as receiving an interest payment which will not carry the tax credit.

Companies within the charge to United Kingdom corporation tax should generally be exempt from United Kingdom corporation tax on distributions (including reportable income) made by the Company although this exemption is subject to certain exclusions and specific anti-avoidance rules.

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

Each Class of Shares will be deemed to constitute an "offshore fund" for the purposes of the Taxation (International and Other Provisions) Act 2010. This legislation provides that any gain arising on the sale, redemption or other disposal of shares of an offshore fund will be taxed at the time of such sale, redemption or disposal as income and not as a capital gain. These provisions do not apply if the relevant Class successfully applies for reporting fund status and retains such status (or distributing fund status under the previous regime in respect of accounting periods ending on or before 30 September 2010) throughout the period during which the Shares are held. It is the current intention of the Directors that reporting fund status will be obtained and maintained in respect of all Classes but no guarantee can be given that this will be achieved.

In order for a Class to qualify as a reporting fund, the Company must apply to HM Revenue & Customs for entry of the relevant Class into the regime. For each accounting period, the relevant Class must then report to investors 100% of the income attributable to the Class, that report being made within six months of the end of the relevant accounting period. United Kingdom resident individual investors will be taxable on such reported income, whether or not the income is actually distributed. Provided the relevant Class retains reporting fund status, any gains realised on the disposal of Shares in such Class will be subject to taxation as capital and not as income unless the investor deals in securities. Any such gain may accordingly be reduced by any general or specific United Kingdom exemption in respect of capital gains available to a Shareholder and may result in certain investors incurring a proportionately lower United Kingdom taxation charge.

Chapter 6 of Part 3 of the Offshore Funds (Tax) Regulations 2009 (“the Regulations”) provides that specified transactions carried out by a regulated fund, such as the Company, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. In this regard, the Directors confirm that all Classes are primarily intended for and marketed to the categories of retail and institutional investors. For the purposes of the Regulations, the Directors undertake that interests in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract those kinds of investors.

Subject to the regulations mentioned below, under the reporting fund regime reportable income is attributed only to those investors who remain as Shareholders at the end of the relevant accounting period. This means that, particularly where actual dividends are not declared in relation to all the income of a Class with reporting fund status, Shareholders could receive a greater or lesser share of dividend income than anticipated in certain circumstances such as when, respectively, class size is shrinking or expanding. Regulations enable (but do not oblige) a reporting fund to operate dividend equalisation or to make income adjustments, which should minimise this effect. The current intention of the Directors is to operate full equalisation in respect of each Class in order to ensure that Shareholders do not receive a disproportionate share of dividend income as contemplated above. The Directors reserve the right to change such policy in respect of any Class.

A Shareholder who is resident or ordinarily resident in the United Kingdom and who, subsequent to subscription, wishes to switch Shares of one Class into Shares of a different Class in accordance with the procedure outlined in “Switching” below should note that such a switch could give rise to a disposal triggering a potential liability to income tax or corporation tax if the original Class is a non-reporting fund or capital gains tax if the original Class is a reporting fund (see further below) as appropriate depending upon the value of the shareholding on the date of conversion.

Chapter 3 of Part 6 of the Corporation Taxes Act 2009 (“CTA 2009”) provides that, if at any time in an accounting period a corporate investor within the charge to United Kingdom corporation tax holds an interest in an offshore fund, and there is a time in that period when that fund fails to satisfy the “non-qualifying investments test”, 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 most corporate debt contained in CTA 2009 (the “Corporate Debt Regime”). The Shares will constitute interests in an offshore fund. In circumstances where the test is not so satisfied (for example where the relevant Class invests in cash, securities or debt instruments or open-ended companies that themselves do not satisfy the “non-qualifying investments test” and the market value of such investments exceeds 60% of the market value of all its investments at any time) the relevant Shares will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence, all returns on such Shares in respect of each corporate investor’s accounting period during which the test is not met (including gains, profits and deficits and, exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate investor in the Company may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares). The provisions relating to non-reporting funds (outlined below) would not then apply to such corporate Shareholders and the effect of the provisions relating to holdings in controlled foreign companies (outlined above) would then be substantially mitigated.

The attention of individual Shareholders ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007, under which the income accruing to the Company may be attributed to such a Shareholder and may render them liable to taxation in respect of the undistributed income and profits of the Company. This legislation will, however, not apply if such a Shareholder can satisfy HM Revenue & Customs that either:

- (i) it would not be reasonable to draw the conclusion from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected; or
- (ii) all the relevant transactions are genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

Chapter IV of Part XVII of the United Kingdom Income and Corporation Taxes Act 1988 subjects United Kingdom resident companies to tax on the profits of companies not so resident in which they have an interest. The provisions, broadly, affect United Kingdom resident companies which hold, alone or together with certain other associated persons, shares which confer a right to at least 25% of the profits of a non-resident company where that non-resident company is controlled by persons who are resident in the United Kingdom and is subject to a lower level of taxation in its territory of residence.

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("section 13"). Section 13 applies to a "participator" for United Kingdom taxation purposes (which term includes a shareholder) if at any time when any gain accrues to the Company which constitutes a chargeable gain for those purposes, at the same time, the Company is itself controlled by a sufficiently small number of persons so 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 could, if applied, result in any such person who is a "participator" in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds on a just and reasonable basis to that person's proportionate interest in the Company as a "participator". No liability under section 13 could be incurred by such a person however, where such proportion does not exceed one-tenth of the gain. In the case of United Kingdom resident or ordinarily resident individuals domiciled outside the United Kingdom, section 13 applies only to gains relating to United Kingdom situate assets of the Company and gains relating to non- United Kingdom situate assets if such gains are remitted to the United Kingdom.

### **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

**The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.**

No United Kingdom stamp duty or SDRT will be payable on the issue of the Shares. United Kingdom ad valorem stamp duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5 of the amount of the value of the consideration for the transfer, provided that no United Kingdom Stamp Duty is payable if the value of the consideration is £1,000 or less) is payable on any instrument of transfer of the Shares executed within, or in certain cases brought into, the United Kingdom. Provided that the Shares are not registered in any register of the Company kept in the United Kingdom, nor paired with shares issued by a company incorporated in the United Kingdom, the agreement to transfer the Shares should not be subject to United Kingdom SDRT.

### **Automatic exchange of information**

Irish reporting financial institutions, which may include the Company and/or a Sub-Fund, have reporting obligations in respect of certain investors under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

### **Information exchange and the implementation of FATCA in Ireland**

With effect from 1 July 2014 the Company is obliged to report certain information in respect of U.S. investors in the Company to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (**FATCA**), impose a 30% US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement (**IGA**) with the United States to Improve International Tax Compliance and to Implement FATCA. Under this IGA Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (as amended) (the **Irish FATCA Regulations**) implementing the information disclosure obligations, Irish financial institutions such as the Company are required to report certain information with respect to U.S. account holders to the Revenue Commissioners. The Revenue Commissioners will automatically provide that information annually to the IRS. The Company (and/or the Administrator or Investment Manager on behalf of the Company) must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish FATCA Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for Shares in the Company. It should be noted that the Irish FATCA Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Company holds any U.S. assets or has any U.S. investors.

If a Shareholder causes the Company to suffer a withholding for or on account of FATCA (a FATCA Deduction) or other financial penalty, cost, expense or liability, the Directors may compulsorily redeem any Shares of such Shareholder and/or take any actions required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically borne by such Shareholder.

While the IGA and Irish FATCA Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

### **Common Reporting Standard**

The Common Reporting Standard (**CRS**) framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the **Standard**) was published by the OECD, involving the use of 2 main elements, the Model Competent Authority Agreement (**CAA**) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD is developing

the CAA and CRS have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while, Sections 891F and 891G of the TCA contain measures necessary to implement the CRS internationally and across the European Union. These legislative provisions and the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, giving effect to the CRS from 1 January 2016, came into operation on 31 December 2015 (**the CRS Regulations**).

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891G of the TCA contained measures necessary to implement the DAC II. The Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015, giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015 (the DAC II Regulations).

Under the CRS Regulations and DAC II Regulations, reporting financial institutions, are required to collect certain information on accountholders and on certain controlling persons in the case of the accountholder(s) being an entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie).

By signing the Application Form to subscribe for Shares in the Company each Shareholder is agreeing to provide such information upon request from the Company or its delegate. The non-provision of such information may result in the mandatory redemption of Shares or other appropriate action taken by the Company. Shareholders refusing to provide the requisite information to the Company may also be reported to the Irish Revenue Commissioners.

### **Other Jurisdictions**

As Shareholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the Company and any investment returns from those Shares. It is the Director's intention to manage the affairs of the Company so that it does not become resident outside of Ireland for tax purposes.

## **SHARES**

### **Description of Shares**

The Shares issued by the Company are freely transferable and entitled to participate equally in the profits and income of the relevant Sub-Fund and in its assets upon liquidation. The Shares, which are of no par value and which must be fully paid up on issue, carry no preferential or pre-emptive rights. All Shares of each Sub-Fund will rank *pari passu*.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to the number of decimal places specified in the supplement of the relevant Sub-Fund. Shares in the Company are issued in registered form. Shares will be evidenced by entries in the register.

## Pricing

There is a single price for buying, selling and switching Shares in the Company. This is represented by the Net Asset Value of the relevant Sub-Fund. A Sales Charge of up to 3 % may be added to the price, in the case of subscriptions as set out in the relevant Supplement. A conversion charge of up to 1 % may be added to the price in the case of switching as further described in the relevant Supplement. In the case of repurchase of Shares a Repurchase Charge may be levied against repurchased Shares as further described in the relevant Supplement.

## Applications for Shares

The minimum investment and holding and the minimum subsequent investment for each Sub-Fund is set out in the relevant Supplement.

### *Application Procedure and General Provisions Concerning Issues of Shares*

Applications for Shares should be addressed to the Company care of the Administrator and sent by fax in such form as may be prescribed by the Administrator from time to time, with the original of the form to be received by the Administrator promptly thereafter. Subsequent applications may be made by fax. In addition, following initial subscription, subsequent subscriptions may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank). The original supporting documentation in relation to money laundering prevention checks should in all instances be received by the Administrator promptly.

### *Initial Issue*

Application for Shares during an initial offering period, as disclosed in the relevant Supplement, must be received, together with cleared funds, by the Administrator at its registered office prior to 12.00 noon (Irish time) on the Business Day prior to the last day of the initial offering period.

### *Subsequent Issues*

Thereafter all applications must be received by the Company care of the Administrator at its registered office no later than the Dealing Deadline set out in the Supplement for the relevant Sub-Fund. Settlement for subscriptions should be received within 5 Business Days of the Dealing Deadline and normally be made by telegraphic transfer to such accounts as are set out in the application form. An application form received after the Dealing Deadline shall be deemed to be made in respect of the Dealing Day next following such relevant Dealing Day unless and provided where the application is received before the Valuation Point, the Directors (in consultation with the Administrator and on receipt by the Administrator of the necessary authorisations) at their absolute discretion determine otherwise. The Directors retain an absolute discretion to accept or reject an application for Shares in the relevant Sub-Fund.

Provided that the terms of any such exchange shall not be such as are likely to result in any material prejudice to existing Shareholders, Shares may be issued in exchange for investments and in connection therewith the following provisions shall apply:

- (i) the investments must comprise assets which the Sub-Fund is permitted to hold pursuant to the Regulations and its investment restrictions;
- (ii) the number of Shares to be issued on a relevant Dealing Day shall not be more than the number which would have fallen to be issued for cash;
- (iii) the Directors may provide that the whole or any part of the Duties and Charge arising in connection with the vesting of the investments in the Company shall be paid by the applicant;
- (iv) the value of the investments to be vested in the Company shall be valued by the Directors on such basis as they shall decide provided such value does not exceed the highest value which

- could be determined were the investments to be valued in accordance with the provision set out under "Valuation of Assets".
- (v) in the case of the initial issue of Participating Shares of any Class Fund, the Directors shall determine the number of Participating Shares of the relevant class to be allotted against the vesting in the Company of any Investments.

Shares may not be issued during any period when the calculation of the Net Asset Value of the relevant Sub-Fund is suspended in the manner described under "Valuation of Assets", below. Applicants for Shares will be notified of such suspension and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The number of Shares will be rounded to a number of decimal places as specified in the supplement of the relevant Sub-Fund.

Investors should place orders for Shares in the base currency of the Sub-Fund. Investors wishing to place orders in other currencies shall seek the prior consent of the Administrator. Monies received in other currencies will be converted into the base currency at the Shareholder's risk and expense at the prevailing exchange rate.

All other methods of payment are subject to the prior approval of the Administrator

Share confirmations of ownership will be issued within 5 days after receipt of all relevant documentation. The creation of further share classes will be notified to, and cleared, in advance with the Central Bank.

### **Anti Money Laundering Procedures**

Measures aimed at the prevention of money laundering and terrorist financing will require a detailed verification of the identity, address and source of funds and where applicable other persons including but not limited to any beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship of the person applying for Investor Shares with the Company.

By way of example an individual will be required to produce a copy of a passport or identification card which shows the photograph and signature and may bear evidence of date of birth and be duly certified by a notary public, together with one original or certified piece of evidence of his/her address such as a public utility bill or bank statement, which shall be no more than six months old. In the case of corporate applicants this may require production of a certified authorised signatories list, certified copy of the certificate of incorporation (and any change of name), certified memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors. Additional verification of identity of directors and large beneficial owners of shares in the corporate applicant may also be required.

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

The Company and the Administrator reserves the right to request such information as is necessary to verify the identity, address and source of funds of an applicant including details as to the tax residency of applicants as required by applicable law. In the event of delay or failure by the applicant to produce any information required for verification purposes or pursuant applicable law, the Company or the Administrator may refuse to accept the application and subscription and return subscription monies to the account from which it was received provided to do so is allowed by applicable law. Redemption proceeds will only be paid to the account of record in the name of the applicant at a recognised financial institution provided the fax and original of the Application Form used on initial subscription, the faxed redemption request and all documentation required for anti-money laundering purposes and applicable law have been received by the Administrator. Unless otherwise agreed, the account of record will be the bank account from which the subscription monies have been paid when subscribing for shares.

Investors / Shareholders should note that pursuant to the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2016 (as may be amended from time to time), an investor may be required to disclose its ownership rights in the shares of each Sub-Fund and where such investor holds greater than 25% of the Shares of the Company, such investors name shall be entered on a beneficial ownership register maintained by the Company or its delegates.

### **Issue Price of Shares**

During the initial offer period of a Sub-Fund, the Directors shall, before the issue of any Shares in the Sub-Fund, determine the initial issue price thereof. The time at which, the terms upon which and the initial issue price per Share (including any Sales Charge) of the initial issue of Shares of a Sub-Fund shall be specified in the relevant Supplement to this Prospectus. In the case where a Share Class currency of a Sub-Fund is other than the base currency of a Sub-Fund, the value of the Share expressed in the Share Class currency will be subject to exchange rate risk in relation to the base currency.

Thereafter, Shares shall be issued at a price equal to the Net Asset Value per Share (plus any relevant Sales Charge) as at the Valuation Point on the relevant Dealing Day on which the Shares are to be issued.

### **Repurchases of Shares**

Repurchase orders may not be placed until subscriptions have been settled and Shares have been allocated to the client's account.

Shares will be repurchased at a price per Share equal to the Net Asset Value per Share of the relevant Sub-Fund as at the Valuation Point prior to the relevant Dealing Day. A Repurchase Charge may be levied against repurchased Shares as further described in the relevant Supplement.

Repurchase orders of Shares should be addressed to the Company care of the Administrator and may be made in writing or by fax.

Repurchase orders received by the Administrator up to the Dealing Deadline set out in the Supplement for the relevant Sub-Fund will be dealt with on that Dealing Day. Repurchase orders received after the Dealing Deadline will be dealt with on the next following Dealing Day unless and provided where the application is received before the Valuation Point, the Directors, in consultation with the Administrator and on receipt by the Administrator of the necessary authorisation, at their absolute discretion determine otherwise.

Repurchase contract notes will normally be issued within 5 days of the relevant Dealing Day. Settlement of repurchase proceeds will be made by telegraphic transfer (to an account at a recognised financial institution in the name of the Shareholder) and within 5 Business Days of the date of the applicable Share Price being determined. Redemption proceeds will not be remitted until the Administrator has received the fax of the redemption request form including payment details. No redemption payment may be made from that holding until the faxed Application Form has been received from the Shareholder and all documentation required by the Administrator including any documents in connection with anti-money laundering procedures have been received and the anti-money laundering procedures have been completed. Subject to the agreement of the Administrator, the original of the redemption request may not be required prior to payment of redemption proceeds, provided that an indemnity in relation to faxed or electronic instructions in the form prescribed by the Administrator has been received by the Administrator and the redemption proceeds are paid to the account of record.

Repurchase documentation should be in written form and signed by the relevant signatories.

The Directors are entitled to limit the number of Shares of any Sub-Fund repurchased on any Dealing Day to 10 % of the total number of Shares of that Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Shareholders wishing to have Shares of that Sub-Fund repurchased on that Dealing Day realise the same proportion of such Shares, and Shares not repurchased but which would have otherwise been repurchased, will be carried forward for repurchase on the next Dealing Day or such other Business

Day as the Directors may determine the balance of each request and so on to each succeeding Dealing Day or such other Business Day as the Directors may determine until each request has been complied with in full. If requests for repurchase are so carried forward, the Directors will inform the Shareholders affected.

Where repurchase requests received from any Shareholder would result in any more than 5 % of the Net Asset Value of the Shares of the relevant Sub-Fund being repurchased on any Dealing Day, the Directors may instruct the Administrator to satisfy the repurchase request by a distribution of investments in specie and may elect, by notice in writing to the Shareholder, to appropriate and transfer to him such assets in satisfaction or part satisfaction of the repurchase price or any part of the said repurchase price. Where such notice is served on a Shareholder, the Shareholder may, by a further notice served on the Administrator, require the Administrator instead of transferring the assets in question, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of sale. Any distribution of the assets of the Company in specie, will not prejudice the rights of any remaining Shareholders. In addition, redemption requests may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank).

All of the aforementioned payments and transfers will be made gross subject to any withholding tax or other deductions which may apply in the jurisdiction of the Shareholder. In the case of a partial redemption of Shares where a shareholding tax or other deduction would apply the Directors may redeem some or all of the remaining holdings of the Shareholder to pay such withholding tax or deduction.

### **Compulsory Repurchase or Transfer**

The Directors shall have power to adopt such measures as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or requirements of any country or governmental authority. In this connection, the Directors, or the Administrator may: (i) reject in their or its discretion any subscription for Shares in the Company; and (ii) pursuant to Article 16 of the Articles repurchase or request the transfer of at any time Shares held by Shareholders who are so excluded from purchasing or holding Shares.

The Directors may at any time redeem Shares held by a Shareholder of such value as is necessary to offset any liability to taxation or withholding tax arising as a result of the relevant fund or its Shareholders as a whole holding Shares or its beneficial ownership of them or its disposal of them.

Shareholders who are Irish Resident or Irish Ordinary Resident and who are not an Exempted Irish Investor must seek approval of the Directors in advance of any transfer of Shares to or from them.

### **Switching**

Subject to the following, Shareholders may switch some or all of their Shares in one Sub-Fund or Class (the "Original Sub-Fund") to Shares in another Sub-Fund or Class and if to another Class, then that Class should be the same Class (the "New Sub-Fund"). Shareholders may apply to switch Shares on any day which is a Dealing Day in both the Original Sub-Fund and the New Sub-Fund by facsimile, other written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank) and such other means as may from time to time be specified by the Directors.

Where a switching request would result in a Shareholder's holding being less than the minimum holding for such Sub-Fund, the Investment Manager may, if it thinks fit, switch the whole of the holding in the Original Sub-Fund to Shares in the New Sub-Fund or refuse to effect any switching from the Original Sub-Fund.

Switching requests will be effected on any day which is a Dealing Day in both the Original Sub-Fund and the New Sub-Fund on receipt of switching requests in proper form by the Administrator prior to the time

specified in the relevant Supplement as the latest time for receipt of an application for Shares in the New Sub-Fund.

Fractions of Shares may be issued by the Company on switch.

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

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

where:

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

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

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

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

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

#### *Withdrawal of Switching Requests*

Switching requests may not be withdrawn save with the written consent of the Company or in the event of a suspension of calculation of the Net Asset Value of the Sub-Funds in respect of which the switching request was made.

#### **Currency conversion**

For unhedged share classes available in a Fund, a currency conversion will take place on subscription, repurchase, switching and distributions at the Shareholder's risk and expense at prevailing exchange rates.

### **VALUATION OF ASSETS**

The Company has delegated the determination of the Net Asset Value and the Net Asset Value per Share to the Administrator which shall be carried out in accordance with generally accepted accounting principles.

The Net Asset Value of a Sub-Fund shall be expressed in the base currency of the relevant Sub-Fund and shall be calculated as at the Valuation Point by ascertaining the value of the assets of the Sub-Fund on such Business Day and deducting from such value the liabilities of the Sub-Fund on such Business Day. The Net Asset Value per Share of a Sub-Fund will be calculated by dividing the Net Asset Value of the Sub-Fund by the number of Shares in the Sub-Fund then in issue or deemed to be in issue on such Business Day and rounding the result mathematically to the number of decimal places specified in the supplement for the relevant Sub-Fund as determined by the Directors.

To calculate the Net Asset Value of each class of Shares in the Sub-Fund, the Administrator will calculate that portion of the Net Asset Value of the Sub-Fund attributable to the relevant class of Shares by reference to the number of Shares in issue or deemed to be in issue in each class of Shares on the relevant Valuation Day subject to adjustment to take account of assets and/or liabilities attributable to each class of Shares including the gains/losses on and costs of financial instruments employed in the currency hedging of a particular class of Shares.

The Net Asset Value per Share shall be calculated by dividing the Net Asset Value of the relevant class of Shares by the total number of Shares in issue in that class.

The assets of a Sub-Fund will be valued as follows:-

- (a) Assets listed or traded on a stock exchange or over-the-counter market (other than those referred to at (e) and (g) below) for which market quotations are readily available shall be valued at the Valuation Point (12.00 mid-market price) provided that the value of any investment listed on a stock exchange but acquired or traded at a premium or at a discount outside the relevant stock exchange may with the approval of the Depositary be valued taking into account the level of premium or discount as at the date of valuation of the investment. Such premiums or discounts thereon above shall be provided by an independent broker or market maker or if such prices are unavailable, by the Investment Manager. However, the Directors in consultation with the Investment Manager and with the approval of the Depositary may adjust, or may instruct the Administrator to adjust, the value of investments traded on an over-the-counter market if they consider such adjustment is required to reflect the fair value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant.

If for specific assets the Valuation Point (12.00 mid market price) does not, in the opinion of the Investment Manager, reflect their fair value or are not available, the value shall be estimated with care and in good faith by the Directors in consultation with the Investment Manager and with the approval of the Depositary with a view to establishing the probable realisation value for such assets as at the Valuation Point;

- (b) If the assets are listed or traded on several stock exchanges or over-the-counter markets, the last quoted traded price on the stock exchange or over-the-counter market which, in the opinion of the Investment Manager in consultation with the Administrator, constitutes the main market for such assets, will be used.
- (c) In the event that any of the investments at the relevant Valuation Point are not listed or traded on any stock exchange or over-the-counter market, such securities shall be valued at their probable realisation value determined by the Investment Manager (being approved by the Depositary as a competent person for such purpose) with care and in good faith in consultation with the Administrator. Such probable realisation value will be determined:
  - (i) by using the original purchase price;
  - (ii) where there have been subsequent trades with substantial volumes, by using the last traded price provided the Investment Manager in consultation with the Administrator considers such trades to be at arm's length;
  - (iii) where the Investment Manager in consultation with the Administrator believes the investment has suffered a diminution in value, by using the original purchase price which shall be discounted to reflect such a diminution;
  - (iv) if the Investment Manager in consultation with the Administrator believes a mid-quotation from a broker is reliable, by using such a mid-quotation or, if unavailable, a bid quotation.

Alternatively, the Investment Manager in consultation with the Administrator, may use such probable realisation value estimated with care and in good faith and as may be recommended by a competent professional appointed by the Investment Manager or the Administrator and approved for such purpose by the Depositary. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager.

- (d) Cash and other liquid assets will be valued at their face value with interest accrued, where applicable.

- (e) Units or shares in open-ended collective investment schemes will be valued at the latest available Net Asset Value. Units or shares in other collective investment schemes will, if listed or traded on a stock exchange or over-the-counter market, be valued at the latest quoted trade price or, if unavailable, a mid quotation from a broker (or if unavailable, a bid quotation) or, if unavailable or unrepresentative, the latest available net asset value as deemed relevant to the collective investment scheme.
- (f) Any value expressed otherwise than in the base currency of the relevant Sub-Fund (whether of an investment or cash) and any non-base currency borrowing shall be converted into the base currency at the rate (whether official or otherwise) which the Administrator deems appropriate in the circumstances.
- (g) Exchange traded derivative instruments will be valued at the settlement price as determined by the market in question. If such price is not available such value shall be the probable realisation value estimated with care and in good faith by the Administrator, approved for such purpose by the Depositary. Over-the-counter derivative instruments will be valued daily at the settlement price as provided by the counterparty and verified by the Investment Manager or another party at least weekly, approved for such purpose by the Depositary as being independent to the counterparty. Forward foreign exchange contracts shall be valued with reference to the prevailing market maker quotations namely, the price at which a new forward contract of the same size and maturity could be undertaken or, if unavailable, at the settlement price provided by the counterparty.

Where the Company receives net subscriptions or net repurchase requests for Shares of a Sub-Fund on any Dealing Day constituting as at that Dealing Day more than 2 % of the Shares of that Sub-Fund then in issue or during a period of net recurring subscriptions or redemptions the Directors may on the advice of the Investment Manager require the Administrator to adjust the Net Asset Value per Share to reflect an appropriate adjustment to compensate for a potential bid/offer spreads in the funds investments and potential brokerage and dealing charges. The Directors only intend to use this discretion to preserve the value of the shareholdings of continuing Shareholders in the event of substantial or recurring net subscriptions or repurchases of Shares.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (a) to (g) above, or if such valuation is not representative of the security's fair market value, the Investment Manager is entitled to use other generally recognised valuation methods approved by the Depositary in order to reach a proper valuation of that specific investment.

In calculating the Net Asset Value, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by any pricing service. The Administrator shall use reasonable endeavours to verify any pricing information supplied by the Investment Manager or any connected person thereof (including a connected person which is a broker, market maker or other intermediary). However, in certain circumstances it may not be possible or practicable for the Administrator to verify such information and, in such circumstances, the Administrator shall not be liable for any loss suffered by the Company 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 or any connected person thereof (including a connected person which is a broker, market maker or other intermediary). In circumstances where the Administrator is directed by the Investment Manager or any connected person thereof (including a connected person which is a broker, market maker or other intermediary) to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries not appointed or selected by the Administrator.

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

Except where the determination of the Net Asset Value of a Sub-Fund, the Net Asset Value per Share and the issue and redemption of Shares has been suspended in the circumstances described below, the Net Asset Value per Share on each Dealing Day will be made public at the registered office of the Administrator and will also be published daily on [www.veritas-asset.com](http://www.veritas-asset.com).

### **Temporary Suspension of Calculation of Net Asset Value and of Issues and Redemptions**

The Directors may, in consultation with the Administrator, temporarily suspend the calculation of the Net Asset Value of each or any Sub-Fund, the Net Asset Value per Share of each such Sub-Fund and the issue, redemption and switching (when such facility becomes available) of Shares of such Sub-Funds to and from Shareholders when:-

- (a) a market which is the basis for the valuation of a major part of the assets of the relevant Sub-Fund is closed (except for the purposes of a public/bank holiday), or when trading on such a market is unusually limited or suspended;
- (b) a political, economic, military, monetary or other emergency beyond the control, liability and influence of the Administrator makes the disposal of the assets of the relevant Sub-Fund impossible or impracticable under normal conditions or such disposal would be detrimental to the interests of the Shareholders;
- (c) the disruption of any relevant communications network or any other reason makes it impossible or impracticable to determine the value of a major portion of the assets of the relevant Sub-Fund;
- (d) the relevant Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares from Shareholders or any transfer of funds involved in the realisation or acquisition of investments or when payments due on redemption of Shares from Shareholders cannot in the reasonable opinion of the Administrator be effected at normal rates of exchange; or
- (e) any other reason makes it impossible or impracticable to determine the value of a substantial portion of the assets of the Sub-Fund.

Any such suspension will be notified without delay to the Central Bank and shall be notified to Shareholders if in the opinion of the Administrator it is likely to exceed fourteen (14) days and will be notified to investors or Shareholders requesting issue, redemption or switching (when such facility becomes available) of Shares by the Administrator at the time of application for such issue or filing of the written request for such redemption. Where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

### **MEETINGS AND REPORTS TO SHAREHOLDERS**

All general meetings of the Company shall be held in Ireland. In each year, the Company shall hold a general meeting as its annual general meeting. Twenty-one (21) clear days' notice (excluding the day of posting and the day of commission) shall be given in respect of each general meeting of the Company, being an annual general meeting and extraordinary general meeting called for the passing of a special resolution and all other extraordinary general meetings shall be called by at least seven (7) clear days' notice. The notice shall specify the venue and time of the meeting and business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder.

Each Shareholder shall have one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by show of hands. Each Share gives the holder one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by poll.

The financial year end of the Company is 30 September each year. The Company's annual report incorporating audited financial statements will be provided to the Central Bank within four months after the end of the financial year and at least three weeks before the annual general meeting of Shareholders. The financial statements of the Company are maintained in euro and comprise the accounts of each of the

Sub-Funds. The audited accounts of the Company will be made available to Shareholders upon request and on [www.veritas-asset.com](http://www.veritas-asset.com).

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

The Investment Manager shall provide the Central Bank with any monthly or other reports it may require.

## Notices

Notices may be given to Shareholders and shall be deemed to have been duly effected as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand	: At the time notice was handed to the Shareholder (or his authorised agent).
Post	: Twenty-four hours after posting (if posted on a Business Day); seventy-two hours after posting (if posted on a Friday) or forty-eight hours after posting (if posted on a Saturday or Sunday).
Fax/otherwise electronically	: Twelve hours after despatch.
Publication	: Noon the day of publication in the Financial Times or such other newspaper as the Investment Manager and the Administrator may agree.

## TERMINATION OF SUB-FUNDS

A Sub-Fund may be terminated by resolution of the Directors, if one year from the date of the first issue of Shares of that Sub-Fund or at any date thereafter the Net Asset Value of that Sub-Fund is below US\$5,000,000. In such event, notice of the termination of the Sub-Fund will be given in writing to Shareholders of that Sub-Fund and such Shareholders will be deemed to have given a request in writing for the repurchase of their Shares pursuant to the Articles.

## GENERAL INFORMATION

### Incorporation and Share Capital

The Company was incorporated under the laws of Ireland on 24 April 2001 as an investment company with variable capital with registered number 342215.

At the date hereof:

- (i) the authorised share capital of the Company is €38,100 divided into 38,100 Management Shares of €1 each and 500,000,000,000 Shares of no par value initially designated as unclassified shares;
- (ii) the issued share capital of the Company is €38,100 divided into Management Shares of €1 each of which one quarter has been paid up and which are beneficially owned as to 38,093 Management Shares by Veritas Asset Management LLP and as to one Management Share each by seven nominees of Veritas Asset Management LLP.

The unclassified shares are available for issue as Shares.

Management Shares do not entitle the holders to any dividend and on a winding-up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Company.

### **Memorandum and Articles of Association (together the Constitution)**

The Memorandum of Association of the Company provides at Clause 3 that the Company's sole object is the collective investment in transferable securities and/or other liquid financial instruments of capital raised from the public operating on the principle of risk-spreading in accordance with the Regulations.

The following section is a summary of the principal provisions of the Articles of Association of the Company. Defined terms in this section bear the same meanings as defined in the Company's Articles.

#### *Variation of Sub-Fund rights*

The rights attached to any Sub-Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that Sub-Fund, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the Sub-Fund. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued Shares of the Class in question or, at an adjourned meeting, one person holding Shares of the Class in question or his proxy. Any holder of Shares of the Class in question present in person or by proxy may demand a poll.

#### *Voting Rights*

The Articles provide that on a show of hands at a general meeting of the Company or of a Sub-Fund, each Shareholder holding Shares who is present in person or by proxy shall have one vote and the Shareholder or Shareholders, as the case may be, holding Management Shares present in person or by proxy shall, in the aggregate, have only one vote in respect of all the Management Shares. On a poll, every Shareholder present in person or by proxy shall be entitled to one vote in respect of his entire holding of Management Shares and to one vote in respect of each whole Share held by him.

#### *Change in Share Capital*

The Company may from time to time by ordinary resolution increase its authorised share capital by such amount as the resolution shall prescribe.

The Company may, by ordinary resolution, alter (without reducing) its authorised share capital by consolidating and dividing its share capital into Shares of a larger amount than its existing Shares, by sub-dividing its Shares into Shares of a smaller amount than that fixed by the Memorandum of Association of the Company, or by cancelling any Shares which, at the date of the ordinary resolution in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution from time to time reduce its share capital.

#### *Directors' Interests*

Provided that the nature of his interest is or has been declared by him at a meeting of the Directors in accordance with the Articles, no Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the 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. A Director may hold any other office or place of profit with the Company in conjunction with his office as Director on such terms as to tenure of office and otherwise as the Director 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. This 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 for the benefit of the Company;
- (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 interested whether as an officer, shareholder, creditor or otherwise howsoever provided that he is not the holder of or beneficially interested in 1 % or more of the issued equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company, any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances.

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

Under the Articles, the Directors are entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors. The aggregate amount of Directors' remuneration in any one year shall not exceed €100,000 unless otherwise notified to Shareholders. The Directors and any alternate Directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or Shareholders or any other meetings with regulatory authorities or professional advisers or otherwise in connection with the business of the Company.

#### *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of repurchasing Shares) and charge its undertaking, property, and assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt liability or obligation of the Company or of any third party.

#### *Retirement of Directors*

There is no provision for the retirement of Directors on their attaining a certain age.

#### *Transfer of Shares*

The Shares of each Sub-Fund in the Company are freely transferable and entitled to participate equally in the profits and dividends of the Sub-Fund to which they relate and in its assets upon liquidation.

The Directors have the power to impose such restrictions other than restrictions on transfers as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or requirements of any country or governmental authority. The Directors may decline to recognise any transfer of Shares unless (i) the instrument of transfer is deposited at the registered office of the Company together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and (ii) the instrument of transfer relates to Shares of one Sub-Fund only. Furthermore, the Directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of Shares in certain instances examples of which are provided for in the Articles.

#### *Sub-Funds*

The Directors are required to establish a separate portfolio for Sub-Funds in the following manner:

- (a) for each Sub-Fund, the Company shall keep separate books and records in which all transactions relating to the relevant Sub-Fund shall be recorded and, in particular, the proceeds from the issue of Shares in each Sub-Fund shall be applied to such Sub-Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Sub-Fund;
- (b) any asset derived from another asset comprised in a Sub-Fund, shall be applied to the same Sub-Fund as the asset from which it was derived and any increase or diminution in value of such an asset shall be applied to the relevant Sub-Fund;
- (c) in the case of any asset which the Directors do not consider as attributable to a particular Sub-Fund or Sub-Funds, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis upon which any such asset shall be allocated between Sub-Funds and the Directors shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis;
- (d) any liability shall be allocated to the Sub-Fund or Sub-Funds to which in the opinion of the Directors it relates or if such liability is not attributable to any particular Sub-Fund, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis upon which any liability shall be allocated between Sub-Funds and shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis;
- (e) Where the assets of the Company (if any) attributable to the Shares give rise to any Net profits, the Directors may allocate assets representing such net profits to such Sub-Fund or Sub-Funds as they may deem appropriate;
- (f) Any Sub-Fund or Sub-funds may be terminated by the Directors in their absolute discretion if at any date after the date of first issue of Shares in such Sub-Fund the net Asset Value of the Sub-Fund shall be less than US\$10 million or its equivalent. For the purpose of effecting such termination the Directors shall give notice in writing to the holders of the Shares and such holder of Shares shall be deemed to have given a request in writing for the repurchase of their shares pursuant to Article 19(a) of the Articles;
- (g) The expenses of any offer of Shares, the preparation and printing of any Prospectus issued in connection with such offer and the fees of all professionals relating to it will be borne by the Company (unless borne by some other person) and will be amortised over such accounting periods of the Company as the Directors may determine and charged to the assets of each Sub-Fund in existence at the relevant time in such proportions as the Directors may determine; and
- (h) In the event that any asset attributable to a Sub-Fund is taken in execution of a liability not attributable to that Sub-Fund, the provisions of Section 1406 of the Act shall apply.

### *Winding Up*

The Articles contain provisions to the following effect:

- (a) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall in relation to the assets available for distribution among the members make in the books of the Company such transfers thereof to and from Sub-Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holder of Shares of different Sub-Funds in such proportions as the liquidator in his absolute discretion may think equitable having regard to the provision of the Articles.
- (b) The assets available for distribution among the members shall then be applied in the following priority:

- (i) Firstly, in the payment to the holders of the Shares of each Sub-Fund of a sum in the currency in which that Sub-Fund is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such Sub-Fund held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Sub-Fund. To enable such payment to be made recourse shall be had:
  - (A) firstly, to the assets of the Company not comprised within any of the Sub-Funds, and
  - (B) secondly, to the assets remaining in the Sub-Funds (after payment to the holders of the Shares of the Sub-Funds to which they relate of the amounts to which they are respectively entitled under this paragraph (1)) pro rata to the total value of such assets remaining within each such Sub-Fund.
- (ii) Secondly, in the payment to the holders of the Management Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Sub-Funds remaining after any recourse thereto under sub-paragraph (i) (A) above. In the event that there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Sub-Funds.
- (iii) Thirdly, in the payment to the holders of each Sub-Fund of any balance then remaining in the relevant Sub-Fund, such payment being made in proportion to the number of Shares held.
- (iv) Fourthly, in the payment to the holders of Shares of any balance then remaining and not comprised within any of the Sub-Funds, such payment being made in proportion to the number of Shares held.

Provided that the Company shall be entitled to retain from any payment to any Shareholder any sums necessary to offset any liability to taxation or withholding tax arising as a result of such Shareholder's holding of Shares or its beneficial ownership or disposal of them.

- (d) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the members 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, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members provided that a member may by notice in writing require that instead of the transferring of the assets in question that the liquidator dispose of those assets and remit to the member the net proceeds of sale. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and dissolved, but so that no Shareholder shall be compelled to accept any assets in respect of which there is liability.
- (e) A Sub-Fund may be wound up pursuant to Section 1406 of the Act and in such event the provisions in paragraph (d) shall apply mutatis mutandis in respect of the Sub-Fund.

## **Material Contracts**

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

## **Investment Management Agreement**

The investment management agreement dated 31 October 2014 between the Company and the Investment Manager (the "Investment Management Agreement"), provides that the appointment of the Investment Manager will continue in force unless and until terminated by either the Company or the Investment Manager giving the other party not less than six months written notice. The Investment Management Agreement may be terminated by either party immediately should either party go into liquidation (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party), if a receiver is appointed over a substantial portion of the assets of either party or if an examiner is appointed to the Company pursuant to the Act, or if either party commits a breach of the Investment Management Agreement and such a breach is not remedied within thirty days of notice of the breach being received.

The Investment Manager shall not be liable for any error of judgement or mistake of law, but indemnifies the Company for any loss resulting from the Investment Manager's fraud, bad faith, negligence, wilful default, its reckless disregard of the company's investment objective, its failure to comply with the investment policies or restrictions or its failure to execute reasonable care in the choice or selection of any delegate.

### **Depository Agreement**

Under the Depository agreement dated 11 October 2016 between the Company and the Depository (the "Depository Agreement"), the Depository will act as Depository of all of the Company's monies and assets. The Depository is entitled to appoint sub-custodians for the safe custody of the Company's assets. The Depository Agreement provides that the appointment of the Depository will continue in force unless and until terminated by either party giving to the other not less than ninety days' written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice etc.) the Depository Agreement may be terminated forthwith by notice in writing by either party to the other. The Depository Agreement contains indemnities in favour of the Depository which are restricted to exclude matters arising as a result of the Depository's negligent or intentional failure to perform its obligations or the loss of financial instruments held in custody where the Depository would have a liability in accordance with the terms of the Depository Agreement and also contains provisions regarding the Depository's legal responsibilities.

### **Administration Agreement**

Under the administration agreement dated 29 June 2001 between the Company and the Administrator (the "Administration Agreement"), the Administrator will act as administrator to the Company. The Administration Agreement provides that the appointment of the Administrator will continue in force unless and until terminated by any party giving to the other not less than ninety days' written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice etc.) the Administration Agreement may be terminated forthwith by notice in writing by either party to the other. The Administration Agreement contains indemnities in favour of the Administrator other than matters arising by reason of its fraud, wilful default or negligence in the performance of its duties and obligations, and also contains provisions regarding the Administrator's legal responsibilities.

### **Litigation and Arbitration**

The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

### **Miscellaneous**

Mr. Richard Grant and Mr. Ian Barnes are partners of the Investment Manager and will be considered as interested in any agreement involving the Investment Manager.

Mr. Mike Kirby is Managing Principal of KB Associates. KB Associates has been, and may in the future be, appointed to provide services to the Company including the money laundering reporting officer function for the Company, and is in receipt of remuneration and out of pocket expenses for such services.

No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

Save as disclosed herein under "Incorporation and Share Capital" no share or loan capital of the Company has been issued and no such share or loan capital is proposed to be issued.

No commission, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued or to be issued by the Company; on any issue or sale of Shares, the Investment Manager may, out of its own funds or out of the sales charges, pay commissions on applications received through brokers and other professional agents or grant discounts.

The Company does not have, nor has it had since its incorporation, any employees. The Company does not have a place of business in the United Kingdom.

### **Documents for inspection**

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company, 25/28 North Wall Quay, Dublin 1, Ireland:

- (a) Certificate of incorporation of the Company and Memorandum and Articles of the Company;
- (b) the material contracts referred to above;
- (c) the latest available annual and semi-annual reports;
- (d) UCITS Regulations and Central Bank UCITS Regulations;
- (e) a memorandum detailing the other directorships and partnerships of each of the Directors in the past five years, indicating which are current.

Copies of the Constitution (as amended from time to time) and the latest financial reports of the Company may be obtained, free of charge, upon request at the registered office of the Company.

## INFORMATION FOR DISTRIBUTION IN OR FROM SWITZERLAND

For distribution in or from Switzerland, a German translation of the English original has been prepared, which shall for distribution in or from Switzerland prevail.

### 1. Representative and paying agent

Société Générale Paris, Zurich branch, with registered offices at Talacker 50 in 8021 Zurich, Switzerland, has been appointed representative and paying agent for the Company in Switzerland (the **Representative**).

### 2. Location where the relevant documents may be obtained

The Prospectus, the documents of the Company listed in the foregoing sections of the Prospectus, the yearly and half-yearly reports as well as the Articles and key investor information document can be obtained, or be ordered free of charge, from the Representative during normal business hours.

### 3. Publications

Publications concerning the Company shall be published in Switzerland on [http:// www.fundinfo.com](http://www.fundinfo.com) (and at the discretion of the Representative as the case may be, in daily or weekly newspapers).

The Net Asset Value of Shares is published daily on [www.fundinfo.com](http://www.fundinfo.com) with the remark “exclusive commissions” together with the purchase and sale price.

### 4. Payment of retrocessions and rebates

The Company and its agents may pay retrocessions as remuneration for distribution activities in respect of shares in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- the organisation of road shows,
- the attendance of events and fairs,
- the production of marketing material and the training of distribution collaborators.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In the case of distribution activity in or from Switzerland, the Company and its agents may, upon request, pay rebates directly to the investors. The purpose of rebates is to reduce the fees and cost incurred by the investor in question. Rebates are permitted provided that they:

- are paid from fees received by the Company and therefore do not represent an additional charge on the fund assets;
- are paid on the basis of objective criteria such as for instance
  - The minimum investment in a collective investment scheme or in a range of collective investment schemes;
  - The amount of fees resulting from the investment;
  - The investment behaviour shown by the investor;
  - The expected duration of the investment;

- The readiness of the investor to support the launch of the sub-fund.
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

At the request of the investor, the Company must disclose the amounts of such rebates free of charge.

#### 5. Place of performance and jurisdiction

In respect of units distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.

## **INFORMATION FOR DISTRIBUTION IN THE UNITED KINGDOM**

### **Name and address of the collective investment scheme**

VERITAS FUNDS P.L.C. (hereafter the “Company”) is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability under the laws of Ireland. The Company is self-managed.

Address: Veritas Funds plc, 25-28 North Wall Quay, International Financial Services Centre, Dublin 1 Ireland.

### **United Kingdom Representative to the Company**

Veritas Asset Management LLP will act as the United Kingdom representative to the Company (“the UK Representative”). In performing this role the UK Representative will be responsible for promoting and marketing the Company in the United Kingdom. The address at which facilities will be maintained to process any complaints that may be received from persons in the United Kingdom concerning the Company or the management thereof is 1st Floor, 90 Long Acre, London WC2E 9RA. This address is the UK Representative's principal place of business in the United Kingdom. The Investment Manager will not be paid any monies or other consideration in carrying out this role.

Investors can obtain information about the most recent prices and redemption facilities from the office of the UK Representative detailed above.

Concerning the nature of the Share classes, please refer to the Section “Shares” of the latest available Prospectus.

UK resident investors should seek their own professional advice as to tax matters and other relevant considerations. Please note that investors making investments in the Company may not receive back their entire investment.

Although the Company is authorised by the Financial Conduct Authority for the purposes of distribution, potential and current investors in the UK are advised that the rules made under Financial Services and Market Act (FSMA) do not in general apply to the Company in relation to its investment business.

### **Documents and/or information available for inspection**

The following documents and/or information are available for inspection at the office of the UK Representative:

- a) The latest available prospectus and key investor information documents,
- b) The latest articles of incorporation of the Company,
- c) The latest available annual and semi-annual financial reports of the Company,
- d) The issue and redemption prices.

### **Cancellation Rights**

Please note that the investors have no rights of cancellation in respect of their holding.

### **Compensation Rights**

Potential investors should be aware that the Company is not subject to the rules and regulations made under FSMA for the protection of investors. Investors will not have any protection under the United Kingdom Financial Services Compensation Scheme.

**The foregoing is based on the Company's understanding of the law and practice currently in force in the United Kingdom and is subject to changes therein. It should not be taken as constituting legal or tax advice and, Investors should obtain information and, if necessary, should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the units under the laws of their countries of origin citizenship, residence or domicile. Furthermore the content of this document is for information purposes only, it does not constitute any offer or promotion of sale nor does it make any reference to the suitability of investments referred to herein.**

## APPENDIX I

### MARKETS

The markets set out below are listed in the Memorandum and Articles of Association of the Company. The markets are listed in accordance with the requirements of the Central Bank and the Central Bank does not issue a list of approved markets.

With the exception of permitted investments in unlisted securities, the Company will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operates regularly, is recognised and open to the public) and which is drawn from the following list:-

1 (a) any stock exchange which is:

- located in an EEA Member State;
- located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or

(b) any stock exchange included in the following list:-

Argentina	-	Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza, Rosario and La Plata Stock Exchange;
Bahrain	-	Bahrain Stock Exchange;
Bangladesh	-	Chittangong Stock Exchange and Dhaka Stock Exchange;
Botswana	-	Botswana Stock Exchange;
Brazil	-	Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe - Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro;
Chile	-	Santiago Stock Exchange and Valparaiso Stock Exchange;
China	-	Shanghai Stock Exchange, Fujian Stock Exchange, Hainan Stock Exchange and Shenzhen Stock Exchange;
Colombia	-	Bolsa de Bogota and Bolsa de Medellin;
Egypt	-	Cairo Stock Exchange and Alexandria Stock Exchange;
Ghana	-	Ghana Stock Exchange;
India	-	Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwahati Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India;
Indonesia	-	Jakarta Stock Exchange and Surabaya Stock Exchange;
Israel	-	Tel Aviv Stock Exchange;
Jordan	-	Amman Stock Exchange;
Kazakhstan	-	Kazakhstan Stock Exchange;
Kenya	-	Nairobi Stock Exchange;
Lebanon	-	Beirut Stock Exchange;
Malaysia	-	Kuala Lumpur Stock Exchange;
Mauritius	-	Stock Exchange of Mauritius;
Mexico	-	Bolsa Mexicana de Valores;
Morocco	-	Casablanca Stock Exchange;
Oman	-	Muscat Securities Market;

Pakistan	-	Lahore Stock Exchange and Karachi Stock Exchange;
Peru	-	Bolsa de Valores de Lima ;
Philippines	-	Philippines Stock Exchange;
Qatar	-	Doha Stock Exchange;
Russia	-	RTS Stock Exchange, MICEX (solely in relation to equity securities that are traded on level 1 or level 2 of the relevant exchange);
Saudi Arabia	-	Riyadh Stock Exchange;
Singapore	-	The Stock Exchange of Singapore;
South Africa	-	Johannesburg Stock Exchange;
South Korea	-	South Korean Stock Exchange;
Sri Lanka	-	Colombo Stock Exchange;
Taiwan	-	Taipei Stock Exchange Corporation;
Thailand	-	The Stock Exchange of Thailand;
Turkey	-	Istanbul Stock Exchange.

(c) any of the following OTC markets:

The market organised by the International Capital Market Association;

The (i) market conducted by banks and other institutions regulated by the Financial Conduct Authority of the UK (**FCA**) and subject to the FCA's Market Conduct Sourcebook and (ii) market in non-investment products which is subject to the guidance contained in the Non Investment Products Code drawn up by the participants in the London market, including the FCA and the Bank of England;

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the US Securities and Exchange Commission;

The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges 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 over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Dealers Association of Canada;

The French market for **Titres de Creance Negotiable** (over-the-counter market in negotiable debt instruments)

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

(d) any of the following electronic exchanges:

NASDAQ;

KOSDAQ;

SESDAQ;

TAISDAQ/Gretai Market;

RASDAQ;

2. In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States (iii) the Channel Islands Stock Exchange (iv) listed at (d) above or (v) any of the following:

The Chicago Board of Trade;

The Mercantile Exchange;

The Chicago Board Options Exchange;

OMLX, The London Securities and Derivatives Exchange;

New York Mercantile Exchange;

New York Board of Trade;

New Zealand Futures and Options Exchange;

Hong Kong Futures Exchange;

Singapore Commodity Exchange;

Tokyo International Financial Futures Exchange.

## APPENDIX II

### Depositary Delegates List

Argentina	HSBC Bank Argentina S.A.
Australia	HSBC Bank Australia Ltd
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Ltd (Bahrain)
Bangladesh	The Hongkong and Shanghai Banking Corporation Ltd (Bangladesh)
Belgium	BNP Paribas Securities Services (Belgium)
Belgium	Euroclear Bank S.A./N.V.
Bermuda	HSBC Bank Bermuda Ltd
Bosnia-Herzegovina	Unicredit Bank DD (Bosnia)
Botswana	Standard Chartered (Botswana)
Brazil	Kirton Corretora de Titulos e Valores Mobiliarios
Bulgaria	UniCredit Bulbank AD
Canada	Royal Bank of Canada
Chile	Banco Santander Chile
China	HSBC Bank (China) Ltd
Colombia	CorpBanca Investment Trust Colombia SA
Croatia	Privredna Banka Zagreb
Cyprus	HSBC Bank Plc, Athens
Czech Republic	Unicredit Bank Czech Republic, A.S.
Denmark	Skandinaviska Enskilda Banken AB (publ), Copenhagen Branch
Egypt	HSBC Bank Egypt SAE
Estonia	AS SEB Pank
Finland	Skandinaviska Enskilda Banken AB (publ.), Helsinki Branch
France	BNP Paribas Securities Services (France)
France	CACEIS Bank
Germany	HSBC Trinkaus & Burkhardt
Ghana	Standard Chartered Bank Ghana Ltd
Greece	HSBC Bank Plc
Hong Kong	The Hongkong & Shanghai Banking Corporation Ltd (CNC) (HK)
Hungary	Unicredit Bank Hungary Zrt
India	The Hongkong and Shanghai Banking Corporation Ltd (India)
Indonesia	The Hongkong and Shanghai Banking Corporation Ltd (Indonesia)
Ireland	HSBC Bank Plc (UK)
Israel	Bank Leumi Le-Israel BM
Italy	BNP Paribas Securities Services (Italy)
Japan	The Hongkong and Shanghai Banking Corporation Ltd (Japan)
Jordan	Bank of Jordan

Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Ltd
Kuwait	HSBC Bank Middle East Ltd (Kuwait)
Latvia	AS SEB Banka
Lebanon	HSBC Bank Middle East Ltd (Lebanon)
Lithuania	SEB Bankas
Luxembourg	Clearstream Banking SA
Malaysia	HSBC Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Ltd (Mauritius)
Mexico	HSBC Mexico, SA
Morocco	Citibank Maghreb
Netherlands	BNP Paribas Securities Services (Netherlands)
New Zealand	The Hongkong and Shanghai Banking Corporation Ltd (New Zealand)
Nigeria	Stanbic IBTC Bank plc
Norway	Skandinaviska Enskilda Banken AB (publ) Oslo Branch
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Citibank NA (Pakistan)
Palestine	Bank of Jordan (Palestine Branch)
Peru	Citibank del Peru
Philippines	The Hongkong and Shanghai Banking Corporation Ltd (Philippines)
Poland	Bank Pekao SA
Portugal	BNP Paribas Securities Services (Portugal)
Qatar	HSBC Bank Middle East Ltd, Qatar
Romania	Citibank Europe plc, Romania branch
Russia	Citibank ZAO
Saudi Arabia	HSBC Saudi Arabia Ltd
Serbia	Unicredit Bank Serbia JSC
Singapore	The Hongkong and Shanghai Banking Corporation Ltd (Singapore)
Slovakia	Ceskoslovenska Obchodna Banka AS
Slovenia	Unicredit Banka Slovenija DD
South Africa	Standard Bank of South Africa Ltd
South Korea	The Hongkong and Shanghai Banking Corporation Ltd (South Korea)
Spain	BNP Paribas Securities Services (Spain)
Sri Lanka	The Hongkong and Shanghai Banking Corporation Ltd (Sri Lanka)
Sweden	Skandinaviska Enskilda Banken AB (publ.)
Switzerland	Credit Suisse AG
Taiwan	HSBC Bank (Taiwan) Ltd
Tanzania	Standard Chartered Bank (Mauritius) Ltd, Tanzania
Thailand	The Hongkong and Shanghai Banking Corporation Ltd (Thailand)
Turkey	HSBC Bank AS
Uganda	Standard Chartered (Uganda)
United Arab Emirates	HSBC Bank Middle East Ltd (UAE)

United Kingdom	HSBC Bank Plc (UK)
United States	Brown Brothers Harriman & Co
United States	Citibank, N.A. (USA)
United States	HBSC Bank (USA) NA
Vietnam	HSBC (Vietnam) Ltd
Zambia	Standard Chartered Bank (Zambia) Plc

The Depositary's sub-custodian in each jurisdiction supported by the Depositary for investment by the Sub-Funds it acts as depositary of is included in the list above. The sub-custody delegates from time to time used by the Depositary in relation to the Company are the sub-custody delegates listed for the jurisdictions in which the relevant Sub-Fund has actually invested.

This Appendix may be amended at any time by the Depositary. The Depositary shall notify the Company of any amendments that it makes to the Depositary Delegates List.

## **Veritas Global Focus Fund**

### **Supplement I to the Prospectus dated 1 October 2018 for Veritas Funds plc**

This Supplement contains specific information in relation to the Veritas Global Focus Fund ("the Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has five other Sub-Funds, Veritas Global Equity Income Fund, Veritas Asian Fund, Veritas China Fund, Veritas Global Real Return Fund and Veritas Izoard Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

#### **1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

#### **2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

#### **3. Base Currency**

US Dollars.

#### **4. Investment Objective and Policy**

##### *Investment objective*

The Sub-Fund is designed for long-term investors who wish to build capital over a number of years through investment in a focused portfolio of global companies.

### *Investment policy*

The Sub-Fund principally invests in equities, irrespective of specific geographical location listed or traded on Recognised Exchanges throughout the world. Investments may also be made in securities (including convertible bonds with equity linked notes which bonds shall be fixed and/or floating rate and shall generally be investment grade) which are listed or traded on a Recognised Exchange, subject to the Investment Restrictions listed below, although it is not the current intention of the Directors that such investments will be made. The Sub-Fund will not invest in leveraged notes.

It is the policy of the Sub-Fund that the portfolio will be invested in a relatively select group of superior global companies, identified through a bottom up stock picking approach within certain strategic themes identified by the Investment Managers, with the aim of achieving consistent absolute returns. The investment approach is orientated to identifying and investing in superior businesses at reasonable valuations. Industry leaders in relatively stable industries are sought where there is greater visibility of sustainable earnings and recurring revenues, but equity investments must satisfy a number of demanding valuation criteria, with particular attention paid to the level of free cash flow generation from the business. The importance of company management, and their alignment with public shareholders, cannot be overstated. No consideration will be given to country or global index weightings, nor will the Sub-Fund be always fully invested in equities, and as a result performance may be significantly different from that of the markets in which it is invested, or the performance of commonly followed global indices.

The assets of the Sub-Fund may, subject to the restrictions set out in the Regulations and in addition to any investments referred to above, include CIS, cash, deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances. Cash and deposits will be held as ancillary liquid assets only. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The Sub-Fund may employ financial derivative instruments (FDIs) for efficient portfolio management and for hedging purposes within the limits laid down by the Central Bank, as described below.

The Sub-Fund may, but is not required to invest in New Issues, consistent with the investment policy set out above. The rules relating to investing in New Issues are set out under the heading "Investment in New Issues" in the Prospectus and apply to the Sub-Fund.

### *Financial Derivative Instruments*

#### *Swaps / Contracts for Differences (CFDs)*

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve long exposure.

#### *Futures*

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (eg one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging purposes. The Sub-Fund may enter into futures contracts to achieve long exposure.

#### Options

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging purposes.

#### *Hedging against exchange rate movements at Class level*

The Sub-Fund may also engage in forward foreign exchange contracts for EPM purposes in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currencies of the Classes within the Sub-Fund (namely US Dollar, Sterling and Euro) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. At no stage will over-hedged positions exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the Class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilized.

Notwithstanding the above the Sub-Fund will not invest more than 20% of its net assets in securities listed or traded on Recognised Exchanges in emerging markets.

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's forward foreign exchange or hedging transactions.

The Company will use the commitment approach to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank. Where the commitment approach is used to calculate the global exposure no leverage arises.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **5. Dividend**

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

## **6. Issue of Shares**

### **Sterling A Class Shares/ Dollar A Class Shares/ Euro A Class Shares**

The Sterling A Class Shares, the Dollar A Class Shares and the Euro A Class Shares (together "A Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding of the A Class Shares is GBP30,000, US\$50,000 or €50,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP15,000, US\$25,000 or €25,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for A Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the A Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

The Sterling B Class Shares, the Dollar B Class Shares and the Euro B Class Shares (together "B Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding of the B Class Shares is GBP7,000, US\$15,000 and €15,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP7,000, US\$15,000 or €15,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for the B Class Shares must be received by the Dealing Deadline. The procedure for applying for the B Class Shares after the initial offer period is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for B Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

### **Sterling C Class Shares/ Dollar C Class Shares/ Euro C Class Shares**

The Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares (together "the C Class

Shares") will be available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places. The C Class Shares are described as accumulating Shares.

The minimum investment and holding of the Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares is GBP20,000,000, US\$30,000,000 or €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for the C Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the C Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the C Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Sterling D Class Shares/ Dollar D Class Shares/Euro D Class Shares**

The Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares (together "the D Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding of the Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares is GBP20,000,000 US\$30,000,000 or €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for the D Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the D Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the D Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Following initial subscription, subsequent subscriptions of Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **7. Repurchase of Shares**

Applications for repurchase of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched

in the currency of the relevant Class of Shares within five Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased Share.

The Dealing Deadline for repurchases for Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **8. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading "Switching".

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder's holding in that Sub-Fund from which Shares are to be switched.

### ***Withdrawal of Switching Requests***

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **9. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### **The Depositary**

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$ 32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **Investment Manager**

#### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **B Class Shares**

The Investment Manager's annual fees will be 1.5% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **C Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **D Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

The above fees shall be paid monthly in arrears. The Investment Manager is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **The Administrator**

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **10. Investor Profile**

The Sub-Fund is suitable for investors seeking capital growth over a 5 to 10 year period and who are prepared to accept a moderate level of volatility.

## **11. Risk Warnings**

Persons interested in purchasing Shares in the Sub-Fund should read the section headed "Risk Warnings" in the main body of this Prospectus.

### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

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

acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

Dated: **1 October 2018**

**Veritas Asian Fund**  
**Supplement II to the Prospectus dated 1 October 2018**

**for Veritas Funds plc**

This Supplement contains specific information in relation to Veritas Asian Fund (the "Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has five other Sub-Funds, Veritas Global Focus Fund, Veritas Global Equity Income Fund, Veritas China Fund, Veritas Global Real Return Fund and Veritas Izoard Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

**2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

**3. Base Currency**

US Dollars.

**4. Investment Objective and Policy**

*Investment objective*

The Sub-Fund is designed for long-term investors who wish to build capital over a number of years through investment in a portfolio of equity and equity related securities in companies located in Asia (excluding Japan).

#### *Investment policy*

The Sub-Fund principally invests in equities listed or traded on Recognised Exchanges in Asia (excluding Japan). Thereby, at least two thirds of the total assets of the Sub-Fund are allocated to issuers of investments which have their registered office in Asia or have the predominant part of their commercial activity in Asia or, as holding companies, must predominantly hold participations in companies with registered offices in Asia. The Sub-Fund may also seek exposure to Asia (excluding Japan) through investment in securities (including, but not exclusively, equity linked notes, corporate bonds and convertible bonds, which bonds may be fixed and/or floating rate and shall generally be investment grade) which are listed or traded on Recognised Exchanges located in other jurisdictions, subject to the Investment Restrictions listed in the main body of this Prospectus. Substantially all bonds in the Sub-Fund's portfolio will be rated at or above investment grade by Moody's, Standard & Poor's or another of the internationally recognised credit rating agencies (or as deemed equivalent by the Investment Manager). The Sub-Fund will not invest in leveraged notes.

The Sub-Fund may gain exposure to the equities issued by companies whose business or the business of their parent company is located or conducted primarily in the People's Republic of China (**PRC**). Such exposure is gained by entering into arrangements with and acquiring notes or similar equity linked securities or instruments issued by institutions that have obtained Qualified Foreign Institutional Investor (**QFII**) status through which the Sub-Fund can gain exposure indirectly to the China A Share market. Examples of the notes or similar equity linked securities or instruments are listed P-Notes and warrants. These will be fully financed positions and so have no leverage or finance elements. Exposure may also be gained through OTC derivatives such as swaps.

The Sub-Fund may also gain exposure to certain equities listed on mainland China stock exchanges via Hong Kong through the market access programme through which foreign investors can deal in select China A Shares (**Stock Connect**). The transaction may be executed by entering into an agreement to acquire a participatory note or warrant issued by a counterparty or directly via the Special Segregated Account Model (**SPSA**).

The Sub-Fund may invest in listed Indian P-Notes. Such exposure is gained by entering into arrangements with and acquiring notes or similar equity linked securities or instruments issued by institutions that have obtained Foreign Institutional Investor (**FII**) status through which the Sub-Fund can gain exposure indirectly to the Indian securities market. These will be fully financed positions and so have no leverage or finance elements. The Sub-Fund may also pursuant to a Foreign Portfolio Investor (**FPI**) license under Category II of the Indian FPI regulations, invest directly in Indian securities issued by Indian issuers.

It is the policy of the Sub-Fund that the portfolio will be invested in focused equity positions, identified through a bottom-up, stock picking approach, with a macro overlay. The macro analysis of the Investment Manager will focus on identifying long term themes and trends and then proceed to identifying companies with sound business models, strong management and good financial controls that will benefit from the macro themes and trends identified. Investments will generally be in large cap blue chip companies, although mid and small cap companies will be considered by the Investment Manager where appropriate. It is currently envisaged that the Sub-Fund will hold between 15 and 60 equity positions at any time, although these parameters may not be reached, and can be exceeded should the opportunities present themselves.

The assets of the Sub-Fund may, subject to the restrictions set out in the Regulations and in addition to any investments referred to above, include CIS, cash, deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances. Cash and deposits will be held as ancillary liquid assets only. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The Sub-Fund may employ financial derivative instruments (FDIs) for efficient portfolio management and for hedging purposes within the limits laid down by the Central Bank, as described below.

#### *Financial Derivative Instruments*

##### **Swaps / Contracts for Differences (CFDs)**

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve long exposure.

##### **Futures**

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (eg one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging purposes. The Sub-Fund may enter into futures contracts to achieve long exposure.

##### **Options**

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging purposes.

#### **5. Dividend**

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

#### **6. Issue of Shares**

##### **Sterling A Class Shares/ Euro A Class Shares/ Dollar A Class Shares**

The Sterling A Class Shares, Dollar A Class Shares and Euro A Class Shares (together “A Class Shares”) are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding for the Sterling A Class Shares, Dollar A Class Shares and Euro A Class Shares is, GBP30,000, US\$50,000 and €50,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor’s investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP15,000, US\$25,000 or €25,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Applications for A Class Shares must be received by the Administrator by the Dealing Deadline. The procedures for applying for the A Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Share Class.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

The Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares (together the “B Class Shares”) are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares is GBP7,000, US\$15,000 and €15,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor’s investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP7,000, US\$15,000 and €15,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Applications for the B Class Shares must be received by the Administrator by the Dealing Deadline. The procedures for applying for the B Class Shares after the initial offer period are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value per Share of the relevant Class.

The Dealing Deadline for applications for B Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Sterling C Class Shares/ Dollar C Class Shares/ Euro C Class Shares**

The Sterling C Class Shares, the Dollar C Class Shares, and after expiry of the initial offer period, the Euro C Class Shares (together the “C Class Shares”), will be available at the Net Asset Value per Share of the

relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places. The C Class Shares are described as accumulating Shares.

The minimum investment and holding of the Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares is GBP20,000,000, US\$30,000,000 and €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above, is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal points.

#### **Initial Offer Period**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Period</b>
Euro C Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

#### **Initial Offer Price**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Price</b>
Euro C Class	Euro	Prevailing Net Asset Value per Share of Euro A Class Shares

Applications for the C Class Shares must be received by the Administrator by the Dealing Deadline. The procedures for applying for the C Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the initial price or Net Asset Value per Share of the relevant Class.

The Dealing Deadline for applications for C Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

### **Sterling D Class Shares/ Dollar D Class Shares/ Euro D Class Shares**

The Sterling D Class Shares, the Dollar D Class Shares, and after expiry of the initial offer period, the Euro D Class Shares (together the “D Class Shares”), will be available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares is GBP20,000,000, US\$30,000,000 and €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor’s investments in the Sub-fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above, is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal points.

#### **Initial Offer Period**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Period</b>
Euro D Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

#### **Initial Offer Price**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Price</b>
Euro D Class	Euro	Prevailing Net Asset Value per Share of Euro A Class Shares

Applications for the D Class Shares must be received by the Administrator by the Dealing Deadline. The procedures for applying for the D Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the initial price or Net Asset Value per Share of the relevant Class.

The Dealing Deadline for applications for D Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

Following initial subscription, subsequent subscriptions for Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **7. Repurchase of Shares**

Applications for repurchase of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched in the currency of the relevant Class of Shares within 5 Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased Share.

The Dealing Deadline for repurchases of Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **8. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading "Switching".

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder's holding in that Sub-Fund from which Shares are to be switched.

### ***Withdrawal of Switching Requests***

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **9. Hedging against exchange rate movements at Sub-Fund and Class level**

The Sub-Fund may also engage in forward foreign exchange contracts for EPM purposes in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currencies of the Classes within the Sub-Fund (namely US Dollar, Sterling and Euro) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. The Classes of Shares will not be leveraged as a result of these currency hedging operations, the use of which may be up to but over-hedged positions may not exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different Classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate Classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilised.

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's FDI transactions.

The Company will use the commitment approach to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank. Where the commitment approach is used to calculate the global exposure no leverage arises.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **11. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### **The Depositary**

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **Investment Manager**

### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **B Class Shares**

The Investment Manager's annual fees will be 1.5% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **C Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **D Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

The above fees shall be paid monthly in arrears. The Investment Manager is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **The Administrator**

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **12. Investor Profile**

The Sub-Fund is suitable for investors seeking capital growth over a 5 to 10 year period and who are prepared to accept a moderate level of volatility.

## **13. Risk Warnings**

Persons interested in purchasing Shares in the Sub-Fund should read the section headed "Risk Warnings" on page 22 in the main body of the Prospectus. In addition, the following risk factors apply:

### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a

possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered into. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

#### *Uncertainty in PRC Capital Gains Tax*

The Sub-Fund may gain exposure to China A Shares as described above in the section "Investment Objective and Policy". The taxation of capital gains from China A Shares in which QFIIs invest is currently unclear. The cash settlement or redemption amount of the swaps entered into with QFIIs or notes or similar equity linked securities or instruments issued by QFIIs (**PRC Linked Products**) is calculated net of taxes and other duties and expenses incurred or which may be incurred in connection with trading of the underlying securities. Currently, the approach taken by brokers operating in the market differs. Some deduct the capital gains tax at source and consent to either pass onto the China authorities if the rules are changed or repay the Sub-Fund after a certain time has lapsed. Others make no deduction at source but will seek an indemnity from the Sub-Fund or request payment for the tax if due.

On 14 November 2014, the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the CSRC jointly issued a notice regarding the tax treatment of capital gains derived by QFIIs and RQFIIs. Under the notice, the MOF, SAT and CSRC granted a temporary exemption from tax on capital gains derived by QFIIs and RQFIIs from trading equity investments with effect from November 17, 2014. Although the notice states the exemption from tax on capital gains is temporary, no end date was provided.

Currently, a 10% PRC withholding tax rate is already imposed on dividends and interests obtained by a QFII. Pursuant to the Notice on the Business Tax Policy on QFIIs, jointly issued by the MOF and the SAT, under the circumstance that QFII entrusts domestic company to engage in securities trading business, business turnover (the difference between selling and buying price of securities) arising from trading of securities of QFIIs is exempted from business tax. This section on PRC taxation has been prepared on the interpretation of existing PRC tax laws. However this advice is not free from qualification and hence the effective rate or rates of taxation borne by the Sub-Fund may be more or less than that indicated in such section. In addition, specific taxation laws and practices may develop with respect to QFIIs and QFII Quotas which may be more or less favourable than current laws and practices and/or the interpretation of such laws and practices by the Sub-Fund. The value of the Sub-Fund's investments in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or changes in the basis of taxation.

Although the PRC tax authorities have provided some clarification on the PRC capital gain tax on the notice issued on 14 November 2014, investors should note that the tax exemption for QFII is temporary with no specific end date provided. There also remains considerable uncertainty as to the application of withholding income tax on capital gains derived by QFIIs which may affect the Sub-Fund's investments. For example, there is no indication on how such tax should be calculated and paid (e.g. netting of gains and losses, carry forward of losses, application of tax treaties). The notice also does not specify whether, for example, convertible bonds, index futures and other permitted securities fall within the scope of this exemption. There is no assurance that QFIIs would not be required to pay withholding income tax in the future and/or retrospectively.

The terms of the agreement with the QFII may result in the Sub-Fund paying monies in the amount of the capital gains tax on the PRC Linked Products or in the QFII withholding monies from the payments it makes to the Sub-Funds which will impact the Net Asset Value of the Sub-Fund accordingly.

The provisional withholding income tax withheld by QFIIs or the Sub-Fund are estimates of what the actual withholding income tax may be imposed by PRC and may be excessive or inadequate to meet actual PRC tax liabilities with respect to the Sub-Fund's investments. In the event that the PRC authorities clarify that the actual withholding income tax levied is more than the provisional withholding income tax amount withheld, such shortfall will be borne pro rata by the Sub-Fund. This would cause the Net Asset Value of the Sub-Fund to fall if the actual taxes exceed the provisional taxes collected. Past investors who have fully redeemed from the Sub-Fund will not be liable for such shortfall. As a corollary, if the withholding income tax is less than the provisional withholding income tax amount, such excess amount withheld will be returned by the QFIIs to the Sub-Fund. Such a refund would result in a higher Net Asset Value of the Sub-Fund. The investors in the Sub-Fund will have no direct claims with respect to any such refund. Therefore, investors may be advantaged or disadvantaged depending upon the final tax liabilities, the level of tax provision and when the investors subscribed and/or redeemed their investment in/from the Sub-Fund.

#### *Risks linked with dealing in securities in China via Stock Connect*

The Sub-Fund may seek exposure to stocks issued by companies listed on China stock exchanges via Stock Connect. Stock Connect is a trading programme that links the stock markets in mainland China and Hong Kong and may be subject to additional risk factors. Investors in Hong Kong and mainland China can trade and settle shares listed on the other market via the exchange and clearing house in their home market. Stock Connect is subject to quota limitations, which may restrict the Sub-Fund's ability to deal via Stock Connect on a timely basis. Investors should note that a security may be recalled from the scope of Stock Connect. This may adversely affect the Sub-Fund's ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect.

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions and disclosure obligations are also applicable to China A Shares.

The Investment Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. The Investment Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with their interests in China A Shares.

#### *Risks linked with dealing in securities in India pursuant to a FPI license*

Investment in Indian listed securities is only permitted to Securities Exchange Board of India (SEBI) registered FPIs. SEBI has implemented FPI regulations with the aim to rationalize foreign investments in Indian capital markets by portfolio investors. A FPI Licence under Category II of the Indian FPI regulations issued by SEBI may be obtained on the basis that the Fund is an 'appropriately regulated' broad based fund'. To fall under Category II the Fund should have at least 20 investors with no single investor holding

more than 49% of the Shares of the Fund. Though, if any institutional investor holds more than 49% of the Shares of the Fund, then such institutional investor should, in turn, be a “broad based fund” itself, and must satisfy the above criteria. FPIs are obliged, under the terms of the undertakings and declarations made by them at the time of registration, to immediately notify the SEBI or the designated depository participant (as the case may be) of any change in the information provided in the application for registration. Failure by FPIs to adhere to relevant legislative provisions and regulatory rules and the FPI regulations thereunder renders them liable for, amongst other matters, imposition of a penalty and suspension or cancellation of the certificate of registration. In terms of the Indian FPI regulations, FPIs are generally permitted to invest in Indian securities without the prior approval of the Reserve Bank of India (RBI) or SEBI. However, the total outstanding investments cannot exceed the FPI investment limits as prescribed by SEBI and RBI which may be revised from time to time (the **FPI Investment Limits**). Therefore, investments made by the Sub-Fund in such instruments in India will be subject to such restrictions as may be notified by SEBI from time to time. The variability of such FPI Investment Limits may pose a risk to the Fund.

SEBI and RBI, from time to time, issue circulars notifying the FPI Investment Limits for investments by FPIs, such as the Sub-Fund, in Indian securities. The Fund’s investments cannot exceed such FPI Investment Limits. The current available FPI Investment Limits for investments can be reviewed on the website of National Securities and Depository Limited as follows:

<https://www.fpi.nsdl.co.in/web/Default.aspx>

The Investment Manager will monitor the investments of the Fund to ensure they do not exceed the FPI Investment Limits. In accordance with the requirements of SEBI and the RBI, the sub-custodian appointed by the Depository in India is also required to monitor that investments of the Sub-Fund do not reach the FPI Investment Limits.

The operation of the Sub-Fund’s bank account in India is subject to regulation by RBI under the Indian foreign exchange regulations. The local sub-custodian appointed by the Depository acting also as the remitting banker will be authorised to convert currency and repatriate capital and income on behalf of the Fund. There can be no assurance that the Indian Government would not, in the future, impose certain restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. In addition, India may in the future re-introduce foreign exchange control regulations which can limit the ability of the Sub-Fund to repatriate the dividends, interest or other income from the investments or the proceeds from sale of securities. Any amendments to the Indian exchange control regulations may impact adversely on the performance of the Sub-Fund.

#### **14. Establishment Costs**

The cost of establishing the Sub-Fund, such as legal and listing fees, which is USD20,000, is being borne by the Sub-Fund and will be amortised over the first five accounting periods of the Sub-Fund.

**Dated: 1 October 2018**

## **Veritas Global Equity Income Fund**

### **Supplement III to the Prospectus dated 1 October 2018 for Veritas Funds plc**

This Supplement contains specific information in relation to Veritas Global Equity Income Fund (the "Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has Five other Sub-Funds, Veritas Global Focus Fund, Veritas Asian Fund, Veritas China Fund, Veritas Global Real Return Fund and Veritas Izoard Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

#### **1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

#### **2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

#### **3. Base Currency**

Sterling.

#### **4. Investment Objective and Policy**

##### *Investment objective*

The Sub-Fund is designed to provide a high and growing level of income and thereafter to preserve capital in real terms over the long term.

##### *Investment policy*

The Sub-Fund principally invests in global equities listed or traded on Recognised Exchanges.

Investments may also be made in global securities (including, but not exclusively, sovereign and corporate index-linked bonds, sovereign, corporate and convertible bonds, which may be fixed and/or floating rate and shall generally be investment grade) which are listed or traded on a Recognised Exchange, subject to the Investment Restrictions listed in the main body of the Prospectus. The Sub-Fund will not invest in leveraged notes.

It is the policy of the Sub-Fund that the portfolio will generally be invested in focused equity positions, identified through a bottom-up, stock picking approach, within a global macro economic framework. The aim is for the Sub-Fund to have a prospective yield that is 10% greater than the prevailing MSCI World Index dividend yield over a rolling five year period. The MSCI World Index is a market capitalisation weighted benchmark index made up of equities from 23 developed countries. The macro analysis of the Investment Manager will focus on identifying long term themes and trends and then proceed to identifying companies with sound cash generative business models and strong management and financial controls that will benefit from the macro themes and trends identified. Investment will generally be in large cap blue chip companies, although mid and small cap companies will be considered by the Investment Manager where they have a sound business model, strong cash flows and a high and sustainable dividend. It is currently envisaged that the Sub-Fund will hold between 15 and 60 equity positions at any time, although these parameters may not be reached, and can be exceeded should the opportunities present themselves.

The assets of the Sub-Fund may, subject to the restrictions set out in the Regulations and in addition to any investments referred to above, include CIS, cash, deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances as a short term defensive mechanism. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The Sub-Fund may employ financial derivative instruments (FDIs) for efficient portfolio management and for hedging purposes within the limits laid down by the Central Bank, as described below.

The Sub-Fund may, but is not required to invest in New Issues, consistent with the investment policy set out above. The rules relating to investing in New Issues are set out under the heading "Investment in New Issues" in the Prospectus and apply to the Sub-Fund.

### *Financial Derivative Instruments*

#### **Swaps / Contracts for Differences (CFDs)**

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve long exposure.

#### **Futures**

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (eg one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging purposes. The Sub-Fund may enter into futures contracts to achieve long exposure.

## Options

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging purposes.

## 5. Dividend

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

## 6. Issue of Shares

### **Sterling A Class Shares/ Dollar A Class Shares/ Euro A Class Shares**

The Sterling A Class Shares, Dollar A Class of Shares and Euro A Class Shares (together "A Class Shares") of the Sub-Fund are available at the Net Asset Value per Share of the relevant Share Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding for the A Class Shares is GBP30,000, US\$50,000 and €50,000 (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP15,000, US\$25,000 or €25,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for A Class Shares must be received by the Administrator by the Dealing Deadline. The procedures for applying for A Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the Net Asset Value per Share.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

The Sterling B Class, the Dollar B Class and the Euro B Class (together the "B Class Shares") Shares are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding for the B Class Shares is GBP7,000, US\$15,000 or €15,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP7,000, US\$15,000 or €15,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for B Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the B Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the Net Asset Value per Share of the relevant Class.

The Dealing Deadline for applications for B Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

#### **Sterling C Class Shares/ Dollar C Class Shares/Euro C Class Shares**

The Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares (together “the C Class Shares”) are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places. The C Class Shares are described as accumulating Shares.

The minimum investment and holding of the Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares is GBP20,000,000, US\$30,000,000 or €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for the C Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the C Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the C Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Sterling D Class Shares/ Dollar D Class Shares/Euro D Class Shares**

The Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares (together “the D Class Shares”) will be available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places.

The minimum investment and holding of the Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares is GBP20,000,000, US\$30,000,000 or €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Applications for the D Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the D Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the D Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **Dollar E Class Shares**

The Dollar E Class Shares ("the E Class Shares") will be available at the Net Asset Value per Share on a given Dealing Day. The Net Asset Value per Share is calculated to two decimal places. Some or all of the currency exposure of the Dollar E Class Shares will be hedged in accordance with the requirements of the Central Bank and as further detailed in this Supplement.

The minimum investment and holding of the E Class Shares is US\$30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is US\$150,000 (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to two decimal places.

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

Applications for the E Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the E Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the E Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Following initial subscription, subsequent subscriptions for Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **7. Repurchase of Shares**

Applications for repurchase of Shares of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched in the currency of the relevant Class of Shares within five Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased Share.

The Dealing Deadline for repurchases of Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **8. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-

Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading "Switching".

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder's holding in that Sub-Fund from which Shares are to be switched.

### ***Withdrawal of Switching Requests***

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **9. Hedging against exchange rate movements at Sub-Fund and Class level**

The Sub-Fund may also engage in forward foreign exchange contracts for EPM purposes in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currencies of the Classes within the Sub-Fund (namely US Dollar and Sterling) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. The Classes of Shares will not be leveraged as a result of these currency hedging operations, the use of which may be up to but over-hedged positions may not exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the Class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different Classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate Classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilised.

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's forward foreign exchange contracts or hedging transactions.

The Company will use the commitment approach to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank. Where the commitment approach is used to calculate the global exposure no leverage arises.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **11. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### **The Depositary**

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$ 32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **Investment Manager**

#### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **B Class Shares**

The Investment Manager's annual fees will be 1.5% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **C Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **D Class Shares**

The Investment Manager's annual fees will be 0.75% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **E Class Shares**

The Investment Manager's annual fees will be 1.5% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

## **The Administrator**

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **12. Investor Profile**

The Sub-Fund is suitable for investors seeking capital growth over a 5 to 10 year period and who are prepared to accept a moderate level of volatility.

## **13. Risk Warnings**

Persons interested in purchasing Shares in the Sub-Fund should read the section headed "Risk Warnings" in the main body of this Prospectus.

In addition, as the investments of the Sub-Fund may include substantial holdings of cash, deposits and short-term paper, investors should be aware of the difference between the nature of a deposit and the nature of an investment in the Sub-Fund and the fact that the principal invested in the Sub-Fund is capable of fluctuation.

### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered into. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

## **14. Establishment Costs**

The cost of establishing the Sub-Fund, such as legal and listing fees, did not exceed GBP 20,000 and is being borne by the Sub-Fund and will be amortised over the next three accounting periods of the Sub-Fund.

**Dated: 1 October 2018**

## **Veritas China Fund**

### **Supplement IV to the Prospectus dated 1 October 2018 for Veritas Funds plc**

This Supplement contains specific information in relation to Veritas China Fund (the "Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has five other Sub-Funds, Veritas Global Focus Fund, Veritas Asian Fund, Veritas Global Equity Income Fund, Veritas Global Real Return Fund and Veritas Izoard Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

#### **1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

#### **2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

#### **3. Base Currency**

US Dollars.

#### **4. Investment Objective and Policy**

##### *Investment objective*

The Sub-Fund aims to achieve long term capital growth, regardless of market conditions, by taking positions primarily in equities or equity related derivative contracts of

1. companies located in China (People's Republic Of China, and its Special Administrative Regions, Hong Kong and Macau) or
2. Companies that are not located in China but derive a majority (over 50%) of their income from China.

#### *Investment policy*

The Sub-Fund primarily invests in equities listed or traded on Recognised Exchanges. Investments may also be made in securities (including convertible bonds with equity linked notes which bonds shall be fixed and/or floating rate and shall generally be investment grade) which are listed or traded on a Recognised Exchange, subject to the Investment Restrictions within the Prospectus or listed below. It is anticipated that the Recognised Exchanges that the Sub-Fund will invest in will be mainly, but not limited to the London Stock Exchange, Exchanges in the United States of America, Exchanges in Hong Kong, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Singapore Stock Exchange

It is the policy of the Sub-Fund that the portfolio will invest, as allowable under the Regulations, to achieve long term capital growth, regardless of the prevailing market conditions. The Sub-Fund will take focused equity positions identified through a bottom-up, stock picking approach, with a macro overlay. The macro analysis of the Investment Manager will focus on identifying long term themes and trends and then proceed to identifying companies with sound business models, strong management and disciplined financial controls that will benefit from the macro themes and trends identified. The macro themes are identified via a combination of in-house and external research. Asian domestic demand is an example of a theme internal to the Investment Manager. The outcome of the analysis of that theme can result in identifying opportunities to invest in Chinese companies whose business is benefitting from rising Chinese consumer spending in consumer goods or services. An example of how a company can benefit from increased consumer spending is that it can increase a company's sales and can therefore increase that company's revenue and profits.

Investments will generally be in large cap blue chip companies, although mid and small cap companies will be considered by the Investment Manager where appropriate. It is currently envisaged that the Sub-Fund will hold between 10 and 40 positions at any time, although these parameters may not be reached, and can be exceeded should the opportunities present themselves.

Positions will be held through a combination of direct investment across the assets described in the investment policy and/or derivative instruments described below.

The Sub-Fund may gain exposure to the equities issued by companies whose business or the business of their parent company is located or conducted primarily in the People's Republic of China (**PRC**). Such exposure is gained by entering into arrangements with and acquiring notes or similar equity linked securities or instruments issued by institutions that have obtained Qualified Foreign Institutional Investor (**QFII**) status through which the Sub-Fund can gain exposure indirectly to the China A Share market as the underlying equity is a China A Share. Examples of the notes or similar equity linked securities or instruments are listed P-Notes and warrants. These will be fully financed positions and so have no leverage or finance elements. Exposure may also be gained through OTC derivatives such as swaps. The Sub-Fund may also gain exposure to certain equities listed on mainland China stock exchanges, such as the Shanghai and Shenzhen stock exchanges, via Hong Kong through the market access programme through which foreign investors can deal in select China A Shares (**Stock Connect**). The transaction may be executed by entering into an agreement to acquire a participatory note or warrant issued by a counterparty or directly via the Special Segregated Account Model (**SPSA**). The SPSA model is a method whereby brokers set up an account under Stock Connect to settle and safekeep China A Shares. The securities do not need to be pre-delivered under the SPSA model and cash is received upon settlement.

The assets of the Sub-Fund may, subject to the restrictions set out in the Regulations and in addition to any investments referred to above, include CIS, cash, deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances. Cash and deposits will be held as ancillary liquid

assets only. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The Sub-Fund may, but is not required to invest in New Issues, consistent with the investment policy set out above. The rules relating to investing in New Issues are set out under the heading "Investment in New Issues" in the Prospectus and apply to the Sub-Fund.

#### *Financial Derivative Instruments*

##### *Futures*

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (e.g. one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging purposes. The Sub-Fund may enter into futures contracts to achieve long exposure.

##### *Options*

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging purposes. Where the Sub-Fund purchases call or put options the exposure to those instruments is the premium paid to the seller of that option.

##### *Swaps / Contracts for Differences (CFDs)*

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A swap or CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve long exposure.

##### *FX Forwards*

These instruments allow the holder to purchase one currency and sell another currency at a pre-determined rate of exchange at a pre-determined date in the future.

It is the intention of the Sub-Fund that the use of FX forwards will be for hedging and investment purposes.

## **5. Risk Management Process**

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's FDI transactions.

The Company will use the commitment approach to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank. Where the commitment approach is used to calculate the global exposure no leverage arises.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **6. Dividend**

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

## **7. Issue of Shares**

### **Sterling A Class Shares/ Euro A Class Shares/ Dollar A Class Shares**

The Sterling A Class Shares, Euro A Class Shares and Dollar A Class Shares (together "A Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding for the Dollar A Class Shares, the Sterling A Class Shares and the Euro A Class Shares is GBP30,000, US\$50,000 or €50,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP15,000, US\$25,000 or €25,000 respectively (or their foreign currency equivalents).

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank will be notified of any such change.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Applications for A Class Shares must be received before the Dealing Deadline. The procedures for applying for A Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Share Class.

### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

The Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares (together the "B Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares is GBP7,000, US\$15,000 and €15,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP7,000, US\$15,000 and €15,000 respectively (or their foreign currency equivalents).

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

The Dealing Deadline for applications for B Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

Applications for B Class Shares must be received by the Dealing Deadline. The procedures for applying for B Class Shares after the initial offer period are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value per Share of the relevant Share Class.

Following initial subscription, subsequent subscriptions for Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **8. Repurchase of Shares**

Applications for repurchase of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched in the currency of the relevant Class of Shares within 5 Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased Share.

The Dealing Deadline for repurchases of Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **9. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading "Switching". No redemption fees will apply on the switch subject to meeting the minimum subscription, minimum holding and minimum subsequent subscription requirements.

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder's holding in that Sub-Fund from which Shares are to be switched.

### ***Withdrawal of Switching Requests***

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **10. Hedging against exchange rate movements at Sub-Fund and Class level**

The Sub-Fund may also engage in forward foreign exchange contracts for EPM purposes in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the

denominated currencies of the Classes within the Sub-Fund (namely US Dollar, Sterling and Euro) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. The Classes of Shares will not be leveraged as a result of these currency hedging operations, the use of which may be up to but over-hedged positions may not exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different Classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate Classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilised.

## **11. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### **The Depositary**

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$ 32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **Investment Manager**

#### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **B Class Shares**

The Investment Manager's annual fees will be 1.5 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

The above fees shall be paid monthly in arrears. The Investment Manager is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **The Administrator**

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **12. Investor Profile**

The Sub-Fund is suitable for investors seeking capital growth over a 5 to 10 year period and who are prepared to accept a moderate level of volatility.

### **13. Risk Warnings**

Persons interested in purchasing Shares in the Sub-Fund should read the section headed "Risk Warnings" in the main body of the Prospectus. In addition, the following risk factors apply:

#### *Liquidity*

The Directors have the power to suspend the issue/repurchase of Shares in the Sub-Fund and may suspend the calculation of Net Asset Value in the circumstances described in the Prospectus under the heading "Temporary Suspension of Calculation of Net Asset Value and of Issues and Redemptions". The result of these events would be that the Shares in the Sub-Fund would be an illiquid investment until such suspension is lifted.

#### *Legal, Tax and Regulatory Change Risk*

There may be changes in law, regulation or practices including those relating to tax issues and such changes may affect the operation of the Sub-Fund (including increasing the cost of operating the Sub-Fund), and hence have an adverse effect on the Sub-Fund. Securities regulators, self-regulatory organisations and exchanges may be authorised to take extraordinary actions in the event of market emergencies.

#### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total

assets of the related portfolio being less than if the transaction had not been entered into. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

#### *Risks associated with Futures and Options*

The Sub-Fund may from time to time use both exchange-traded and over the counter futures and options as part of its investment policy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in un-quantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. The Sub-Fund is subject to the risk of failure of any of the exchanges on which it trades or of their clearing houses and in certain cases the counterparties with whom the trades are carried out.

#### *Uncertainty in PRC Capital Gains Tax*

The Sub-Fund may gain exposure to China A Shares as described above in the section "Investment Objective and Policy". The taxation of capital gains from China A Shares in which QFII's invest is currently unclear. The cash settlement or redemption amount of the swaps entered into with QFII's or notes or similar equity linked securities or instruments issued by QFII's (**PRC Linked Products**) is calculated net of taxes and other duties and expenses incurred or which may be incurred in connection with trading of the underlying securities. Currently, the approach taken by brokers operating in the market differs. Some deduct the capital gains tax at source and consent to either pass onto the China authorities if the rules are changed or repay the Sub-Fund after a certain time has lapsed. Others make no deduction at source but will seek an indemnity from the Sub-Fund or request payment for the tax if due.

On 14 November 2014, the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the CSRC jointly issued a notice regarding the tax treatment of capital gains derived by QFII's and RQFII's. Under the notice, the MOF, SAT and CSRC granted a temporary exemption from tax on capital gains derived by QFII's and RQFII's from trading equity investments with effect from November 17, 2014. Although the notice states the exemption from tax on capital gains is temporary, no end date was provided.

Currently, a 10% PRC withholding tax rate is already imposed on dividends and interests obtained by a QFII. Pursuant to the Notice on the Business Tax Policy on QFII's, jointly issued by the MOF and the SAT, under the circumstance that QFII trusts domestic company to engage in securities trading business, business turnover (the difference between selling and buying price of securities) arising from trading of securities of QFII's is exempted from business tax. This section on PRC taxation has been prepared on the interpretation of existing PRC tax laws. However this advice is not free from qualification and hence the effective rate or rates of taxation borne by the Sub-Fund may be more or less than that indicated in such section. In addition, specific taxation laws and practices may develop with respect to QFII's and QFII Quotas which may be more or less favourable than current laws and practices and/or the interpretation of such laws and practices by the Sub-Fund. The value of the Sub-Fund's investments in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or

changes in the basis of taxation.

Although the PRC tax authorities have provided some clarification on the PRC capital gain tax on the notice issued on 14 November 2014, investors should note that the tax exemption for QFII is temporary with no specific end date provided. There also remains considerable uncertainty as to the application of withholding income tax on capital gains derived by QFIIs which may affect the Sub-Fund's investments. For example, there is no indication on how such tax should be calculated and paid (e.g. netting of gains and losses, carry forward of losses, application of tax treaties). The notice also does not specify whether, for example, convertible bonds, index futures and other permitted securities fall within the scope of this exemption. There is no assurance that QFIIs would not be required to pay withholding income tax in the future and/or retrospectively.

The terms of the agreement with the QFII may result in the Sub-Fund paying monies in the amount of the capital gains tax on the PRC Linked Products or in the QFII withholding monies from the payments it makes to the Sub-Funds which will impact the Net Asset Value of the Sub-Fund accordingly.

The provisional withholding income tax withheld by QFIIs or the Sub-Fund are estimates of what the actual withholding income tax may be imposed by PRC and may be excessive or inadequate to meet actual PRC tax liabilities with respect to the Sub-Fund's investments. In the event that the PRC authorities clarify that the actual withholding income tax levied is more than the provisional withholding income tax amount withheld, such shortfall will be borne pro rata by the Sub-Fund. This would cause the Net Asset Value of the Sub-Fund to fall if the actual taxes exceed the provisional taxes collected. Past investors who have fully redeemed from the Sub-Fund will not be liable for such shortfall. As a corollary, if the withholding income tax is less than the provisional withholding income tax amount, such excess amount withheld will be returned by the QFIIs to the Sub-Fund. Such a refund would result in a higher Net Asset Value of the Sub-Fund. The investors in the Sub-Fund will have no direct claims with respect to any such refund. Therefore, investors may be advantaged or disadvantaged depending upon the final tax liabilities, the level of tax provision and when the investors subscribed and/or redeemed their investment in/from the Sub-Fund.

#### **Risks linked with dealing in securities in China via Stock Connect**

The Sub-Fund may seek exposure to stocks issued by companies listed on China stock exchanges via Stock Connect. Stock Connect is a trading programme that links the stock markets in mainland China and Hong Kong and may be subject to additional risk factors. Investors in Hong Kong and mainland China can trade and settle shares listed on the other market via the exchange and clearing house in their home market. Stock Connect is subject to quota limitations, which may restrict the Sub-Fund's ability to deal via Stock Connect on a timely basis. Investors should note that a security may be recalled from the scope of Stock Connect. This may adversely affect the Sub-Fund's ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect.

Under Stock Connect, China A Shares listed companies and trading of China A Shares are subject to market rules and disclosure requirements of the China A Shares market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions and disclosure obligations are also applicable to China A Shares.

The Investment Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. The Investment Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with their interests in China A Shares.

#### **14. Establishment Costs**

The cost of establishing the Sub-Fund, such as legal and listing fees, which was USD20,000, is being borne by the Sub-Fund and will be amortised over the first five accounting periods of the Sub-Fund.

**Dated: 1 October 2018**

## **Veritas Global Real Return Fund**

### **Supplement V to the Prospectus dated 1 October 2018 for Veritas Funds plc**

This Supplement contains specific information in relation to Veritas Global Real Return Fund (the "Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has four other Sub-Funds, Veritas Global Focus Fund, Veritas Asian Fund, Veritas Global Equity Income Fund and Veritas China Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**The Sub-Fund may engage in transactions in financial derivative instruments (FDI) for investment purposes and for hedging purposes. As a result, as well as holding assets that may rise or fall with market values, the Sub-Fund may also hold positions that may rise as the market value falls and fall as the market value rises. In addition, the transactions in FDI may result in the Sub-Fund being leveraged which may result in the gains or losses of the Sub-Fund being magnified.**

**It is possible that the Sub-Fund may, at any given point in time, invest principally in FDI.**

#### **1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

#### **2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

### **3. Valuation Point**

12:00 noon (Dublin time) in the relevant markets on the relevant Dealing Day.

### **4. Base Currency**

Sterling

### **5. Investment Objective and Policy**

#### *Investment objective*

The Sub-Fund's objective is to deliver real returns over the medium and longer term.

#### *Investment policy*

The Sub-Fund aims to achieve its investment objectives by investing in global equities, bonds, cash and derivatives.

The Sub-Fund primarily invests in equities listed or traded on Recognised Exchanges. Investments may also be made in securities (including convertible bonds with equity linked notes which bonds shall be fixed and/or floating rate and shall generally be investment grade) which are listed or traded on a Recognised Exchange, subject to the Investment Restrictions within the Prospectus or listed below. The markets and exchanges invested in will be global and generally cover developed markets and economies, although investment may also be made in emerging markets. Investment in emerging markets is not likely to exceed 25% of the fund's net assets.

The Net Asset Value of the Sub-Fund is likely to have a high volatility due to its engagement in FDI transactions.

It is the policy of the Sub-Fund that the portfolio will invest both long and short, as allowable under the Regulations, to achieve long term capital growth, regardless of the prevailing market conditions. The target is to achieve a return on a compound annualised basis exceeding OECD G7 CPI plus 4% per annum. By investing long and short, the Sub-Fund will employ leverage, principally through the use of derivative positions which will result in leverage up to a maximum of 100% of Net Asset Value. The Sub-Fund will take focused equity positions (long or short), identified via the analysis of the Investment Manager which will focus on identifying long term themes and trends and then proceed to identifying companies with sound business models, strong management and disciplined financial controls that will benefit from those themes and trends identified. The themes and trends are identified with an emphasis on in-house research, although external research is also used. An example of a theme and trend is "Strong Survivors" which focuses on those companies that have benefitted in the recent economic and market uncertainty through a dominant market position, pricing power or a strong balance sheet.

Investments will generally be in large cap blue chip companies, although mid and small cap companies will be considered by the Investment Manager where appropriate. It is currently envisaged that the Sub-Fund will hold between 30 and 40 positions at any time, although these parameters may not be reached, and can be exceeded should the opportunities present themselves. The Sub-Fund may also hold bond positions, including convertible bonds in the companies it identifies through the research it undertakes although it is unlikely that overall bond exposure will exceed 20% of the NAV. The bond positions held may be government or corporate and the interest profile may be fixed or floating. The bond positions will be investment grade.

Long positions will be held through a combination of direct investment across the assets described in the investment policy and/or derivative instruments described below. Short positions will be held through derivative positions, primarily options, equity swaps, credit default swaps, CFDs and futures. It

is anticipated that the Sub-Fund may hold up to 100% of its Net Asset Value in long positions and up to 75% of its Net Asset Value in short positions.

The assets of the Sub-Fund may, subject to the restrictions set out in the Regulations and in addition to any investments referred to above, include CIS, cash, deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances. Cash and deposits will be held as ancillary liquid assets only. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The gross exposure of the Sub-Fund as a result of leverage from its use of all FDI will be limited to 200% of the Net Asset Value.

The Sub-Fund may, but is not required to invest in New Issues, consistent with the investment policy set out above. The rules relating to investing in New Issues are set out under the heading "Investment in New Issues" in the Prospectus and apply to the Sub-Fund.

### *Financial Derivative Instruments*

#### **Futures**

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (e.g. one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging and investment purposes. The Sub-Fund may enter into futures contracts to achieve both long and short exposure. As a result as well as holding positions that may rise and fall with market values, the Sub-Fund may hold positions that may rise as the market value falls and fall as the market value rises.

#### **Options**

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging and investment purposes. However the Sub-Fund may also undertake to write options for investment purposes. Where the Sub-Fund purchases call or put options the exposure to those instruments is the premium paid to the seller of that option.

Where the Sub-Fund undertakes to write options, the Sub-Fund will benefit from the premium income associated with that option but will have exposure to the underlying security on which the option is based. In the circumstances where the Sub-Fund has written a call option on an underlying security, the Sub-Fund will be exposed to price rises in that security up to the maturity date of that option. The losses associated with those price rises may be significantly greater than the premium income received for writing that option.

In the circumstances where the Sub-Fund has written a put option on an underlying security, the Sub-Fund will be exposed to price falls in that security up to the maturity date of that option. The losses associated with those price rises may be significantly greater than the premium income received for writing that option.

#### **Swaps and Contracts for Differences (CFDs)**

CFDs are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. An example is an equity swap contract which gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party.

Credit default swaps provide a measure of protection against defaults of debt issuers. The Sub-Fund's use of credit default swaps does not assure their use will be effective or will have the desired result. The Sub-Fund may at the discretion of the Investment Manager be the buyer and/or seller in credit default swap transactions to which the Sub-Fund is a party. Credit default swaps are transactions under which the parties' obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Sub-Fund is a buyer and no credit event occurs the Sub-Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Sub-Fund will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve both long and short exposure. As a result as well as holding positions that may rise and fall with market values, the Sub-Fund may hold positions that may rise as the market value falls and fall as the market value rises.

In addition, the purchase or sale of swaps and CFDs for long or short exposure may result in the Sub-Fund being leveraged, with a gross exposure greater than the Net Asset Value of the Sub-Fund. The gross exposure taken by the Sub-Fund will be limited to 200% of the Net Asset Value. The result of such leverage may result in gains and losses associated with CFD exposures being magnified.

#### FX Forwards

These instruments allow the holder to purchase one currency and sell another currency at a pre-determined rate of exchange at a pre-determined date in the future.

It is the intention of the Sub-Fund that the use of FX forwards will be for hedging and investment purposes

## **6. Risk Management Process**

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's FDI transactions.

The Company will use value-at-risk (VaR) to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank.

The calculation of VaR will be on an absolute basis and will be monitored daily to ensure that it does not exceed 20% of the NAV over a 20 day holding period for the Sub-Fund. The basis of the VaR calculation is detailed below:

1. The one-tailed confidence level is defined as 99%.
2. The holding period is defined as 20 days.
3. The historical observation period is defined as 5 years.
4. VaR is calculated using a Monte Carlo simulation based on 50,000 observations.

The use of FDI for investment purposes will result in the creation of leverage. Leverage levels are calculated using the sum of the notionals of the derivative positions. While the Sub-Fund may be leveraged, the expected level of leverage will not be greater than 100% of its Net Asset Value.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **7. Dividend**

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

## **8. Issue of Shares**

### **Sterling A Class Shares/ Euro A Class Shares/ Dollar A Class Shares**

The Sterling A Class Shares, Euro A Class Shares and Dollar A Class Shares (together the "A Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places. Some or all of the currency exposure of the Euro A Class Shares and the Dollar A Class Shares will be hedged in accordance with the requirements of the Central Bank and as further detailed in this Supplement.

The A Class Shares were initially issued to shareholders of The Real Return Global Fund plc (a company incorporated as a limited liability investment company with variable capital under the laws of Ireland, and authorised by the Central Bank as an investment company with variable capital under Part 24 of the Act ("RRGF")) at an initial issue price, calculated by the Administrator in accordance with the Prospectus in exchange for the transfer to the Sub-Fund of a portfolio of investments pursuant to a scheme of amalgamation approved by the Central Bank. On the basis of the value of RRGF as at 31 December 2009, Sterling A Class Shares and Dollar A Class Shares were issued in exchange for the transfer of the portfolio to the Sub-Fund. The actual issue price following allotment of the Sterling A Class Shares and Dollar A Class Shares was made available by the Administrator.

The minimum investment and holding for the Dollar A Class Shares, the Sterling A Class Shares and the Euro A Class Shares is GBP30,000, US\$50,000 or €50,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP15,000, US\$25,000 or €25,000 respectively (or their foreign currency equivalents).

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank will be notified of any such change.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Applications for A Class Shares must be received before the Dealing Deadline. The procedures for applying for A Class Shares are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Share Class.

### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

The Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares (together "B Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places. Some or all of the currency exposure of the Euro B Class Shares and the Dollar B Class Shares will be hedged in accordance with the requirements of the Central Bank and as further detailed in this Supplement.

The minimum investment and holding of the Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares is GBP7,000, US\$15,000 or €15,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP7,000, US\$15,000 or €15,000 respectively (or their foreign currency equivalents).

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

The Dealing Deadline for applications for B Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

Applications for B Class Shares must be received by the Dealing Deadline. The procedures for applying for B Class Shares after the initial offer period are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value per Share of the relevant Share Class.

#### **Sterling D Class Shares/ Dollar D Class Shares/ Euro D Class Shares**

The Sterling D Class Shares the Dollar D Class Shares and Euro D Class Shares (together the "D Class Shares") are available at the Net Asset Value per Share on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places. Some or all of the currency exposure of the Euro D Class Shares and the Dollar D Class Shares will be hedged in accordance with the requirements of the Central Bank and as further detailed in this Supplement.

The minimum investment and holding of the Sterling D Class Shares, Dollar D Class Shares and Euro D Class Shares is GBP20,000,000 US\$30,000,000 and €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP£100,000, US\$150,000 and €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

Applications for the D Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the D Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the D Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Dollar E Class Shares/ Euro E Class Shares**

After the expiry of the initial offer period, the Dollar E Class Shares and Euro E Class Shares (the "E Class Shares") will be available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Dollar E Class Shares and Euro E Class Shares is US\$30,000,000 and €30,000,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is US\$150,000 and €150,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

#### **Initial Offer Period**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Period</b>
Dollar E Class	Dollar	from 9 am on 14 July 2017 to 5pm on 13 January 2018
Euro E Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

#### **Initial Offer Price**

<b>Share Class</b>	<b>Currency</b>	<b>Initial Offer Price</b>
Dollar E Class	Dollar	Prevailing Net Asset Value per Share of Dollar A Class Shares
Euro E Class	Euro	Prevailing Net Asset Value per Share of Euro A Class Shares

Applications for the E Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the E Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for the E Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Following initial subscription, subsequent subscriptions for Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **9. Repurchase of Shares**

Applications for repurchase of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched in the currency of the relevant Class of Shares within 5 Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased Share.

The Dealing Deadline for repurchases of Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

## **10. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading "Switching". No redemption fees will apply on the switch subject to meeting the minimum subscription, minimum holding and minimum subsequent subscription requirements.

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder's holding in that Sub-Fund from which Shares are to be switched.

Redemptions requests may be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank.

### ***Withdrawal of Switching Requests***

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **11. Hedging against exchange rate movements at Sub-Fund and Class level**

The Sub-Fund may also engage in forward foreign exchange contracts for EPM purposes in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currencies of the Classes within the Sub-Fund (namely US Dollar, Sterling and Euro) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. The Classes of Shares will not be leveraged as a result of these currency hedging operations, the use of which may be up to but over-hedged positions may not exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different Classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate Classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilised.

## **12. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### **The Depositary**

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$ 32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **Investment Manager**

#### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **B Class Shares**

The Investment Manager's annual fees will be 1.5% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **D Class Shares**

The Investment Manager's annual fees will be 0.85% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### **E Class Shares**

The Investment Manager's annual fees will be 0.85% (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

The above fees shall be paid monthly in arrears. The Investment Manager is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **The Administrator**

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### **14. Investor Profile**

The Sub-Fund is suitable for investors seeking capital growth over a 5 to 10 year period and who are prepared to accept a moderate level of volatility.

### **15. Risk Warnings**

Persons interested in purchasing Shares in the Sub-Fund should read the section headed "Risk Warnings" on page 22 in the main body of the Prospectus. In addition, the following risk factors apply:

#### *Liquidity*

The Directors have the power to suspend the issue/repurchase of Shares in the Sub-Fund and may suspend the calculation of Net Asset Value in the circumstances described in the Prospectus under the heading "Temporary Suspension of Calculation of Net Asset Value and of Issues and Redemptions". The result of these events would be that the Shares in the Sub-Fund would be an illiquid investment until such suspension is lifted.

#### *Legal, Tax and Regulatory Change Risk*

There may be changes in law, regulation or practices including those relating to tax issues and such changes may affect the operation of the Sub-Fund (including increasing the cost of operating the Sub-Fund), and hence have an adverse effect on the Sub-Fund. Securities regulators, self-regulatory organisations and exchanges may be authorised to take extraordinary actions in the event of market emergencies.

#### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements such as equity swaps and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a

change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered into. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

#### *Risks associated with Futures and Options*

The Sub-Fund may from time to time use both exchange-traded and over the counter futures and options as part of its investment policy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in un-quantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. The Sub-Fund is subject to the risk of failure of any of the exchanges on which it trades or of their clearing houses and in certain cases the counterparties with whom the trades are carried out.

## **16. Establishment Costs**

The cost of establishing the Sub-Fund, such as legal and listing fees, which was GBP20,000, is being borne by the Sub-Fund and will be amortised over the first five accounting periods of the Sub-Fund.

**Dated: 1 October 2018**

## **Veritas Izoard Fund**

### **Supplement VI to the Prospectus dated 1 October 2018 for Veritas Funds plc**

This Supplement contains specific information in relation to the Veritas Izoard Fund ("the Sub-Fund"), a sub-fund of Veritas Funds plc which is an umbrella type open-ended investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. Veritas Funds plc currently has five other Sub-Funds, Veritas Global Focus Fund, Veritas Global Equity Income Fund, Veritas Asian Fund, Veritas China Fund and Veritas Global Real Return Fund.

**This Supplement forms part of the Prospectus and should be read in the context of and together with the Prospectus including the general description of**

- **the Company and its management and administration**
- **its general management and fund charges**
- **the taxation of the Sub-Fund and of its Shareholders and**
- **its risk warnings**

**which is contained in the Prospectus dated 1 October 2018 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

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. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information 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 Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

#### **1. Business Day**

Every day (except Saturday and Sunday) on which banks and stock exchanges are open for business in Dublin, London and New York.

#### **2. Dealing Day**

Every Business Day shall be a Dealing Day or such other day or days as the Directors may determine.

#### **3. Base Currency**

Dollar (US\$)

#### 4. Initial Offer Period

Share Class	Currency	Initial Offer Period
A Class	Sterling	from 9 am on 14 July 2017 to 5pm on 13 January 2018
A Class	Dollar	from 9 am on 14 July 2017 to 5pm on 13 January 2018
A Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018
B Class	Sterling	from 9 am on 14 July 2017 to 5pm on 13 January 2018
B Class	Dollar	from 9 am on 14 July 2017 to 5pm on 13 January 2018
B Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018
C Class	Euro	from 9 am on 14 July 2017 to 5pm on 13 January 2018

Settlement of Shares subscribed for must be received by the Administrator before the expiry of the initial offer period. The initial offer period may be extended or shortened by the Directors and the Central Bank shall be notified of any such change.

#### 5. Initial Offer Price

Share Class	Currency	Initial Offer Price
A Class	Sterling	GBP 100
A Class	Dollar	USD 100
A Class	Euro	EUR 100
B Class	Sterling	GBP 100
B Class	Dollar	USD 100
B Class	Euro	EUR 100
C Class	Euro	EUR 100

#### 6. Investment Objective and Policy

##### *Investment objective*

The Sub-Fund is designed for long-term investors who wish to build capital over a minimum five year rolling period through investment in a portfolio of global companies.

##### *Investment policy*

The Sub-Fund aims to achieve its investment objectives by principally investing in equities issued by large capitalisation companies, irrespective of specific geographical location or sectoral focus listed or traded on Recognised Exchanges throughout the world. It is possible that investments may also be made in bonds where the Investment Manager's process and analysis, which focuses on equities, identifies an opportunity for investment in bonds, should a bond present the possibility to give a better return than the equity

identified. The extent of such investment by the Sub-Fund in bonds is therefore linked to the identification of an investment opportunity. The types of bonds in which the Sub-Fund may invest are described below.

The Sub-Fund will look to achieve long term growth of capital using an investment horizon of 5 years. It is suitable for institutional and sophisticated investors, who require a fund managed to the UCITS standard and to provide for long-term capital growth from a portfolio of securities consisting of global equities. The Sub-Fund's target will be to achieve a return on a compound annualised basis exceeding the OECD G7 Consumer Price Index plus 8%, over a five year rolling period. The Net Asset Value of the Sub-Fund is expected to have a high volatility from time to time due to the Sub-Fund's aim of investing in a highly concentrated and select group of global companies, identified through a bottom up stock picking approach and analysis by the Investment Manager.

The investment approach will be positioned towards identifying and investing in businesses, with visible persistence of growth, at reasonable valuations. High quality global companies are sought with particular focus to be paid to companies with sound business models, strong management and alignment with shareholders, and disciplined financial controls. It is envisaged that the Sub-Fund will hold between 8-25 equity positions, although these parameters may not be reached and may be exceeded should opportunities present themselves. Investments will generally be in what the Investment Manager considers to be large cap companies. The Investment Manager may consider investment in companies which are undergoing a corporate transition and which, in the opinion of the Investment Manager presents an opportunity for investment by the Sub-Fund. A corporate transition can occur when a company goes through strategic change for some reason, such as technological change or stress on some part of the business. This can result in the company, for example, diversifying, restructuring or a merger or acquisition.

Where the Sub-Fund invests in bonds, they may include convertible bonds with equity linked notes (which may contain embedded leverage), government or corporate bonds with a fixed and/or floating rate, which are listed or traded on a Recognised Exchange, subject to the investment restrictions listed below and in the Prospectus. The investment rating of those bonds will be investment grade.

Cash will be held as ancillary liquid assets. Cash may include deposits and short-term paper including treasury bills, certificates of deposit and bankers' acceptances.

Subject to the restrictions set out in the Regulations and in addition to any investments referred to above, the Sub-Fund's may invest in CIS for investment purposes where such CIS provide an exposure which is not inconsistent with the investment policy of the Sub-Fund. The Sub-Fund will invest no more than 10% of its Net Asset Value in other CIS.

The Sub-Fund may employ financial derivative instruments (FDIs) for efficient portfolio management and for hedging purposes within the limits laid down by the Central Bank, as described below.

The Sub-Fund will not invest more than 20% of its net assets in securities listed or traded on Recognised Exchanges in emerging markets.

The Sub-Fund may, but is not required to invest in New Issues, consistent with the investment policy set out above. The rules relating to investing in New Issues are set out under the heading "Investment in New Issues" in the Prospectus and apply to the Sub-Fund.

#### *Financial Derivative Instruments*

##### **Swaps / Contracts for Differences (CFDs)**

These instruments are agreements entered between two parties where the difference between the price of an underlying security at the start and end of a defined period is paid to the relevant party. A CFD can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party. It is the intention of the Sub-Fund that the use of swaps and CFDs will be for hedging and investment purposes. The Sub-Fund may enter into swaps and CFDs to achieve long exposure.

The Sub-Fund may also invest in total return swaps. A total return swap is an agreement negotiated between two parties to exchange LIBOR or other similarly recognised interest rate cash flows for the total return of a market index or the total return of an individual equity calculated on a notional amount, at specified dates during the life of the swap. The notional amount is used only to determine the payments under the swap and is not exchanged. The payment obligation of each party is calculated and paid either at regular intervals during the life of the swap or at the maturity of a swap. Where the Sub-Fund enters into total return swaps, the swap counterparties will be acceptable counterparties under the terms of the Central Bank UCITS Regulations.

Swaps and CFDs entered into by the Sub-Fund can be a notional holding of an underlying equity security or basket of equity securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities.

#### Futures

These instruments allow the holder exposure to an underlying security or index at a set price for a set date in the future. Futures have a predetermined expiry date (eg one month, three months etc) and can either be bought or sold. The holder can either purchase the future or sell the future to gain a 'short' position.

It is the intention of the Sub-Fund that the purchase or sale of futures will be for hedging purposes. The Sub-Fund may also enter into futures contracts to achieve long exposure.

#### Options

These instruments give the holder the right, but not the obligation, to buy (call option) or sell (put option) an underlying security or index for a set period of time.

It is the intention that the exposure to options will be mainly through purchased options for hedging purposes.

#### *Hedging against exchange rate movements at Class level*

The Sub-Fund may also engage in forward foreign exchange contracts in accordance with the requirements of the Central Bank. Such forward foreign exchange contracts may be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currencies of the Classes within the Sub-Fund (namely Sterling and Euro) and the base currency of the Sub-Fund (where different) and the currencies in which the Sub-Fund's investments are denominated. Over-hedged or under-hedged positions may arise due to factors outside of the control of the Sub-Fund.

As the Classes of Shares are denominated in different currencies, the Sub-Fund may engage in currency hedging operations in relation to each Class with a view to mitigating, so far as practicable, the effect of adverse currency movements between the currency of denomination of each of the Classes of Shares and the base currency of the Sub-Fund. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class. At no stage will over-hedged positions exceed 105% of the Net Asset Value of the relevant Class. Hedged positions will be kept under review to ensure

that positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

No assurance can be given that such currency hedging policies, if conducted, will be successful. If successful, the performance of the Class is likely to move in line with the underlying assets. Such currency hedging policies may substantially limit Shareholders in a Class from benefiting if the denominated currency of a Class falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Sub-Fund are denominated.

Such currency hedging operations must be clearly attributable to specific Classes. The currency exposure of different classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate classes.

The annual and half-yearly reports of the Company will indicate how such hedging strategies have been utilised.

The Company employs a risk management process in respect of the Sub-Fund which enables it to accurately measure, monitor and manage the risks associated with the Sub-Fund's forward foreign exchange or hedging transactions.

The Company will use the commitment approach to calculate the Sub-Fund's global exposure to ensure that the Sub-Fund's use of FDI is within the limits specified by the Central Bank. Where the commitment approach is used to calculate the global exposure no leverage arises.

The Sub-Fund will, on request, produce supplementary information to Shareholders relating to 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.

## **7. Dividend**

The Directors intend that, for any Class that is intended to be a "Reporting Fund" for the purposes of United Kingdom taxation, the Sub-Fund will pay such dividends as may be required in order for that Class to be certified as a reporting fund.

## **8. Issue of Shares**

### **Sterling A Class Shares/ Dollar A Class Shares/ Euro A Class Shares**

Following the close of the Initial Offer Period, the Sterling A Class Shares, the Dollar A Class Shares and the Euro A Class Shares (together "A Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the A Class Shares is GBP1,000,000, US\$1,500,000 or €1,250,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €125,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Applications for A Class Shares must be received by the Administrator by the Dealing Deadline. The procedure for applying for the A Class Shares is set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for A Class Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

#### **Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares**

Following the close of the Initial Offer Period, the Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares (together "B Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Sterling B Class Shares, Dollar B Class Shares and Euro B Class Shares is GBP1,000,000, US\$1,500,000 or €1,250,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €125,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Applications for B Class Shares must be received by the Dealing Deadline. The procedures for applying for B Class Shares after the initial offer period are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for B Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

#### **Sterling C Class Shares/ Dollar C Class Shares/ Euro C Class Shares**

The Sterling C Class Shares and Dollar C Class Shares are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. Following the close of the Initial Offer Period, the Euro C Class Shares (together with the Sterling C Class Shares and Dollar C Class Shares, the "C Class Shares") are available at the Net Asset Value per Share of the relevant Class on a given Dealing Day. The Net Asset Value per Share is calculated to four decimal places.

The minimum investment and holding of the Sterling C Class Shares, Dollar C Class Shares and Euro C Class Shares is GBP1,000,000, US\$1,500,000 or €1,250,000 respectively (or their foreign currency equivalents) provided, subject to the discretion of the Directors, that the aggregate of an investor's investments in the Sub-Fund can be taken into account for the purposes of determining this requirement. Subject to the discretion of the Directors, the minimum amount of subsequent subscriptions from investors who have already subscribed the minimum subscription as outlined above is GBP100,000, US\$150,000 or €125,000 respectively (or their foreign currency equivalents).

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued up to four decimal places.

Applications for C Class Shares must be received by the Dealing Deadline. The procedures for applying for C Class Shares after the initial offer period are set out in the Prospectus. A Sales Charge shall not be added to the initial issue price or Net Asset Value of the relevant Class.

The Dealing Deadline for applications for C Class Shares shall be 11.00 am (Irish time) on the relevant Dealing Day.

Following initial subscription, subsequent subscriptions for Shares may also be accepted electronically, in such format and method as shall be agreed in writing in advance with the Administrator and subject and in accordance with the requirements of the Administrator and the Central Bank.

## **9. Repurchase of Shares**

Applications for repurchase of any Class of Shares on any Dealing Day must be received by the Administrator by the Dealing Deadline and will be dealt with on that Dealing Day. Applications for repurchase received after the aforementioned time will be processed on the next following Dealing Day. The repurchase price shall be the Net Asset Value per Share for the Sub-Fund calculated with respect to each Dealing Day as at the relevant Valuation Point. The repurchase proceeds will normally be dispatched in the currency of the relevant Class of Shares within five Business Days of receipt of correct and faxed repurchase documentation by telegraphic transfer to the bank account designated by the Shareholder and in the name of the Shareholder at the time of initial application. A Repurchase Charge shall not be imposed against each repurchased A Class Shares. A Repurchase Charge may be imposed against each repurchased B and C Class Shares as set out below.

The Dealing Deadline for repurchases of Shares shall be 11:00 am (Irish time) on the relevant Dealing Day.

Due to the long investment horizon of the strategy for the Sub-Fund, a Repurchase Charge will be applied to encourage Shareholders to maintain their holding in the Sub-Fund for a longer period of time.

Sterling A Class Shares/ Dollar A Class Shares/ Euro A Class Shares – 0%;

Sterling B Class Shares/ Dollar B Class Shares/ Euro B Class Shares – 0.35%;

Sterling C Class Shares/ Dollar C Class Shares/ Euro C Class Shares – 0.50%.

## **10. Switching of Shares**

Shareholders can switch between Sub-Funds and Classes, if the Shareholder agrees to be subject to the minimum subscription, minimum holding and minimum subsequent subscription requirements and redemption terms of the relevant Sub-Fund or Class. Shareholders may switch some or all of their Shares in one Sub-Fund or Class to Shares in another Sub-Fund or Class and if another Class then it should be the same Class in accordance with the formula specified in the Prospectus under the heading “Switching”.

If a Shareholder requests a switch which would, if effected, leave the Shareholder holding Shares having a Net Asset Value less than the minimum holding in the Sub-Fund from which Shares are to be switched the Company may, if it thinks fit, redeem the whole of the Shareholder’s holding in that Sub-Fund from which Shares are to be switched.

Withdrawal of Switching Requests

Switching 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 Sub-Fund in respect of which the switching request was made.

A switching charge shall not be imposed.

## **11. Fees**

The following fees and expenses are payable out of the Sub-Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

### *The Depositary*

The Depositary's fees will be charged at a rate which shall not exceed 0.05% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point subject to a minimum annual fee of US\$32,000 together with US\$30 per external wire transaction. The fees shall be paid monthly in arrears. Where it is necessary to open segregated custody accounts, an additional fee based on time and charges will be made in respect of each account opened subject to a maximum charge of US\$1,000 per account. Sub-custodian fees and agent charges will also be recoverable out of the assets of the Sub-Fund and are at normal commercial rates. The Depositary is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

### *Investment Manager*

#### **A Class Shares**

The Investment Manager's annual fees will be 1 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **B Class Shares**

The Investment Manager's annual fees will be 0.65 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

#### **C Class Shares**

The Investment Manager's annual fees will be 0.50 % (plus VAT, if any) based on the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point.

### *The Administrator*

The Administrator's fees will be charged at a rate which shall not exceed 0.12% per annum of the Net Asset Value of the Sub-Fund calculated and accruing as of each Valuation Point, subject to a minimum annual charge of US\$40,000 for one Share class and US\$4,000 per additional Share class, together with shareholder services transaction fees (which are charged at normal commercial rates) with all other reasonable out of pocket expenses. Additional services and management information will be subject to a fee based on time and charges. The Administrator is also entitled to be paid out of the assets of the Sub-Fund reasonable out-of-pocket expenses (plus VAT, if any).

## **12. Investor Profile**

The Sub-Fund is suitable for institutional and sophisticated investors seeking long term capital growth for at least a 5 year period, who are prepared to accept a high level of volatility and who are aware of the risks associated with investing in a concentrated portfolio.

## **13. Risk Warnings**

### *Concentration Risk*

Concentration Risk is the inherent risk of significant loss to capital by virtue of holding a limited number of positions in a portfolio at any given time. The impact of a single stock or stocks experiencing an extreme event will have a more pronounced impact on the overall portfolio given the position weighting and lack of diversifying alternative holdings. Investors should be aware that concentration risk may influence short-term volatility and gives rise for the potential of permanent loss to capital.

Persons interested in purchasing Shares in the Sub-Fund should read on further the section headed "Risk Warnings" in the main body of this Prospectus.

### *Risks associated with Financial Derivative Instruments*

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Sub-Fund may enter transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Sub-Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that on-going derivative transactions will be terminated unexpectedly as a result of events outside the control of the Directors, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered into. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Sub-Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to ensuring satisfaction of its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Sub-Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Sub-Fund's investments under disadvantageous conditions.

## **15. Establishment Costs**

The cost of establishing the Sub-Fund, such as legal and listing fees will not exceed £10,000, is being borne by the Sub-Fund and will be amortised over the first five accounting periods of the Sub-Fund.

**Dated: 1 October 2018**