

Prospective investors should review this Prospectus (the “Prospectus”) and the Relevant Supplement(s) carefully and in their entirety and, before making any investment decision with respect to an investment in the Fund, should consult a stockbroker, bank manager, lawyer, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Prospectus and the Relevant Supplement(s).

## FRANKLIN LIBERTYSHARES ICAV

An Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between Sub-Funds with registration number C167746 and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended

## PROSPECTUS

30 June 2020

The directors (the “**Directors**”) of Franklin LibertyShares ICAV (the “**Fund**”) whose names appear in the “*Management*” section 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 accuracy of such information. The Directors accept responsibility accordingly.

## IMPORTANT INFORMATION

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the offer of each Sub-Fund's Shares and, if given or made, the information or representations must not be relied upon as having been authorised by the Fund. Neither the delivery of this Prospectus or any Relevant Supplement nor any sale of Shares shall under any circumstance imply that the information contained herein is correct as of any date after the date of this Prospectus.

The key investor information documents (each a "KIID") for each of the Sub-Funds provide important information in respect of the Sub-Funds, including the applicable synthetic risk and reward indicator, charges and, where available, the historical performance associated with the Sub-Funds. Before subscribing for Shares, each investor will be required to confirm that they have received the relevant KIID. The KIIDs and the latest annual and any semi-annual reports of the Fund are available to download on the Website.

Investors should be aware that the price of Shares may fall as well as rise and investors may not get back any of the amount invested. The Fund may also charge a subscription fee of up to 3% or 5%, depending on the Sub-Fund and/or a redemption fee of up to 2%. The difference at any one time between the subscription and redemption price of Shares means that an investment in any Fund should be viewed as medium to long term. Risk factors for each investor to consider are set out in the "*Risk Considerations*" section.

Authorisation of the Fund is not an endorsement or guarantee of the Fund by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. The authorisation of the Fund by the Central Bank shall not constitute a warranty as to the performance of the Fund and the Central Bank shall not be liable for the performance or default of the Fund.

The Fund is not registered in the United States of America under the Investment Company Act of 1940. The Shares have not been registered in the United States of America under the Securities Act of 1933. The Shares made available under this offer may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of residents thereof, unless pursuant to an exemption from registration requirements available under U.S. law, any applicable statute, rule or interpretation. U.S. Persons are not eligible to invest in the Fund. Prospective Investors shall be required to declare that they are not a U.S. Person and are not applying for Shares on behalf of any U.S. Person.

The term "U.S. Person" shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The Fund is not registered in any provincial or territorial jurisdiction in Canada and Shares have not been qualified for sale in any Canadian jurisdiction under applicable securities laws. The Shares made available under this offer may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof, unless such Canadian resident is, and will remain at all times during their investment, a "permitted client" as that term is defined in Canadian securities legislation. Prospective Investors may be required to declare that they are not a Canadian resident and are not applying for Shares on behalf of any Canadian residents. If an Investor becomes a Canadian resident after purchasing Shares, the Investor will not be able to purchase any additional Shares.

The Fund may obtain recognition for marketing its Shares in various European countries (in addition to Ireland). The registration of the Shares of the Fund in these jurisdictions does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities portfolios held by the Fund. Any statement to the contrary is unauthorised and unlawful.

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## DIRECTORY

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**FRANKLIN LIBERTYSHARES ICAV  
70 SIR JOHN ROGERSON'S QUAY  
DUBLIN 2  
IRELAND**

**Directors:**

Robert Burke  
Caroline Baron  
Frank Ennis  
William Jackson  
Gregory McGowan  
Patrick O'Connor

**Administrator:**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Legal Advisors in Ireland:**

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70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Secretary:**

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Auditors:**

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Ireland

**Manager:**

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**Depository:**

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Dublin 2  
Ireland

**Investment Managers:**

Franklin Advisers, Inc.  
One Franklin Parkway  
San Mateo  
CA 94403-1906  
USA

Franklin Advisory Services LLC  
One Franklin Parkway  
San Mateo  
CA 94403-1906  
USA

Franklin Templeton Institutional LLC  
280 Park Avenue  
New York  
NY 10017  
USA

Franklin Templeton Investment Management Limited  
Cannon Place  
78 Cannon Street  
London  
EC4N 6HL

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## GENERAL INFORMATION

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This section is an introduction to this Prospectus and any decision to invest in the Shares should be based upon consideration of the Prospectus as a whole, including the Relevant Supplements. Capitalised terms used in this Prospectus are defined in Schedule I hereto.

**Corporate Information.** The Fund was registered in Ireland pursuant to the Act on 11 April 2017 under registration number C167746 and is authorised by the Central Bank as a UCITS. The object of the Fund is the collective investment in transferable securities and/or other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations. The Fund has been structured as an umbrella fund, with segregated liability between Sub-Funds, in that the Directors may from time to time, with the prior approval of the Central Bank, create different Classes of Shares, with one or more Classes of Shares effected in accordance with the requirements of the Central Bank representing a portfolio of assets that comprise a Sub-Fund. Each Sub-Fund will bear its own liabilities and, under Irish law, none of the Fund, any of the service providers appointed to the Fund, the Directors, any receiver, examiner or liquidator, nor any other person will have access to the assets of a Sub-Fund in satisfaction of a liability of any other Sub-Fund. Details of the promoter may be found under “*The Manager*” in the “*Management*” section.

The Fund is incorporated in Ireland and is therefore subject to the Act and is required to comply with the corporate governance requirements of the UCITS Regulations. The Directors have committed to maintain a high standard of corporate governance and will seek to comply with the Act, the UCITS Regulations and the Central Bank’s requirements for UCITS.

**Sub-Funds.** The portfolio of assets maintained for each Class of Shares and comprising a Sub-Fund will be invested in accordance with the investment objectives and policies applicable to such Sub-Fund as specified in the Relevant Supplement. Sub-Funds may either have ETF Shares (being Shares that are intended to be actively traded on a Secondary Market) or Non-ETF Shares (being Shares which are not listed or actively traded on a Secondary Market). Shares may be divided into different Classes to accommodate, amongst other things, different dividend policies, charges, fee arrangements (including different total expense ratios), currencies, or to provide for foreign exchange hedging in accordance with the policies and requirements of the Central Bank from time to time.

Under the Instrument of Incorporation, the Directors are required to establish a separate Sub-Fund, with separate records, in the following manner:

- (a) the Fund will keep separate books and records of account for each Sub-Fund. The proceeds from the issue of Shares issued in respect of a Sub-Fund will be applied to the Sub-Fund and the assets and liabilities and income and expenditure attributable to that Sub-Fund will be applied to such Sub-Fund;
- (b) any asset derived from another asset in a Sub-Fund will 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 will be applied to the relevant Sub-Fund;
- (c) in the case of any asset which the Directors do not consider as readily attributable to a particular Sub-Fund or Sub-Funds, the Directors have the discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any such asset will be allocated between Sub-Funds and the Directors may at any time and from time to time vary such basis;
- (d) any liability will 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 readily attributable to any particular Sub-Fund the Directors will have discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any liability will be allocated between Sub-Funds and the Directors may, with the consent of the Depositary, at any time and from time to time vary such basis;
- (e) in the event that assets attributable to a Sub-Fund are taken in execution of a liability not attributable to that Sub-Fund and in so far as such assets or compensation in respect thereof cannot otherwise be restored to that Sub-Fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of

the assets lost to the Sub-Fund affected and transfer or pay from the assets of the Sub-Fund or Sub-Funds to which the liability was attributable, in priority to all other claims against such Sub-Fund or Sub-Funds, assets or sums sufficient to restore to the Sub-Fund affected, the value of the assets or sums lost to it;

- (f) where the assets of the Fund (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Sub-Fund or Sub-Funds as they may deem appropriate, acting in a fair and equitable manner; and
- (g) subject as otherwise provided in the Instrument of Incorporation, the assets held for the account of each Sub-Fund shall be applied solely in respect of the Shares to which such Sub-Fund appertains and shall belong exclusively to the relevant Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Sub-Fund and shall not be available for any such purpose.

Each of the Shares (other than the Subscriber Shares) entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Sub-Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder. The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Fund but do not entitle the holders to participate in the dividends or net assets of any Sub-Fund.

The Global Supplement which forms part of this Prospectus contains a list of all Sub-Funds currently approved by the Central Bank.

**Report and Accounts.** The Fund's accounting period will end on 30 June in each year. The Fund will publish an annual report and audited financial statements within four months of the end of the accounting period. The first annual report and financial statements was prepared up to 30 June 2018. The Fund will also publish an interim report and unaudited financial statements and this will be made up to 31 December and will be published within two months of the period end. The first set of interim reports was prepared up to 31 December 2017. The annual report and the interim report will be made available on the Website and may be sent to Shareholders by electronic mail or other electronic means of communication, although Shareholders and prospective investors may also, on request, receive hard copy reports by mail. If required, the annual report and audited financial statements will also be forwarded to the relevant Stock Exchange once published.

**Instrument of Incorporation.** Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Instrument of Incorporation, copies of which are available as described below under "*Further Information*".

**Share Capital.** The authorised share capital of the Fund is 500,000,000,002 Shares of no par value divided into 2 Subscriber Shares of no par value and 500,000,000,000 shares of no par value. The Directors are empowered to issue up to all of the Shares of the Fund on such terms as they think fit. The Subscriber Shares entitle the holders to attend and vote at any general meetings of the Fund but do not entitle the holders to participate in the profits or assets of the Fund except for a return of capital on a winding-up. For the purpose of complying with minimum initial capital requirements, the Fund has issued 2 Subscriber Shares of no par value for €1.00 each. The Shares entitle the holders to attend and vote at general meetings of the Fund and (other than the Subscriber Shares) to participate equally in the profits and assets of the Sub-Fund to which the Shares relate, subject to any differences between fees, charges and expenses applicable to different Classes. The Fund may from time to time by ordinary resolution increase its capital, consolidate the Shares or any of them into a smaller number of Shares, sub-divide the Shares or any of them into a larger number of Shares or cancel any Shares not taken or agreed to be taken by any person. The Fund may by special resolution from time to time reduce its share capital in any way permitted by law. At a meeting of Shareholders, on a show of hands, each Shareholder shall have one vote and, on a poll, each Shareholder shall have one vote for each whole Share held by such Shareholder.

**Distribution and Selling Restrictions.** The distribution of this Prospectus and the offering or purchase of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute and may not be treated as an offer or solicitation by or to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

Shares are offered only on the basis of the information contained in this Prospectus. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Fund, the Directors or the Investment Manager. Statements in this Prospectus are in accordance with the law and practice in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall, under any circumstances, create any implication or constitute any representation that the affairs of the Fund have not changed since the date hereof.

This Prospectus may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, this English language Prospectus will prevail, except that where a Prospectus in another language is required by law of any jurisdiction where the Shares are sold and an action is brought that is based upon disclosure in such Prospectus, the language of the Prospectus on which such action is based shall prevail. All disputes as to the contents of this Prospectus shall be governed in accordance with the laws of Ireland.

An investment in any Sub-Fund, or even in a combination of Sub-Funds, is not intended to be a complete investment program but rather is intended for investment as part of a diversified investment portfolio. Investors should consult their own advisers as to the role of an investment in any of the Sub-Funds in their overall investment program.

**Benchmarks.** Unless otherwise disclosed in this Prospectus, the indices used as benchmarks by the Sub-Funds (as “use” is defined in Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”)) are provided by benchmark administrators which appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

The Manager maintains an index contingency plan to set out the actions which are required in the event that a benchmark used by a Sub-Fund materially changes or ceases to be provided (the “**Index Contingency Plan**”). The actions required further to the Index Contingency Plan may result in changes to the investment objectives or investment policies of a Sub-Fund, which may have an adverse impact on the value of an investment in the Fund. Any such changes will be implemented in accordance with the requirements of the Central Bank and the terms of this Prospectus.

**Data Privacy.** The Fund and the Manager will control and protect personal data in accordance with the requirements of Regulation (EU) 2016/679, the General Data Protection Regulation of “**GDPR**”, as described in greater detail in the Franklin Templeton Privacy and Cookie Notice (the “**Privacy Notice**”). A copy of the Privacy Notice is available at [www.franklintempletonglobal.com/privacy](http://www.franklintempletonglobal.com/privacy) and a hard copy is available by writing to the registered address of the Manager.

Investors may be required to provide promptly any information as required and requested by the Fund or its duly authorised agent and agree to the applicable International Central Securities Depository providing the identity of such Participant or investor to the Fund upon their request.

**Winding Up.** In accordance with the Act, if the Fund is wound up, a liquidator will be appointed to settle outstanding claims and distribute the remaining assets of the Fund. The liquidator will use the assets of the Fund in order to satisfy claims of creditors. Thereafter, the liquidator will distribute the remaining assets among the Shareholders. The Instrument of Incorporation contains provisions that will require, firstly, the distribution of assets to the Shareholders of each Sub-Fund after settlement of the liabilities of that Sub-Fund and, thereafter, distribution to the holders of Subscriber Shares of the nominal amount paid in respect of those Subscriber Shares. Where distributions in specie are effected on a winding up, any Shareholder may request that all or a portion of the assets attributable to his/her shareholding be sold at his/her expense and determine to receive the cash proceeds instead of that sale.

**Operation of the Subscription and Redemption Collection Account.** The Fund has established a collection account at umbrella level in its own name (the “**Umbrella Cash Collection Account**”) and has not established such accounts in respect of each Sub-Fund. All subscriptions (including subscriptions received in advance of the issue of Shares) attributable to, and all redemptions, dividends or cash distributions payable from, a Sub-Fund will be channelled and managed through the Umbrella Cash Collection Account.

Monies in the Umbrella Cash Collection Account, including subscription monies received in respect of a Sub-Fund in advance of the Dealing Deadline, will not be subject to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for service providers to the Fund. Pending the issue of Shares or pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Sub-Fund in respect of amounts paid by or due to it.

Subscriptions amounts paid into the Umbrella Cash Collection Account will be paid into an account in the name of the Depositary on behalf of the relevant Sub-Fund on the contractual settlement date. Where subscription monies are received in the Umbrella Cash Collection Account without sufficient documentation to identify the investor or the relevant Sub-Fund, such monies shall, subject to compliance with relevant anti-money laundering requirements, be returned to the relevant investor within the timescales and as specified in the operating procedure in respect of the Umbrella Cash Collection Account.

Redemptions and distributions, including blocked redemptions or distributions, will be held in the Umbrella Cash Collection Account until payment due date (or such later date as blocked payments are permitted to be paid) and will then be paid to the relevant or redeeming Shareholder.

Failure to provide the necessary complete and accurate documentation in respect of subscriptions, redemptions or dividends is at the investor's risk.

The Umbrella Cash Collection Account has been opened in the name of the Fund. The Depositary will be responsible for safekeeping and oversight of the monies in the Umbrella Cash Collection Account and for ensuring that relevant amounts in the Umbrella Cash Collection Account are attributable to the appropriate Sub-Funds.

The Fund and the Depositary have agreed an operating procedure in respect of the Umbrella Cash Collection Account, which identifies the participating Sub-Funds, the procedures and protocols to be followed in order to transfer monies from the Umbrella Cash Collection Accounts, the daily reconciliation processes and the procedures to be followed where there are shortfalls in respect of a Sub-Fund due to late payment of subscriptions, and/or transfers to a Sub-Fund of monies attributable to another Sub-Fund due to timing differences.

**Further Information.** Copies of the following documents may be inspected during normal business hours on any Dealing Day at the registered office of the Fund or Administrator, as set out in the "*Directory*" section:

- (a) the material contracts referred to in the "*Management*" section;
- (b) the Instrument of Incorporation;
- (c) the latest annual and interim reports of the Fund, and
- (d) the UCITS Regulations and the Central Bank UCITS Regulations.

In addition, the annual or interim reports may be obtained from the Administrator free of charge.

Details of each Sub-Fund's portfolio are available on the Website. The indicative net asset value per share ("**INAV**") for each Sub-Fund is displayed on major market data vendor terminals as well as a wide range of websites that display stock market data.

**UK Facilities Agent** Franklin Templeton Investment Management Limited, Cannon Place, 78 Cannon Street, London EC4N 6HL has been appointed as the UK Facilities Agent.

**No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the offer of each Sub-Fund's Shares and, if given or made, the information or representations must not be relied upon as having been authorised by the Fund. Neither the delivery of this Prospectus or any Relevant Supplement nor any sale of Shares shall under any circumstance imply that the information contained herein is correct as of any date after the date of this Prospectus.**



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## INVESTMENT TECHNIQUES

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**Investment Objective and Strategy of a Sub-Fund.** The Fund has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The specific investment objectives, strategies and policies for each Sub-Fund will be set out in the Relevant Supplement.

The assets of each Sub-Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised in the “*Investment Restrictions*” section and such additional investment restrictions, if any, as may be adopted by the Directors for any Sub-Fund and specified in the Relevant Supplement. The Directors may establish Sub-Funds that will seek to track an Index (“**Index Tracking Sub-Funds**”) or will be managed actively by the Investment Manager to seek to achieve a specific investment objective, which may include outperforming an Index (“**Actively Managed Sub-Funds**”) by:

- investing in Index Securities, transferable securities and money market instruments other than Index Securities;
- investing in financial derivative instruments (“**FDI**”);
- investing in the units of Underlying Funds, including as a feeder fund into another fund authorised under the UCITS Regulations; or
- investing in a combination of Index Securities, transferable securities and money market instruments other than Index Securities, FDI and units in Underlying Funds, cash and cash equivalents.

Information in relation to the investment objectives and types of instruments or securities in which the relevant Sub-Fund will invest will be set out in the Relevant Supplement.

**Index Tracking Sub-Funds.** Index Tracking Sub-Funds will seek to track the performance of an Index while seeking to minimise as far as possible the tracking error between the Sub-Fund’s performance and that of its applicable Index. The Index Tracking Sub-Funds will seek to achieve this objective of tracking an Index by using a replication strategy, an optimisation strategy, or a representative sampling strategy, depending on which the Investment Manager considers to be the most appropriate strategy for the particular Sub-Fund at the relevant time. The Relevant Supplement will provide details of the Index, specify and describe the strategy that the applicable Sub-Fund intends to use and provide details of where further information on the Index tracked by that Sub-Fund may be obtained.

- **Replicating Funds.** Replicating Funds seek to replicate, to the extent possible, the Index by physically holding all the Index Securities in as close as practicable proportion to their weighting in the Index.
- **Non-Replicating Funds.** In certain situations it may not be in the best interests of investors or practicable for a Sub-Fund to gain exposure to all of the Index Securities of its respective Index in their proportionate weightings or to purchase them at all due to various factors, including the costs and expenses involved and the concentration limits set out in this Prospectus. In these circumstances, the Investment Manager may, in tracking an Index, decide to hold a representative sample of the securities contained in an Index. The Investment Manager may employ a range of techniques designed to select those Index Securities which will create the representative sample that tracks the performance of the Index as closely as possible, including optimisation and representative sampling techniques.

Optimisation for those Sub-Funds investing in equities seeks to minimise tracking error through proprietary quantitative portfolio analysis. The optimisation process analyses portfolio holdings, benchmark weights and risk model data and then computes an optimal portfolio. Transaction costs to implement the target portfolio may also be analysed before constructing the Sub-Fund’s portfolio. Investment constraints typically include a number of holdings (for large benchmark universes), liquidity considerations and maximum relative weightings across security, sector and country. The use of optimisation may not always result in tracking error being minimised as intended.

Representative sampling for those Sub-Funds investing in fixed income seeks to minimise tracking error by dividing the constituents of the relevant Index into distinct, non-overlapping risk groups and selecting those securities in the Index,

which match the performance attributes and risk characteristic of these groups. These non-overlapping risk groups could include but are not limited to, the market capitalisation of the companies, currency, country, industry sectors, credit quality, key rate duration, convexity (which is a measure of how a change in interest rates affects the duration of a bond), capital structure, and bond specific covenants, i.e., a legally binding term of an agreement between a bond issuer and a bond holder.

The extent of sampling used in any Sub-Fund will be determined by the nature of the Index Securities, taking into account such factors as correlation, diversification, and market weighting. Some Sub-Funds may use sampling more extensively than other Sub-Funds. Regardless of the amount of sampling, investors will be exposed to the performance of the underlying securities comprised in an Index, but the degree to which the representative sampling strategy tracks the underlying Index will vary depending on how closely the sample matches the full universe of components and their associated weights in the Index. Sub-Funds may also hold some securities which provide similar performance and risk characteristics to certain securities in the Index, even if such securities are not themselves Index Securities, where the Investment Manager believes this to be appropriate in light of the investment objective and investment restrictions of the Sub-Fund or other factors. The potential for any such proposed investment by a Sub-Fund will be disclosed in the Relevant Supplement. There are no assurances that the representative sampling strategy will track the performance of an investment vehicle that replicates the entire Index as closely as intended.

In addition, the replication methodology used in respect of a Sub-Fund may vary over time. For example, a newly launched Sub-Fund may not have adequate assets under management to efficiently employ the replication strategy and so may seek to employ either the optimisation or representative sampling strategy initially, before gradually switching to full replication over time. Similarly a Sub-Fund employing the replication strategy may no longer be able to acquire all of the components of an Index because of changes in the Index or underlying market with the result that it can no longer fully replicate the Index, or can no longer do so efficiently and is obliged to switch to either the optimisation or representative sampling technique.

Changes to the composition and/or weighting of Index Securities will ordinarily require that Sub-Fund to make corresponding adjustments or rebalancing to its investments in order to seek to track the Index. The Investment Manager will accordingly seek to rebalance the composition and/or weighting of the securities held by a Sub-Fund or to which a Sub-Fund is exposed from time to time to the extent practicable and possible to conform to changes in the composition and/or weighting of the Index. Other rebalancing measures may be taken from time to time to seek to maintain the correspondence between the performance of a Sub-Fund and the performance of the Index. For example, in the event that the weighting of any particular component within the Index exceeds the permitted investment restrictions, the ICAV shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders. For further details on the factors which may limit the ability of the Sub-Fund to track the performance of an Index exactly, investors should also read the risk warning headed "*Index Tracking Risk*" in the "*Risk Considerations*" section. Information on the anticipated level of tracking error in respect of a Sub-Fund, as well as the rebalancing frequency of the Index, can be found in the Relevant Supplement and information on the level of tracking error experienced by a Sub-Fund will be contained in the most recent financial statements published by the Fund.

There may be circumstances in which the holding of Index Securities may be prohibited by regulation, or may not otherwise be in the interests of investors. These include but are not limited to, where:

- (i) restrictions on the proportion of each Sub-Fund's value which may be held in individual securities arise from compliance with the UCITS Regulations;
- (ii) changes to the Index Securities cause the Investment Manager to determine that it would be preferable to implement different investment strategies to provide similar performance and a similar risk profile to that of the Index;
- (iii) Index Securities are unavailable or no market exists for such security, in which case, a Sub-Fund may instead hold depository receipts relating to such securities (e.g. ADRs and GDRs) or may hold FDI giving exposure to the performance of such securities;
- (iv) corporate actions occur in respect of Index Securities, in which case the Investment Manager has discretion to manage these events in the most efficient manner;

- (v) a Sub-Fund holds ancillary liquid assets and/or has receivables, in which case the Investment Manager may purchase FDI, for direct investment purposes, to produce a return similar to the return on the Index;
- (vi) Index Securities held by a Sub-Fund Index become illiquid or are otherwise unobtainable at fair value, in which circumstances, the Investment Manager may use a number of techniques, including purchasing securities whose returns, individually or collectively, are seen to be well-correlated to desired constituents of the Index or purchasing a sample of stocks in the Index;
- (vii) following consideration of the costs of any proposed portfolio transaction, the Investment Manager believes that that it is not efficient to execute transactions to bring the Sub-Fund perfectly into line with the Index at all times; and
- (viii) a Sub-Fund sells Index Securities in anticipation of their removal from the Index, or purchases securities which are not currently represented in the relevant Index, in anticipation of them becoming Index Securities.

The Investment Manager will rely solely on each Index Provider for information as to the composition and/or weighting of Index Securities. If the Investment Manager is unable to obtain or process such information in relation to any Index on any Business Day, then the most recently published composition and/or weighting of that Index will be used for the purpose of all adjustments.

**Changes of Index.** The Directors may in their absolute discretion decide, subject to the below, if they consider it to be in the interests of any Sub-Fund, to change or substitute the relevant Index for a Sub-Fund. The Board of Directors may, for instance, decide to substitute an Index in the following circumstances:

- (a) the transferable securities or other techniques or instruments described in the “*Investment Restrictions*” section which are necessary for the implementation of the relevant Fund’s investment objective cease to be sufficiently liquid or otherwise be available for investment in a manner which is regarded as acceptable by the Directors;
- (b) the quality, accuracy and availability of data of a particular Index has deteriorated;
- (c) the components of the applicable Index would cause the Sub-Fund to be in breach of the limits contained in the “*Investment Restrictions*” section and/or materially affect the taxation or fiscal treatment of the Fund or any of its investors;
- (d) the particular Index ceases to exist or, in the determination of the Directors, there is, or is expected to be, a material change in the formula for, or the method of, calculating the Index or a component of the Index or there is, or is expected to be, a material modification of the Index or a component of the Index;
- (e) the Index Provider increases its licence fees to a level which the Directors consider excessive or changes its terms and conditions such that the Directors consider tracking the Index to no longer be in the interests of the relevant Sub-Fund and its Shareholders;
- (f) there is a change of ownership of the relevant Index Provider to an entity not considered acceptable by the Directors and/or a change of name of the relevant Index; or
- (g) a new index becomes available which is regarded as being of greater benefit to the investors than the existing Index.

The above list is indicative only and cannot be understood as being exhaustive in respect of the ability of the Directors to change the Index in any other circumstances as they consider appropriate. The Prospectus and any of the Relevant Supplements will be updated in the case of substitution or change of the existing Index of a Sub-Fund for another Index.

Any proposal by the Directors to change an Index shall be subject to the prior approval of the Shareholders of the relevant Sub-Fund by ordinary resolution only if it is deemed to be a change of investment objective or a material change of

investment policy of the Sub-Fund. Otherwise, in accordance with the requirements of the Central Bank, Shareholders will be given reasonable advance notice of the proposed change.

Where a change of Index impacts the name of a Sub-Fund, the Directors will change the name of a Sub-Fund appropriately. Any change to the name of a Sub-Fund will be approved in advance by the Central Bank and the relevant documentation will be updated.

**Actively Managed Sub-Funds.** An Actively Managed Sub-Fund's investments will be managed actively by the Investment Manager or its delegates to seek to achieve its investment objective, for example, to seek to outperform an Index, rather than just to track it. Where a Sub-Fund is actively managed, the Investment Manager will have greater discretion in relation to the composition of the Sub-Fund's portfolio, subject to the investment objectives and policies stated in the Relevant Supplement. An Actively Managed Sub-Fund will generally not seek to track the performance of any Index.

**Cash Management.** A Sub-Fund may, for cash management purposes, hold cash, commercial paper (i.e. short term paper issued by credit institutions) and short term government paper (i.e. short term paper issued by governments).

**Investment in Collective Investment Schemes.** A Sub-Fund may also, in accordance with the requirements of the Central Bank, invest in other collective investment schemes including those operated by the Investment Manager or its affiliates and including exchange traded funds, where the objectives of such funds are consistent with the objective of the Sub-Fund. Unless otherwise stated in the Relevant Supplement and, notwithstanding sub-section 3.1 of the "*Investment Restrictions*" section, a Sub-Fund's investments in other collective investment schemes will be limited to 10% of Net Asset Value.

The collective investment schemes in which the Sub-Fund may invest will be eligible collective investment schemes in accordance with the Central Bank's rules, which may be domiciled in Relevant Jurisdictions, Jersey, Guernsey, the Isle of Man or the United States of America and will be regulated by their home state regulator as (i) UCITS or (ii) AIF schemes which comply in all material respects with the provisions of the UCITS Regulations. Such collective investment schemes may or may not be managed by the Investment Manager or its affiliates and will comply with the requirements of the UCITS Regulations in respect of such investments. Collective investment schemes in which the Sub-Fund invests may be leveraged but such collective investment schemes will not generally be leveraged: (i) in excess of 100% of their net asset value; or (ii) so that their 1 month absolute value-at-risk exceeds 20% of their net asset value with a 99% confidence level; or (iii) so that their 1 month relative value-at-risk exceeds twice the value-at-risk of a comparable benchmark portfolio with a 99% confidence level, depending on how such collective investment schemes measure their global exposure. Where value-at-risk is used to measure Global Exposure, risk factors must be based upon historical observation data over a period of at least 1 year (250 business days) and parameters used in the model must be updated at least quarterly.

**Collateralised Debt Obligations "CDOs" and Collateralised Loan Obligations ("CLOs").** A Sub-Fund may invest in particular types of asset-backed securities known as CDOs or CLOs (if loans are the underlying asset). Typical CDO or CLO structures have multiple tranches, with varying degrees of seniority, with the most senior tranche getting first access to the interest and principal payments from the pool of underlying assets, the next most senior getting second access and so on down the line until the residual (or equity) tranche, which has the last call on the interest and principal.

**Convertible securities.** A Sub-Fund may invest in convertible securities which are generally debt obligations, preferred stock or other securities that pay interest or dividends and may be converted by the holder within a specified period of time into common stock at a specified conversion price.

**Contingent convertible bonds.** A Sub-Fund may invest in contingent convertible bonds which are a type of debt security that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a pre-determined event ("the trigger event"). The trigger event is ordinarily linked to the financial position of the issuer and therefore the conversion is likely to occur as a result of a deterioration of the relative capital strength of the underlying.

**Mortgage and Asset-backed securities.** Some Sub-Funds may invest in mortgage- and asset-backed securities. Mortgage-backed securities (sometimes referred as mortgage pass-through securities) are securities that are backed by pools of mortgage loans, where the payment of interest and principal from the underlying mortgages are passed through to the holders of the mortgage-backed securities. The underlying mortgages may be single family, multi-family, or

commercial mortgages (that latter are frequently called commercial mortgage-backed securities, or CMBS), and may be fixed rate or adjustable rate mortgages (if adjustable, such securities are called Adjustable Rate Mortgage Securities or ARMS). Mortgage-backed securities differ from conventional debt securities in that principal is paid back over the life of the security rather than at maturity, as the underlying mortgages are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying mortgage loans.

Mortgage-backed securities may be offered as interest only (IO) or principal only (PO) strips, where only the interest or the principal of the underlying mortgages in the pool is passed on to the security holders.

Mortgage- and asset-backed securities may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of CMBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Sub-Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Sub-Fund to hedge its exposure or go short the CMBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Sub-Fund is selling protection and effectively getting long exposure to the CMBS sector more quickly and efficiently than purchasing individual bonds.

Asset-backed securities are very similar to mortgage-backed securities, except that the securities are collateralised by other types of assets besides mortgages, such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others.

**Currency Hedging at Portfolio Level.** A Sub-Fund may enter into transactions for the purposes of hedging the currency exposure of the underlying securities into the relevant Base Currency to match the relevant Index exposure. FDI such as currency forwards and interest rate futures may be utilised if the Sub-Fund engages in such hedging. The currency exposure of investments and related hedging will not be allocated to separate Classes but rather will impact all Classes in proportion to their percentage ownership of the Sub-Fund. There is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely or be done without some cost. Should a hedging strategy be incomplete or unsuccessful, the value of that Sub-Fund's assets and income can remain vulnerable to unintended fluctuations in currency exchange rate movements, causing the Sub-Fund that seeks to match the relevant Index currency exposure to deviate from its objective.

**Currency Hedging at Share Class Level.** A Sub-Fund may use FDI on behalf of a specific Class in order to hedge some or all of the foreign exchange risk for such Class. Currency Hedged Classes may be created within a Sub-Fund, for the purposes of (i) currency hedging at Class level, where the Net Asset Value of the Sub-Fund is hedged to the relevant base currency for the Currency Hedged Class; or (ii) hedging the denomination of the assets of the Sub-Fund (portfolio level hedge) where the currency exposures that result from the individual holdings of the Sub-Fund are hedged to the relevant base currency for the Currency Hedged Class.

Where Currency Hedged Classes are created within a Sub-Fund and currency hedging transactions are entered into to hedge any relevant currency exposure, each such transaction will be clearly attributable to the specific Currency Hedged Class and any costs shall be for the account of that Currency Hedged Class only. Accordingly, all such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share of such Currency Hedged Class.

Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Investment Manager, however, hedged positions will be kept under review to seek that: (i) over-hedged positions do not exceed 105% of the Net Asset Value of the relevant Currency Hedged Class and (ii) under-hedged positions do not fall below 95% of the portion of the Net Asset Value of the relevant Currency Hedged Class which is to be hedged. Where Currency Hedged Classes are created within a Sub-Fund for the purpose of (ii) above, it may be necessary to maintain over-hedged or under-hedged positions in order to achieve the Investment Objective of the Sub-Fund of which the Currency Hedged Share Class forms part, in particular where this Investment Objective of the relevant Sub-Fund is to track the performance of a currency hedged index.

The hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level and this review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month. A Sub-Fund that hedges foreign exchange risk for any Class may enter into forward foreign exchange contracts in order to hedge some or all of the foreign exchange risk for the relevant class.

To the extent that hedging is successful, the performance of the relevant Currency Hedged Class is likely to move in line with the performance of the underlying assets and investors in a Currency Hedged Class will not benefit if the currency of the Currency Hedged Class falls against the base currency of the Sub-Fund or the currency of the underlying assets.

**Changes to Investment Objective and Policies of a Sub-Fund.** Any change in the investment objectives and any material change in the investment policies of a Sub-Fund will require prior approval by ordinary resolution of the Shareholders in that Sub-Fund. A non-material change in the investment policy will not require Shareholder approval. However a reasonable notification period will be provided by the Sub-Fund prior to implementation of any change in the investment objectives and any material change in the investment policies to enable Shareholders to redeem their Shares prior to implementation of the change.

**Securities Lending.** Where specified in the Relevant Supplement, a Sub-Fund may enter into securities lending agreements, subject to the conditions and limits set out in the Central Bank UCITS Regulations. Any such securities lending agreements may only be used for efficient portfolio management purposes.

Under a securities lending transaction, the Sub-Fund makes a loan of securities which it holds to a borrower upon terms that require the borrower to return equivalent securities to the Sub-Fund within a specified period and to pay the Sub-Fund a fee for the use of the securities during the period that they are on loan. The Sub-Fund will ensure that it is able, at any time, to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

The Sub-Fund may lend its portfolio securities via a securities lending program through an appointed securities lending agent to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. Pursuant to the terms of the relevant securities lending agreement, the appointed lending agent will be entitled to retain a portion of the securities lending revenue to cover the fees and costs associated with the securities lending activity, including the delivery of loans, the management of collateral and the provision of any securities lending indemnity and such fees paid will be at normal commercial rates. However, the Manager shall ensure that all revenues from securities lending, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund and any securities lending agent appointed may be an affiliate of the Depositary or the Manager. Details of the exposures obtained through efficient portfolio management techniques, the counterparties used, the type and amount of collateral received to reduce such exposures and any income and expenses, whether direct or indirect, generated by securities lending will be disclosed in the annual reports of the Fund.

The Sub-Fund will only enter into securities lending agreements with counterparties rated A-2 or equivalent by a Recognised Rating Agency, or are deemed by the Manager to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where the Sub-Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which is rated A-2 or equivalent by a Recognised Rating Agency. Investors should also read the “*Securities Lending Risk*” risk warning in the “*Risk Considerations*” section.

**Repurchase and Reverse Repurchase Agreements.** Where specified in the Relevant Supplement, a Sub-Fund may enter into repurchase and reverse repurchase agreements, subject to the conditions and limits set out in the Central Bank UCITS Regulations. Any such agreements may only be used for efficient portfolio management purposes and the types of assets used for the agreements will be specified in the Relevant Supplement.

**A repurchase agreement is an agreement pursuant to which a Sub-Fund sells securities to a counterparty who agrees, at the time of sale, to allow the Sub-Fund to repurchase the security at a mutually agreed-upon date and price, thereby determining the yield to the relevant Sub-Fund during the term of the agreement. A reverse repurchase agreement is an agreement pursuant to which a Sub-Fund acquires securities from a counterparty who agrees at the time of sale to repurchase the security at a mutually agreed upon date and price thereby determining the yield to the relevant Sub-Fund during the term of the Agreement.**

Where a Sub-Fund enters into a reverse repurchase agreement it must be able to recall the full amount of the cash at any time or terminate the reverse repurchase agreement on either an accrued basis or a mark to market basis. Where cash is recallable at any time on a mark to market basis, the mark to market basis value of the reverse repurchase agreement must be used to calculate the net asset value of the relevant Sub-Fund.

Where a Sub-Fund enters into a repurchase agreement it should be able to recall the securities or terminate the repurchase agreement at any time. Fixed term repurchase agreements that do not exceed seven days shall be deemed to comply with this requirement.

Direct and indirect operational costs and fees may be paid to the relevant counterparty and the Manager shall ensure that all revenues from repurchase and reverse repurchase agreements, net of direct and indirect operational costs and fees, will be paid to the Sub-Fund. Repurchase and reverse repurchase agreements do not constitute borrowing or lending for the purposes of the UCITS Regulations.

**Counterparties to Securities Lending, Repurchase and Reverse Repurchase Agreements.** The Sub-Fund will only enter into securities lending agreements, repurchase and reverse repurchase agreements with counterparties with respect to whom a credit assessment has been undertaken. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay. Such counterparties will be entities with legal personality (e.g. body corporates) and located in OECD jurisdictions and may be affiliated with the Manager or the Depository. Investors should also read the “*Securities Lending and Reverse Repurchase Agreement Risk*” risk warning in the “*Risk Considerations*” section.

**Use of Financial Derivative Instruments.** The use of FDI by any Sub-Fund for investment purposes or for efficient portfolio management will be described in the Relevant Supplement. In this context, efficient portfolio management means the reduction of risks, including the risk of tracking error between the performance of a Sub-Fund and the performance of the Index tracked by the relevant Sub-Fund, the reduction of costs to the Fund, the generation of additional capital or income for the Fund and hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined in the “*Investment Restrictions*” section. To the extent that a Sub-Fund uses FDI, there may be a risk that the volatility of the Sub-Fund’s Net Asset Value may increase. Please refer to the “*Risk Considerations*” section for further details about the risks associated with the use of FDI.

The following is a summary description which includes, but does not limit, the types of FDI, which may be used for investment purposes or for efficient portfolio management by a Sub-Fund. More information on the types of FDI used by each Sub-Fund is contained in the Relevant Supplement, as appropriate.

- **Futures.** Futures contracts are agreements to buy or sell a fixed amount of an index, equity, bond or currency at a fixed date in the future. Futures contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt. A Sub-Fund may use index futures to equitise cash balances pending investment of subscription proceeds or any other cash balances held by the Sub-Fund and thereby reduce tracking error for the Sub-Fund. They may also be used in the same manner as total return swaps, as described below. Currency futures may be used for currency hedging purposes.
- **Forward Foreign Exchange Contracts.** Forward foreign exchange contracts are agreements between parties to exchange fixed amounts of different currencies at an agreed exchange rate at an agreed time in the future. Forward foreign exchange contracts are similar to currency futures, except that they are not exchange-traded, but are instead over the counter instruments. Forward foreign exchange contracts may be used to manage currency exposures represented in the Index or in relation to Currency Hedged Classes. Non-deliverable forward foreign exchange contracts may be used for the same reasons. They differ from standard forward foreign exchange contracts in that at least one of the currencies in the transaction is not permitted to be delivered in settlement of any profit or loss resulting from the transaction. Typically, profit or loss in this case will be delivered in US Dollars or Euros.
- **Options.** Options are contracts in which the writer (seller) promises that the contract buyer has the right, but not the obligation, to buy or sell a certain index, equity, bond or currency at a certain price (the strike price) on or before a certain expiration date, or exercise date. An option giving the buyer the right to buy at a certain price is called a call, while one that gives him/her the right to sell is called a put. A Sub-Fund may purchase and write call and put options on securities, securities indices and currencies and use options on futures contracts (including straddles – i.e. an option trade which involves buying both call and put options in respect of the same underlying, allowing the purchaser to profit on a fall or rise in the price of the underlying) and swap agreements and/or hedge against changes in interest rates, currency exchange rates or securities prices. A Sub-Fund may also use options as a

substitute for taking a position in other securities and funds and/or to gain an exposure within the limits laid down by the Central Bank.

- **Warrants.** Warrants grant the right to acquire an underlying security from the issuer (as opposed to an option where a third party grants a right to acquire an underlying security as described above) at a fixed price. A Sub-Fund may hold warrants on securities as a substitute for taking a position in the underlying security and/or to gain an exposure within the limits laid down by the Central Bank.
- **Swaps.** A swap (which may include an interest rate swap, credit default swap or a total return swap) is an agreement between two parties whereby one party makes payments to the other based on an agreed rate, which may be fixed or variable, while the other party makes payments to the first party based on the total return of an underlying asset or assets, such as one or more securities, a currency, an index or an interest rate. A Sub-Fund may use a total return swap as an alternative to a direct investment or to gain exposure to constituents of a reference index or a sub-set of them, to reduce transaction costs or taxes, to minimise the tracking error or to take advantage of better liquidity conditions relative the direct investment.
- **Swaptions.** Swaption are options to enter into a swap, typically in respect of an interest rate, whereby, in exchange for a fee, the buyer of the swaption acquires an option to enter into a specified swap agreement on a future date.

In the event that a Sub-Fund invests in unfunded FDI, the Sub-Fund may invest (i) cash representing up to the notional amount of such FDI less margin payments (if any) and (ii) any variation margin cash collateral received in respect of such FDI (together "FDI Cash Holdings") in one or more daily dealing money market collective investment schemes. For more information, please see the "*Collateral*" and "*Reinvestment of Collateral*" sections below.

**Collateral.** All assets received in respect of a Sub-Fund in the context of OTC (over the counter) FDI or securities lending, repurchase and reverse repurchase transactions will be considered as collateral for the purposes of the Central Bank UCITS Regulations and will comply with the criteria below. The Fund seeks to identify and mitigate risks linked to the management of collateral, including operational and legal risks, by risk management procedures employed by the Fund. Any collateral received by a Sub-Fund will meet, at all times, the following criteria:

- **Liquidity.** Collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral should comply with the provisions of Regulation 74 of the UCITS Regulations and shall be used in accordance with the requirements of this Prospectus and the UCITS Regulations;
- **Valuation.** Collateral should be valued on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- **Issuer Credit Quality.** Collateral should be of high quality. A Sub-Fund must ensure that where one or more credit rating agencies registered and supervised by the European Securities and Markets Authority ("ESMA") have provided a rating of the issuer, the credit quality assessment process employed on behalf of the Sub-Fund has regard inter alia to those ratings. While there will be no mechanistic reliance on such external ratings, a downgrade below the two highest short-term credit ratings by any agency registered and supervised by ESMA that has rated the issuer must lead to a new assessment of the credit quality of the issuer to ensure the collateral continues to be of high quality;
- **Correlation.** Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty; and
- **Diversification.** Collateral should be sufficiently diversified in terms of country, markets and issuers. Non-cash collateral will be considered to be sufficiently diversified if the relevant Sub-Fund receives from a counterparty a basket of collateral with a maximum exposure to any one issuer of 20% of the Sub-Fund's Net Asset Value. When the Sub-Fund is exposed to a variety of different counterparties, the various baskets of collateral are aggregated to ensure exposure to a single issuer does not exceed 20% of Net Asset Value.



By way of derogation from this sub-paragraph, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Sub-Fund will receive securities from at least six different issues and securities from any single issue will not account for more than 30% of the Sub-Fund's Net Asset Value. Sub-Funds that intend to be fully collateralised in securities issued or guaranteed by a Member State will disclose this fact in the relevant Supplement and also identify the Member States, local authorities, third country, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their Net Asset Value.

It is proposed that each Sub-Fund may only accept the following types of collateral:

- cash;
- government or other public securities;
- certificates of deposit issued by Relevant Institutions;
- letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions; and
- equity securities traded on a stock exchange in Relevant Jurisdictions, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia, New Zealand, Taiwan, Singapore or Hong Kong; and
- bonds/commercial paper issued by Relevant Institutions or by non-bank issuers where the issue or the issuer are rated A1 or equivalent.

The Fund has implemented a haircut policy in respect of each class of assets to be received as collateral. The policy applied to collateral will be negotiated on a counterparty-by-counterparty basis and will vary depending on the class of asset received by the Fund, taking into account the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy. Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Management Company for each asset class based on the haircut policy that it has implemented in respect of the ICAV for each class of assets to be received as collateral, as above. Collateral obtained under such agreements: (a) must be marked to market daily; and (b) must equal or exceed, in value, at all times the value of the exposure to the relevant counterparty, taking into the account the relevant counterparty exposure limits under the UCITS Regulations.

Collateral (including any assets subject to securities lending, repurchase and reverse repurchase agreements) must be held by the Depositary, or its agent (where there is title transfer). This is not applicable in the event that there is no title transfer, in which case the collateral can be held by a third party custodian which is subject to prudential supervision and unrelated to the provider of the collateral.

Any Sub-Fund receiving collateral for at least 30% of its assets will undergo regular stress testing in accordance with the Fund's liquidity stress-testing policy to assess the liquidity risk attached to the collateral it has received.

**Reinvestment of Collateral.** Non-cash collateral received cannot be sold, pledged or reinvested by the Fund. Cash received as collateral may not be invested or used other than as set out below:

- placed on deposit, or invested in certificates of deposit issued by Relevant Institutions;
- invested in high-quality government bonds; or
- invested in a Short Term Money Market Fund, as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref: CESR/10-049).

Re-invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral. Where cash collateral is re-invested, the Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. There is also a risk that reinvestment could result in a reduction of the value of the collateral (because the investment declines in value). This, in turn may cause losses to the Fund because it is obliged to return collateral equivalent to the value of the returned security. In order to manage this risk, the Fund reinvests cash collateral in accordance with the restrictions set out above. In addition, invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

**Risk Management.** The use of efficient portfolio management techniques other than those described above by a given Sub-Fund will be disclosed in its investment policies. Any use of efficient portfolio management techniques by a Sub-Fund shall not result in a change to the Fund's investment objective nor substantially increase the risk profile of the Sub-Fund.

Unless otherwise stated in the Relevant Supplement, the Sub-Funds' global exposure and leverage will be calculated using the commitment approach and the Sub-Funds' global exposure will not exceed 100% of Net Asset Value. The commitment approach converts each Sub-Fund's FDI positions into the equivalent positions in the underlying assets and seeks to ensure that the FDI risk is monitored in terms of any future "commitments" to which it is (or may be) obligated.

The Investment Manager employs a risk management process in respect of each Sub-Fund which enables it to accurately measure, monitor and manage the various risks associated with FDI, the use of efficient portfolio management techniques and the management of collateral. The Investment Manager will only employ FDI that are covered by the Fund's risk management process, as amended from time to time. A statement of this risk management process has been submitted to the Central Bank. In the event of a Sub-Fund proposing to use additional types of FDI, the risk management process and the Relevant Supplement will be amended to reflect this intention and the Sub-Fund will not utilise such FDI until such time as the risk management process providing for its use has been submitted to the Central Bank. The Fund 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 investment.

**Borrowing Money.** Each Sub-Fund may borrow money from a bank up to a limit of 10% of its Net Asset Value, but only on a temporary basis. A Sub-Fund may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this way is not classified as borrowing for the purposes of Regulation 103(1) of the UCITS Regulations provided that the offsetting deposit (a) is denominated in the Base Currency of the Sub-Fund and (b) equals or exceeds the value of the foreign currency loan outstanding. The Manager will ensure that where foreign currency borrowings exceed the value of a back to back deposit, the excess will be treated as borrowing for the purposes of Regulation 103(1) of the UCITS Regulations.

**Cross-Investment.** Subject to Regulation 10 of the Central Bank UCITS Regulations, a Sub-Fund (the "Investing Fund") may invest in another Sub-Fund (the "Second Fund"), provided always that (i) the Second Fund may not apply a subscription, redemption or switching fee in respect of such investment; and (ii) the Second Fund does not itself hold Shares in respect of any other Sub-Fund; and (iii) the rate of the annual management or investment management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund's assets invested in the Second Fund (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Second Fund or a combination of both) shall not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund's assets, such that there shall be no double charging of the annual management or investment management fee to the Investing Fund as a result of its investments in the Second Fund.

## INVESTMENT RESTRICTIONS

The assets of each Sub-Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised below and such additional investment restrictions, if any, as may be adopted by the Directors, the details of such additional investment restrictions will be set out below and/or in the Relevant Supplement.

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	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.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of AIFs.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
	(1) Subject to paragraph (2), a UCITS 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.
	(2) Paragraph (1) does not apply to an investment in such securities which are US Securities known as "Rule 144 A Securities" provided that:
<b>2.2</b>	(a) the relevant securities have been issued with an undertaking to register the securities with the Securities and Exchange Commission within one year of issue; and
	(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, which they are valued by the UCITS.
<b>2.3</b>	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) may be 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 across all issuers may not exceed 80% of the net asset value of the UCITS.
<b>2.5</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

<p><b>2.6</b></p> <p><b>2.7</b></p> <p><b>2.8</b></p> <p><b>2.9</b></p> <p><b>2.10</b></p> <p><b>2.11</b></p> <p><b>2.12</b></p>	<p>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.</p> <p>Cash booked in accounts and held as ancillary liquidity with any one credit institution shall not exceed 20% of the net assets of the UCITS.</p> <p>The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul> <p>The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined and consequently exposure to a single body shall not exceed 35% of net assets.</p> <p>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.</p> <p>A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:  OECD Governments (provided the relevant issues are investment grade), 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.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<p><b>3</b></p>	<p><b>Investment in Collective Investment Schemes ("CIS")</b></p>
<p><b>3.1</b></p> <p><b>3.2</b></p>	<p>Subject to section 3.2, investments made by a Sub-Fund in units of other CIS may not exceed, in aggregate, 10% of the assets of the Sub-Fund.</p> <p>Notwithstanding the provisions of section 3.1, where the investment policy of a Sub-Fund states in the Prospectus or Supplement that it may invest more than 10% of its assets in other UCITS or collective investment undertakings, the following restrictions shall apply instead of the restrictions set out at section 3.1 above:</p> <p>(a) Each Fund may not invest more than 20% of net assets in any one CIS.</p>

	(b) Investment in AIFs may not, in aggregate, exceed 30% of net assets.
<b>3.3</b>	The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
<b>3.4</b>	When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
<b>3.5</b>	Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, Irish collective asset-management vehicle 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.
<b>5.2</b>	A UCITS may acquire no more than: <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	5.1 and 5.2 shall not be applicable to: <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies or Irish collective asset-management</li> </ul>

	vehicles 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.
<b>5.4</b>	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	Neither an investment company, Irish collective asset-management vehicle nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered short sales of: <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments*;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	A UCITS' global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the 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.)
<b>6.3</b>	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

\* Any short selling of money market instruments by UCITS is prohibited

The Fund shall not acquire either precious metals or certificates representing them.

To ensure eligibility for the German partial tax exemption for equity funds for Investors resident in Germany, Equity Funds, as defined in the Global Supplement, will invest more than 50% of its net assets in equity securities, as defined by the German Investment Tax Act:

The Directors may at their absolute discretion from time to time impose such further investment restrictions as shall be compatible with or in the interests of investors, in order to comply with the laws and regulations of the countries where investors are located.

The investment restrictions referred to above are deemed to apply at the time of purchase of the investments. If such limits are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Fund must adopt, as a priority objective, the remedying of the situation, taking due account of the interests of Shareholders.

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## RISK CONSIDERATIONS

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This section provides information regarding some of the general risks applicable to an investment in the Sub-Funds. Additional risk information specific to individual Sub-Funds is specified in the Relevant Supplement. This section is not intended to be a complete explanation and other risks may be relevant from time to time. In particular, the Fund's and each Sub-Fund's performance may be affected by changes in market, economic and political conditions and in legal, regulatory and tax requirements.

**Investors should be aware that an investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme.**

**Before making an investment decision with respect to an investment in any Sub-Fund, prospective investors should carefully consider all of the information set out in this Prospectus and the Relevant Supplement, as well as their own personal circumstances and should consult their own stockbroker, bank manager, lawyer, accountant and/or financial adviser. An investment in Shares is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.**

**The price of the Shares can go down as well as up and their value is not guaranteed. Investors may not receive, at redemption or liquidation, the amount that they originally invested in a Fund or any amount at all.**

### GENERAL RISKS

**Authorised Participant Risk.** Generally only an Authorised Participant may engage in creation or redemption transactions directly with the Fund in the primary market (to be distinguished from the secondary market that Shares may trade in). The Fund has a limited number of institutions that act as Authorised Participants. The Fund issues or redeems Creation Units to Authorised Participants. The Fund will generally issue or redeem Creation Units in return for a basket of securities (and/or an amount of cash) that the Fund specifies each day. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to the Fund and no other Authorised Participant is able to step forward to create or redeem Creation Units, Fund shares may trade at a discount to NAV and possibly face trading halts and/or delisting. This risk may be more pronounced in volatile markets, potentially where there are significant redemptions in ETFs generally.

**Cash Position Risk.** A Sub-Fund may hold a significant portion of its assets in cash or cash equivalents at the Investment Manager's discretion. If a Sub-Fund holds a significant cash position for an extended period of time, its investment returns may be adversely affected, particularly for Index-Tracking Sub-Funds that seek to track an Index (which would generally not have a cash component) and, as a result, it may not achieve its investment objective.

**Concentration Risk.** A Sub-Fund may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region. In these cases, the Sub-Fund's performance will be closely tied to the market, currency, economic, political, or regulatory conditions and developments in that country or region or those countries and could be more volatile than the performance of more geographically-diversified funds.

In addition, a Sub-Fund may concentrate its investments in companies or issuers in a particular industry, market or economic sector. When a Fund concentrates its investments in a particular industry, market or economic sector, financial, economic, business and other developments affecting issuers in that industry, market or economic sector will have a greater effect on the Sub-Fund, than if it had not concentrated its assets in that industry, market or sector. The Sub-Fund's liquidity and volatility levels may also be affected by such concentration of investment.

Further, investors may buy or sell substantial amounts of a Sub-Fund's shares in response to factors affecting or expected to affect a particular country, industry, market or economic sector in which the Sub-Fund concentrates its investments, resulting in abnormal inflows or outflows of cash into or out of the Sub-Fund. These abnormal inflows or outflows may cause the Sub-Fund's cash position or cash requirements to exceed normal levels and consequently, adversely affect the management of the Fund and the Sub-Fund's performance.



**Collective Investment Schemes Risk.** If a Sub-Fund invests in another collective investment scheme or investment vehicle, it is exposed to the risk that the other investment vehicle will not perform as expected. The Sub-Fund is exposed indirectly to all of the risks applicable to an investment in such other investment vehicle. In addition, lack of liquidity in the underlying vehicle could result in its value being more volatile than the underlying portfolio of securities and may limit the ability of the Sub-Fund to sell or redeem its interest in the vehicle at a time or at a price it might consider desirable. Subject to the limit set out at 3.1 in the “*Investment Restrictions*” section, the investment policies and limitations of the other investment vehicle may not be the same as those of the Sub-Fund. As a result, the Sub-Fund may be subject to additional or different risks, or may achieve a reduced investment return, as a result of its investment in another investment vehicle. A Sub-Fund also will bear its proportionate amount of the expenses of any investment vehicle in which it invests. Please also refer to the “*Conflicts of Interest*” section in relation to the potential conflicts of interest which may arise from investing in another collective investment scheme or investment vehicle. Where a Sub-Fund invests in another collective investment scheme or investment vehicle to the extent that it becomes a feeder fund in respect of such other fund (which shall have broadly similar investment policies and limitations as the relevant Sub-Fund), the risks associated with such an investment as described above will increase commensurately. A Sub-Fund will not be subject to any preliminary/initial/redemption charge in respect of investments made in any other Sub-Fund or in any other investment fund whose manager is an affiliate of the Manager or the Investment Manager. In addition, any commission that the Manager or the Investment Manager receives by virtue of an investment of a Sub-Fund into another collective investment scheme or other Sub-Fund, must be paid into the assets of the investing Sub-Fund. Neither the Manager nor the Investment Manager, where paid out of the assets of a Sub-Fund, may charge any management fees in relation to that portion of that Sub-Fund's assets invested in other Sub-Funds.

**Custodial Risk.** There are risks involved in dealing with the custodians or brokers who hold or settle a Sub-Fund's trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, a Sub-Fund would be delayed or prevented from recovering its assets from the custodian or broker, or its estate and may have only a general unsecured claim against the custodian or broker for those assets. The Depositary will hold assets in compliance with applicable laws and such specific provisions as agreed in the Custody Agreement. These requirements are designed to protect the assets against the insolvency in bankruptcy of the Depositary but there is no guarantee they will successfully do so. In addition, as the Fund may invest in markets where custodial and/or settlement systems and regulations are not fully developed, including emerging markets, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of sub-custodians is necessary, may be exposed to risk. Please also refer to “*Emerging Market Risk*” in this section.

**Cyber Security Risk.** Recent years have seen an increase in sophistication and number of occurrences of cyber-attacks. There is a risk that the Fund, its operations or third party providers (including but not limited to: the Administrator, the Depositary Bank, Authorised Participants, Index providers, Listing Stock Exchanges and market makers) may be subject to a cyber-attack resulting in loss or misappropriation of assets or sensitive information, corruption of data or other operational disruption. The impact on business operations may result in financial losses to the fund and its shareholders, interruption of trading in the fund's shares, dissemination of confidential information, regulatory fines, and reputational damage. Substantial costs may be incurred by the Fund in order to resolve or prevent cyber incidents in the future. While the Fund has established business continuity plans in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified and that prevention and remediation efforts will not be successful. Furthermore, the Fund has limited control over the cyber security plans and systems put in place by service providers to the Fund.

**Fees and Expenses Risk.** Whether or not a Sub-Fund is profitable it is required to pay fees and expenses, including organisation and offering expenses, brokerage commissions, management, administrative and operating expenses and custodian fees.

**Fluctuation of Net Asset Value and Market Pricing Risk.** The Net Asset Value per Share will generally fluctuate with changes in the market value of a Sub-Fund's securities holdings. The market prices of Shares will generally fluctuate in accordance with changes in a Sub-Fund's Net Asset Value and supply and demand of ETF Shares on the Listing Stock Exchange. It cannot be predicted whether ETF Shares will trade below, at or above the Net Asset Value per Share. Price differences may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for ETF Shares will be closely related to, but not identical to, the same forces influencing the prices of the securities of an Index trading individually or in the aggregate at any point in time. The market prices of ETF Shares may deviate significantly from the Net Asset Value per Share during periods of market volatility. However, given that ETF Shares can

be created and redeemed in large volumes, large discounts or premiums to the Net Asset Value per Share should not be sustained. While the creation/redemption feature is designed to help make it likely that ETF Shares normally will trade close to the Net Asset Value per Share, disruptions or suspensions to creations and redemptions may result in trading prices that differ significantly from the Net Asset Value per Share. Losses may be incurred, or profits reduced, if ETF Shares are purchased at a time when the market price is at a premium to the Net Asset Value per Share or sold at a time when the market price is at a discount to the Net Asset Value per Share.

**Investment Risk.** Investors may lose the entire principal amount invested in a Fund. The value of the securities held in a Sub-Fund may increase or decrease, at times rapidly and unexpectedly. An investment in a Sub-Fund may at any point in the future be worth less than the original amount invested.

**Issuer Risk.** The values of securities purchased by a Sub-Fund may decline for a number of reasons which directly relate to the issuers of those securities, such as, for example, management performance, financial leverage and reduced demand for the issuer's goods and services.

**Legal Risk.** The Manager has been delegated responsibility for the investment management, administration and marketing of the Fund and each Sub-Fund. The Manager has, in turn, delegated these functions to certain affiliates and to third party service providers. In particular, the Manager has delegated the investment management of the Sub-Funds to the Investment Manager. The Fund will not enter directly into an agreement with the Investment Manager and will not have a direct contractual right of action against the Investment Manager. However, the Fund will still be able to seek redress for any losses which it suffers as a result of the actions of the Investment Manager through claims in tort (including negligence) and through its contractual relationship with the Manager, as the liability of the Manager to the Fund under the Management Agreement is not affected by the delegation of any of its functions to such third parties. Furthermore, in some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Further, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally.

**Liquidity Risk.** Certain investments and types of investments are subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Sub-Fund to value illiquid securities accurately. Also, a Sub-Fund may not be able to dispose of illiquid securities or execute or close out a derivatives transaction readily at a favourable time or price or at prices approximating those at which the Sub-Fund currently values them. Illiquid securities also may entail registration expenses and other transaction costs that are higher than those for liquid securities. Any use of the efficient portfolio management techniques described in the "*Investment Objectives and Strategy*" section may also adversely affect the liquidity of a Sub-Fund's portfolio and will be considered by the Investment Manager in managing the Sub-Fund's liquidity risk.

From time to time, the counterparties with which a Sub-Fund effects transactions might cease making markets or quoting prices in certain of the instruments in which a Sub-Fund has invested. In such instances, a Sub-Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance.

The Fund employs an appropriate liquidity risk management process, which takes into account efficient portfolio management transactions employed by the Sub-Funds, in order to ensure that each Sub-Fund is able to comply with its stated redemption obligations. However, it is possible that in the type of circumstances described above, a Sub-Fund may not be able to realise sufficient assets to meet all redemption requests that it receives or the Fund may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders in a Sub-Fund as a whole. In such circumstances, the Fund may take the decision to apply the redemption gate provisions described under "*Redemption Limits*" in the "*Purchase and Sale Information*" section or suspend dealings in the relevant Sub-Fund as described under "*Temporary Suspension of Dealings*" in the "*Determination of Net Asset Value*" section.

**Management Risk.** Each Sub-Fund is subject to management risk. The Investment Manager's judgments about the selection and application of indexing models and the most effective ways to minimise tracking error (i.e. the difference between the Sub-Fund's returns and the relevant Index returns) may prove to be incorrect and there can be no assurance that they will produce the desired results. Each Sub-Fund will be dependent to a substantial degree on the continued

service of members of the Investment Manager. In the event of the death, disability or departure of any such individuals, the performance of the applicable Sub-Fund may be adversely impacted.

**Market Disruption and Geopolitical Risk.** The Sub-Funds are subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. War, terrorism and related geopolitical events have led and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on US and world economies and markets generally. Likewise, systemic market dislocations may be highly disruptive to economies and markets. Those events as well as other changes in foreign and domestic economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Sub-Fund's investments. Continued uncertainty over the stability of the Euro and the EMU has created significant volatility in currency and financial markets generally. Concerns over the stability of the Euro could also have a broad effect on contractual arrangements denominated in, or otherwise tied to, the Euro. Any partial or complete dissolution of the EMU, or any continued uncertainty as to its status, could have significant adverse effects on currency and financial markets and on the values of a Sub-Fund's portfolio investments.

**Market Risk.** The investments of a Sub-Fund are subject to changes in general economic conditions, normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation in value will occur. Investment markets can be volatile and securities prices can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. Even if general economic conditions do not change, the value of an investment in a Sub-Fund could decline if the particular industries, sectors or companies in which the Sub-Fund invests do not perform well or are adversely affected by events. In the case of debt securities, the magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since investment in securities may involve currencies other than the base currency of a Sub-Fund, the value of a Sub-Fund's assets may also be affected by changes in currency rates and exchange control regulations, including currency blockage. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices.

The performance of a Sub-Fund will therefore depend in part on the ability of the Investment Manager to respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

**No Prior Operating History Risk.** Upon launch, each Sub-Fund is a newly formed entity with no operating history and there can be no assurance that it will be successful. Prior performance is no guarantee of future results.

**Operational Risk.** The Fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The Fund and its service providers seek to reduce these operational risks through a dedicated controls and procedures framework. However, these can't guarantee that no operational errors may occur.

**Portfolio Turnover Risk.** Portfolio turnover generally involves a number of direct and indirect costs and expenses to the relevant Sub-Fund, including, for example, brokerage commissions, dealer mark-ups and bid/offer spreads and transaction costs on the sale of securities and reinvestment in other securities. Nonetheless, a Sub-Fund may engage in frequent trading of investments in furtherance of its investment objective. The costs related to increased portfolio turnover have the effect of reducing a Sub-Fund's investment return and the sale of securities by a Sub-Fund may result in the realisation of taxable capital gains, including short-term capital gains.

**Regulatory Risk.** The Fund is regulated by the Central Bank in accordance with the UCITS Regulations. There can be no guarantee that the Fund will continue to be able to operate in its present manner and future regulatory changes may adversely affect the performance of the Sub-Funds and/or their ability to deliver their investment objectives.

**Secondary Market Trading Risk.** Although the ETF Shares of a Sub-Fund will be listed for trading on the relevant Listing Stock Exchange(s), there can be no assurance that an active trading market for such ETF Shares will develop or be maintained. Trading in ETF Shares on a Listing Stock Exchange may be halted due to market conditions or for reasons that, in the view of the relevant Listing Stock Exchange, make trading in ETF Shares inadvisable. In addition, trading in

ETF Shares on a Listing Stock Exchange is subject to trading halts caused by extraordinary market volatility pursuant to stock exchange “circuit breaker” rules. There can be no assurance that the requirements of a Listing Stock Exchange necessary to maintain the listing of a Fund will continue to be met or will remain unchanged or that the ETF Shares will trade with any volume, or at all, on any stock exchange. Furthermore, any securities that are listed and traded on stock exchanges can also be bought or sold by members of those exchanges to and from each other and other third parties on terms and prices that are agreed on an “over-the-counter” basis and may also be bought or sold on other multi-lateral trading facilities or platforms. The Fund has no control over the terms on which any such trades may take place.

**Shares purchased on the secondary market cannot usually be sold directly back to the Fund. Secondary market investors must buy and sell ETF Shares with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value per Share when buying ETF Shares and may receive less than the current Net Asset Value per Share when selling them.** In exceptional circumstances, whether as a result of disruptions in the secondary market or otherwise, investors who have acquired ETF Shares on the secondary market are entitled to apply to the Fund in writing to have the ETF Shares in question registered in their own name, to enable them to access the redemption facilities described under “*Primary Market*” in the “*Purchase and Sale Information*” section.

**Securities Lending Risk.** Where a Sub-Fund engages in securities lending, there is a risk that borrowers of securities from the Sub-Fund may become insolvent or otherwise become unable to meet, or refuse to honour, their obligations to return equivalent securities to the loaned securities. In this event, the Sub-Fund could experience delays in recovering the securities and may incur a capital loss. There is also the risk that, as a result of portfolio securities being lent, they may not be available to the Sub-Fund on a timely basis and the Sub-Fund may, therefore, lose an opportunity to sell the securities at a desirable price.

If a counterparty to the securities lending transactions defaults and fails to return equivalent securities to those loaned, the Sub-Fund may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities. To the extent that any securities lending is not fully collateralised (for example, due to timing lags associated with the posting of collateral), the Sub-Fund will have a credit risk exposure to the counterparty of a securities lending contract. The Sub-Fund could also lose money if the value of collateral falls. These events could trigger adverse tax consequences for the Sub-Fund.

The use of securities lending as a technique for efficient portfolio management may also adversely affect the liquidity of the Sub-Fund and will be considered by the Investment Manager in managing the Sub-Fund’s liquidity risk, as described under “*Liquidity Risk*” in this section.

**Settlement Risk.** Markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of a Sub-Fund remain uninvested and no return is earned thereon. The inability of a Sub-Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities and affect its ability to track its relevant Index. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security, it could result in the possible liability of it to the purchaser.

Where cleared funds are not received in a timely fashion in respect of a subscription, overdraft interest may be incurred. Losses could be incurred where the Investment Manager has entered into a contract to purchase securities in anticipation of subscription monies which subsequently do not settle, due to subsequent declines in the value of the portfolio security upon disposal.

**Tax Risk.** The tax information provided in the “*Tax Information*” section is based on the best knowledge of the Directors of tax law and practice as at the date of this Prospectus and is subject to change from time to time. Any change in the taxation legislation in Ireland or in any jurisdiction where a Sub-Fund is registered, listed, marketed or invested could affect the tax status of the Fund and any Sub-Fund, affect the value of the relevant Sub-Fund’s investments in the affected jurisdiction, affect the relevant Sub-Fund’s ability to achieve its investment objective and/or alter the after-tax returns to investors. Where a Sub-Fund invests in derivative contracts, these considerations may also extend to the jurisdiction of the governing law of the derivative contract and/or the relevant counterparty and/or to the markets to which

the derivative contract provides exposure. The availability and value of any tax reliefs available to investors depend on the individual circumstances of each investor. The information in the “*Tax Information*” section is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in a Sub-Fund. Where a Sub-Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, the Fund, the relevant Sub-Fund, the Manager, the Investment Manager, the Depositary and the Administrator shall not be liable to account to any investor for any payment made or suffered by the Fund or the relevant Sub-Fund in good faith to a fiscal authority for taxes or other charges of the Fund or the relevant Sub-Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered.

The Fund may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Fund may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Fund may not, therefore, be able to reclaim any foreign withholding tax borne by it in particular countries. If this position changes and the Fund obtains a repayment of foreign tax, the Net Asset Value of the Sub-Fund from which the relevant foreign tax was originally deducted will not be restated and the benefit will be reflected in the Net Asset Value of the Sub-Fund at the time of repayment.

Investors should be aware that the performance of Index Tracking Sub-Funds, as compared to an Index, may be adversely affected in circumstances where the assumptions about tax made by the relevant Index Provider in their index calculation methodology differ to the actual tax treatment of the underlying securities in the Index held within Sub-Funds.

**Umbrella Cash Collection Account Risk.** Subscription monies received in respect of a Sub-Fund in advance of the issue of Shares will be held in the Umbrella Cash Collection Account in the name of the Fund. Investors will be unsecured creditors of such Sub-Fund with respect to the amount subscribed until such Shares are issued, and will not benefit from any appreciation in the Net Asset Value of the Sub-Fund or any other shareholder rights (including dividend entitlement) until such time as Shares are issued. In the event of an insolvency of the Fund or the Sub-Fund, there is no guarantee that the Fund or Sub-Fund will have sufficient funds to pay unsecured creditors in full.

Payment by the Sub-Fund of redemption proceeds and dividends is subject to receipt of original subscription documents and compliance with all anti-money laundering procedures. Notwithstanding this, redeeming Shareholders will cease to be Shareholders, with regard to the redeemed Shares, from the relevant redemption date. Redeeming Shareholders and Shareholders entitled to distributions will, from the redemption or distribution date, as appropriate, be unsecured creditors of the Sub-Fund, and will not benefit from any appreciation in the Net Asset Value of the Sub-Fund or any other Shareholder rights (including further dividend entitlement), with respect to the redemption or distribution amount. In the event of an insolvency of the Fund or the Sub-Fund during this period, there is no guarantee that the Fund or Sub-Fund will have sufficient funds to pay unsecured creditors in full. Redeeming Shareholders and Shareholders entitled to distributions should therefore ensure that any outstanding documentation and information is provided promptly. Failure to do so is at such Shareholder’s own risk.

In the event of the insolvency of another Sub-Fund of the Fund, recovery of any amounts to which a given Sub-Fund is entitled (including subscription monies due from investors), but which may have transferred to such other Sub-Fund as a result of the operation of the Umbrella Cash Collection Account, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Collection Account. There may be delays in effecting and/or disputes as to the recovery of such amounts, and the insolvent Sub-Fund may have insufficient funds to repay amounts due to the relevant Sub-Fund. Accordingly, there is no guarantee that such Sub-Fund or the Fund will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Sub-Fund or the Fund would have sufficient funds to repay any unsecured creditors.

**Valuation Risk.** A Sub-Fund’s investments will typically be valued at the relevant market value, in accordance with the Instrument of Incorporation and applicable law. In certain circumstances, a portion of a Sub-Fund’s assets may be valued at fair value using prices provided by a pricing service or, alternatively, a broker-dealer or other market intermediary (sometimes just one broker-dealer or other market intermediary) when other reliable pricing sources may not be available. If no relevant information is available from those sources or the available information is considered unreliable, the Fund may value a Sub-Fund’s assets based on such other information as the Fund may in its discretion consider appropriate. There can be no assurance that such prices will accurately reflect the price a Sub-Fund would receive upon sale of a security and to the extent a Sub-Fund sells a security at a price lower than the price it has been using to value the

security, its net asset value will be adversely affected. When a Sub-Fund invests in other funds or Collective Investment Schemes, it will generally value its investments in those funds or Collective Investment Schemes based on the valuations determined by the funds or Collective Investment Schemes, which may not be the same as if the net assets of the funds or Collective Investment Schemes had been valued using the procedures employed by the Sub-Fund to value its own assets.

## **SPECIFIC RISKS (RELEVANT TO SELECTED SUB-FUNDS)**

**Active Investment Risk.** Some Sub-Funds' investments are actively managed, which means the Investment Manager will use an investment approach that typically involves research such as fundamental analysis, micro and macroeconomic analysis and/or technical analysis rather than seeking to deliver the performance of an Index, because it believes actively selecting investments can deliver a better outcome than owning the market in its entirety. Such Sub-Funds could experience losses if the Investment Manager's judgment about markets, future volatility, interest rates, industries, sectors and regions or the attractiveness, relative values, liquidity, effectiveness or potential appreciation of particular investments made for a Sub-Fund prove to be incorrect.

**Contingent Convertible Bonds Risk.** Generally, convertible securities are subject to the risks associated with both fixed income securities and equities, namely credit risk, interest rate risk and market price risk. Contrary to traditional convertible securities which may be converted into equity by the holder, contingent convertible bonds may be converted into equity or be forced to suffer a write down of principal upon the occurrence of a pre-determined event (the "trigger event"). As such, contingent convertible bonds expose the holder to specific risks such as Trigger risk, Write down risk, Coupon cancellation, Capital Structure inversion risk, and Call extension risk.

### Trigger risk

Contingent convertible bonds are a type of debt security that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a trigger event. The trigger event is ordinarily linked to the financial position of the issuer and therefore the conversion is likely to occur as a result of a deterioration of the relative capital strength of the underlying. As a result, it is likely that the conversion to equity would occur at a share price, which is lower than when the bond was issued or purchased. In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and it may be difficult to find a ready buyer which means that a significant discount may be required in order to sell it.

### Write-down risk

In some cases, the issuer may cause a convertible security to be written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs. There is no guarantee that the Sub-Fund will receive return of principal on contingent convertible securities.

### Coupon cancellation risk

Coupon payments may be discretionary and could thus be cancelled at any time, for any reason. As a result, investment in contingent convertible bonds can carry higher risk than investment in traditional debt instruments/convertibles and, in certain cases, equities; the volatility and risk of loss can be significant.

### Capital structure inversion risk

Contingent convertible securities are typically structurally subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in contingent convertible securities may suffer a loss of capital ahead of equity holders or when equity holders do not.

### Call extension risk

Contingent convertible bonds can be issued as perpetual instruments (ie, bonds without a maturity date) and may only be callable at predetermined dates upon approval of the applicable regulatory authority. There is no guarantee that the Sub-Fund will receive a return of principal on contingent convertible securities.

### Yield/valuation risk

The valuation of contingent convertible securities is influenced by many unpredictable factors such as:

- (i) the creditworthiness of the issuer and the fluctuations in the issuer's capital ratios;
- (ii) the supply and demand for contingent convertible securities;
- (iii) the general market conditions and available liquidity; and
- (iv) the economic, financial and political events that affect the issuer, the market it is operating in or the financial markets in general.

### Liquidity risk

Contingent convertible securities may experience periods of lower liquidity caused by market events, lower new issues during a period or large sales and such events may raise the risk that these securities will not be able to be sold during those periods or may have to be sold at reduced prices. Those events may influence the value of the Sub-Fund, as the lower liquidity in these assets may be reflected in a corresponding reduction in the Net Asset Value of the Sub-Fund.

### Unknown risk

Contingent convertible bonds are a relatively new instrument and the trigger events are generally untested, therefore it is uncertain how the asset class will perform in stressed market conditions and risk to capital, and volatility could be significant.

**Convertible and Hybrid Securities Risk.** A convertible security is generally a debt obligation, preferred stock or other security that pays interest or dividends and may be converted by the holder within a specified period of time into common stock at a specified conversion price. The value of convertible securities may rise and fall with the market value of the underlying stock or, like a debt security, vary with changes in interest rates and the credit quality of the issuer. A convertible security tends to perform more like a stock when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a debt security when the underlying stock price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible security is not as sensitive to interest rate changes as a similar non-convertible debt security, and generally has less potential for gain or loss than the underlying stock.

Hybrid securities are those that, like convertible securities described above, combine both debt and equity characteristics. Hybrids may be issued by corporate entities (referred to as corporate hybrids) or by financial institutions (commonly referred as contingent convertible bonds or "CoCos"). Hybrid securities are subordinated instruments that generally fall in the capital structure between equity and other subordinated debt, i.e. such securities will be the most junior securities above equity. Such securities will generally have a long maturity and may even be perpetual in nature. Coupon payments may be discretionary and as such may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments may not amount to an event of default. Hybrid securities are callable at pre-determined levels. It cannot be assumed that hybrid securities, including perpetual securities, will be called on the call date. The investor may not receive return of principal on a given call date or on any date.

CoCos, which became popular following the 2008-2009 financial crisis as a way of mitigating the impact of stressed market conditions, have certain additional characteristics not typical of corporate hybrids. For CoCos, conversion is tied to a pre-specified trigger event based on the capital structure of the financial institution and/or to when the regulator deems the bank to be no longer viable. The contingent convertible bond may convert to equity or, alternatively, may be purely loss absorbing and convert to nothing. Trigger levels may differ from one issue to the next and the risk of conversion will depend on the distance of the capital ratio to the trigger level and/or the point at which the regulator deems the issuer no longer viable (i.e. the bonds are "bail-in-able" at the "point of non-viability" or PONV), making it difficult for the Investment Manager of the relevant Sub-Fund to anticipate the triggering events that would require the debt to convert into equity or be simply loss absorbing. It may also be difficult for the Investment Manager to assess how the securities will behave

upon conversion. Because conversion occurs after a specified event, conversion may occur when the share price of the underlying equity is less than when the bond was issued or purchased. Whereas traditional convertible securities are convertible at the option of the holder and the holder of such bonds will generally convert when the share price is higher than the strike price (i.e. when the issuer is doing well), CoCos tend to convert when the issuer is in crisis and needs additional equity or loss absorption in order to survive. As a result, there is greater potential for capital loss with CoCos compared to conventional convertible securities. The trigger could be activated through a material loss in capital as represented in the numerator or an increase in risk weighted assets (due to a shift to riskier assets) as measured in the denominator. Unlike for corporate hybrids, cancelled coupon payments do not generally accumulate and are instead written off. Holders of CoCos may see their coupons cancelled while the issuer continues to pay dividends on common equity, unlike the case of corporate hybrids which typically have so-called "dividend pusher/stopper clauses" which link the payment of hybrid coupons to equity dividends. CoCos may suffer from capital structure inversion risk, since investors in such securities may suffer loss of capital when equity holders do not in the event the pre-defined trigger is breached before the regulator deems the issuer non-viable (if the regulator declares non-viability before such a breach, the normal creditor hierarchy should apply). The value of CoCos may be subject to a sudden drop in value should the trigger level be reached. A Sub-Fund may be required to accept cash or securities with a value less than its original investment or, in the event of instances where the contingent convertible bond is intended to be only loss absorbing, the Sub-Fund may lose its entire investment.

**Counterparty Risk.** The Sub-Funds may, in accordance with the Investment Objective and Strategy of the Sub-Fund as disclosed in the relevant Supplement, be subject to credit risk with respect to the counterparties in the event that the Fund on behalf of a Sub-Fund enters into transactions such as over-the-counter derivatives contracts, including swaps such as total return swaps or interest rate swaps, options or forward foreign exchange (currency) contracts. If a counterparty becomes insolvent or otherwise fails to perform its obligations, a Sub-Fund may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganisation proceeding (including recovery of any collateral posted by it) and may obtain only a limited recovery or may obtain no recovery in such circumstances. In addition, if the credit rating of a derivatives counterparty or potential derivatives counterparty declines, the Fund may determine not to enter into transactions on behalf of a Sub-Fund with that counterparty in the future and/or may terminate any transactions currently outstanding between the Sub-Fund and that counterparty; alternatively, the Fund may in its discretion determine on behalf of the Sub-Fund to enter into new transactions with that counterparty and/or to keep existing transactions in place, in which event the Sub-Fund would be subject to any increased credit risk associated with that counterparty. Regulatory changes adopted or proposed to be adopted by European regulators and outside the European Union may have the effect of increasing certain counterparty risks in connection with over-the-counter transactions entered into by a Sub-Fund.

**Currency Risk.** A Sub-Fund may invest in securities that are denominated in currencies that differ from the Sub-Fund's base currency. Changes in the values of those currencies relative to a Sub-Fund's base currency may have a positive or negative effect on the values of the Sub-Fund's investments denominated in those currencies. A Sub-Fund may also be affected favourably or unfavourably by exchange control regulations. A Sub-Fund may, but will not necessarily, invest in currency exchange contracts to help reduce exposure to different currencies, however there is no guarantee that these contracts will successfully do so. There may not be perfect correlation between the amount of exposure to a particular currency and the amount of securities in the portfolio denominated in that currency. Also, these contracts may reduce or eliminate some or all of the benefit that a Sub-Fund may experience from favourable currency fluctuations.

The values of other currencies relative to a Sub-Fund's base currency may fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency controls and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments. Continuing uncertainty as to the status of the Euro and the European Monetary Union (the "EMU") has created significant volatility in currency and financial markets generally. Any partial or complete dissolution of the EMU, or any continued uncertainty as to its status, could have significant adverse effects on currency and financial markets and on the values of a Sub-Fund's portfolio investments. In addition, certain currencies are subject to a managed floating exchange rate based on supply and demand with reference to a basket of currencies or may trade in two markets: one onshore (in the domestic market of that currency) and one offshore (outside its domestic market). Such onshore currency exchange contracts may not be freely tradeable in offshore markets.



**Emerging Markets Risk.** Investments in securities of companies from multiple countries and/or securities of companies with significant exposure to multiple countries can involve additional risks. Political, social and economic instability, the imposition of currency or capital controls or the expropriation or nationalisation of assets in a particular country can cause dramatic declines in that country's economy. Less stringent regulatory, accounting and disclosure requirements for issuers and markets are common in certain countries, particularly in emerging or less developed markets. Enforcing legal rights can be difficult, costly and slow in some countries and can be particularly difficult against governments. Additional risks of investing in various countries include trading, settlement, custodial and other operational risks due to different systems, procedures and requirements in a particular country and varying laws regarding withholding and other taxes. These factors can make investments in multiple countries, especially investments in emerging or less developed markets, more volatile and less liquid than investments in a single country and could potentially result in an adverse effect on a Fund's performance.

Generally, investment in emerging markets subjects a Sub-Fund to a greater risk of loss than investments in developed markets. This is due to, among other things:

- greater market volatility;
- lower trading volume and liquidity issues;
- limited securities markets;
- restrictions on purchases and sales of securities by foreign investors and other market participants;
- political and economic instability;
- economic dependence on a few industries or on international trade or revenue from particular commodities;
- high levels of inflation, deflation or currency devaluation;
- regulatory, financial reporting, accounting and disclosure standards that may be less stringent than those of developed markets;
- settlement and custodial systems that are not as well-developed as those in developed markets that may cause delays in settlement and possible "failed settlements";
- precarious financial stability of issuers (including governments);
- greater risk of market shut down; and
- more governmental limitations on foreign investment policy than those typically found in a developed market.

The foregoing factors may cause a Sub-Fund's investments to be more volatile than if the Sub-Fund invested in more developed markets and may cause a Sub-Fund to realise losses. This risk of increased volatility and losses may be magnified by currency fluctuations relative to the base currency of the Sub-Fund.

**Europe and Eurozone Risk.** Some Funds may invest in Europe and the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and face difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system, the possibility for one or more countries to withdraw from the European Union, including the United Kingdom, which is a significant market in the global economy, and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may

exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the relevant Funds may be exposed to additional operational or performance risks.

**Environmental, Social and Governance Investment Risk.** Since ESG investments are selected for reasons including nonfinancial, an actively or passively managed Fund that incorporates ESG or SRI factors may underperform its broader reference market or other funds that do not utilise ESG or SRI criteria when selecting investments. Such a Fund may sell, for ESG related concerns, assets that both are performing and may subsequently perform well. ESG investing is to a degree subjective and there is no guarantee that all investments made by the Fund will reflect the beliefs or values of any particular investor.

**Foreign Exchange Holding Risk.** The Fund on behalf of a Sub-Fund may, in accordance with the Investment Objective and Strategy of the Sub-Fund as disclosed in the relevant Supplement, enter into a variety of different foreign currency transactions within the portfolio including, by way of example, currency forward transactions, spot transactions, futures contracts, swaps, or options. Most of these transactions are entered into “over the counter,” and the Sub-Fund assumes the risk that the counterparty may be unable or unwilling to perform its obligations, in addition to the risk of unfavourable or unanticipated changes in the values of the currencies underlying the transactions. Over-the-counter currency transactions are typically uncollateralised and a Sub-Fund may not be able to recover all or any of the assets owed to it under such transactions if the counterparty should default. Many types of currency transactions are expected to continue to be traded over the counter even after implementation of the clearing requirements by recent US and EU legislation. In some markets or in respect of certain currencies, a Sub-Fund may be required, or agree, in the Fund’s discretion, to enter into foreign currency transactions via the Depositary’s relevant sub-custodian. The Fund may be subject to a conflict of interest in agreeing to any such arrangements on behalf of a Sub-Fund. Such transactions executed directly with the sub-custodian are executed at a rate determined solely by such sub-custodian. Accordingly, a Sub-Fund may not receive the best pricing of such currency transactions. Recent regulatory changes in a number of jurisdictions will require in the future, that certain currency transactions be subject to central clearing, or be subject to new or increased collateral requirements. These changes could increase the costs of currency transactions to a Sub-Fund and may make certain transactions unavailable.

**Futures Contracts and Other Exchange-Traded Derivatives Risks.** Certain Sub-Funds may, in accordance with the Investment Objective and Strategy of the Sub-Fund as disclosed in the relevant Supplement, purchase exchange-traded futures contracts on indices, interest rates or currencies, exchange-traded options (including options on futures), warrants and other exchange-traded derivatives. The ability to establish and close out positions in futures contracts and other exchange-traded derivatives will be subject to the development and maintenance of a liquid secondary market. There is no assurance that a liquid secondary market on an exchange will exist for any particular futures contract or other exchange-traded derivative or at any particular time. In the event no such market exists for a particular derivative, it might not be possible to effect closing transactions and a Sub-Fund will be unable to terminate its exposure to the derivative. If a Sub-Fund uses futures contracts or other exchange-traded derivatives for hedging purposes, there is a risk of imperfect correlation between movements in the prices of the derivatives and movements in the securities or index underlying the derivatives or movements in the prices of the Sub-Fund’s securities that are the subject of a hedge. The prices of futures and other exchange-traded derivatives, for a number of reasons, may not correlate perfectly with movements in the securities or index underlying them. A Sub-Fund will incur brokerage fees in connection with its exchange-traded derivatives transactions. A Sub-Fund will typically be required to post margin with its applicable counterparty in connection with its transactions in futures contracts and other exchange-traded derivatives. In the event of an insolvency of the counterparty, the Sub-Fund may not be able to recover all (or any) of the margin it has posted with the counterparty, or to realise the value of any increase in the price of its positions.

**Index-Related Risk.** Index Tracking Sub-Funds seek to achieve a return that corresponds to, or tracks, the return of an Index. The Index may be any Index that is compiled, calculated or published by an Index Provider and complies with the requirements of the Central Bank for use by UCITS. Such an Index may be one that is widely published by an Index Provider, with no adjustments as to membership and market weight of its components or, as will be disclosed in the relevant Supplement, may apply one or more “screens” or rules-based approaches to refine the number, investment style, or types of issuers included in the Index in which each of the Index Tracking Sub-Funds may invest. In this manner, the Index may seek to achieve a lower level of risk or higher risk-adjusted performance compared to an Index where such screens are not applied. The rules-based approaches employed, as will be explained in more detail in the relevant Supplement, may include utilising a multi-factor selection process (or other quantitative techniques) that applies investment style factors or other quantitative measures and selects stocks which are rated most highly across those factors or measures. There is a risk that such quantitative techniques do not generate the intended result with respect to

risk profile, investment style, or risk-adjusted return performance for the Index that an Index Tracking Sub-Fund seeks to track. Moreover, there is no assurance that the Index will be determined, composed or calculated accurately. While the Index Provider provides descriptions of what the Index is designed to achieve, the Index Provider does not guarantee the quality, accuracy or completeness of data in respect of its indices, and does not guarantee that the Index will be in line with the described index methodology. Gains, losses or costs to the Index Tracking Sub-Fund caused by errors in the Index may therefore be borne by the Index Tracking Sub-Fund and its shareholders.

**Index Licence Risk.** The Index that a given Index Tracking Sub-Fund is seeking to track is generally owned and calculated by an Index Provider, even in instances where the Fund has established the criteria for how the Index is created by applying certain investment techniques or “screens”. In order to utilise an Index, the Fund may need to have a licence agreement signed with the Index Provider. If, at any time in respect of an Index, the licence granted (if required) to the Fund, the Manager or the Investment Manager (or their affiliates) to replicate or otherwise use the Index for the purposes of an Index Tracking Sub-Fund terminates, or such a licence is otherwise disputed, impaired or ceases to exist (for any reason), the Directors may be forced to replace the Index with another Index which they determine to track substantially the same market as the Index in question and which they consider to be an appropriate Index for the relevant Sub-Fund to track and such a substitution or any delay in such a substitution may have an adverse impact on the Sub-Fund. In the event that the Directors are unable to identify a suitable replacement for the relevant Index, they may be forced to terminate the Sub-Fund.

**Index Tracking Risk.** There is no guarantee that the investment objective of any Index Tracking Sub-Fund will be achieved. In particular, no financial instrument or set of investment techniques enables the returns of any Index to be reproduced or tracked exactly and the use of representative sampling and/or portfolio optimisation techniques by a Sub-Fund, which implies using less than 100% of the components of the Index or using securities not in the Index within the limits set by the relevant Supplement, instead of full replication may increase the risk of tracking error. Tracking error can be defined to mean the degree to which the performance of a Sub-Fund deviates from the performance of its relevant Index and may vary over time, reflecting market conditions in the market to which the relevant Sub-Fund is exposed. Changes in the investments of any Sub-Fund and re-weightings of the relevant Index may give rise to various transaction costs (including in relation to the settlement of foreign currency transactions), operating expenses or inefficiencies which may adversely impact a Sub-Fund’s tracking of an Index. Furthermore, the total return on investment in the Shares of a Sub-Fund will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable Index. Moreover, in the event of the temporary suspension or interruption of trading in the Investments comprising the Index, or of market disruptions, rebalancing a Sub-Fund’s investment portfolio may not be possible and may result in deviations from the return of the Index.

**Leveraging Risk.** Certain transactions, including, for example, when-issued, delayed-delivery and forward commitment purchases and the use of some derivatives, can result in leverage. Leverage generally has the effect of increasing the amounts of loss or gain a Sub-Fund might realise and creates the likelihood of greater volatility of the value of a Sub-Fund’s portfolio. In transactions involving leverage, a relatively small market movement or change in other underlying indicator can lead to significantly larger losses to the Sub-Fund because leverage generally magnifies the effect of any increase or decrease in the value of a Sub-Fund’s underlying assets or creates investment risk with respect to a larger base of assets than a Sub-Fund would otherwise have.

**Over-the-Counter Derivatives Risk.** The Sub-Funds may, in accordance with the Investment Objective and Strategy of the Sub-Fund as disclosed in the relevant Supplement, use over-the-counter derivative instruments for hedging, efficient portfolio management and/or for investment purposes. The derivative instruments that may be used include, but are not limited to, forward foreign exchange contracts, over-the-counter options and swaps (including interest rate swaps and total return swaps). A description of these derivative instruments is more fully described under “*Use of Financial Derivative Instruments*” in the Investment Techniques section above. Each Sub-Fund’s Relevant Supplement will indicate how the Sub-Fund intends to use derivative instruments. A Sub-Fund’s use of derivative instruments involves risks different from and possibly greater than, the risks associated with investing directly in securities. These risks include:

- Potential changes in value in response to interest rate changes or other market developments or as a result of the counterparty’s credit quality;
- The potential for the derivative transaction to not have the effect the Investment Manager anticipated;

- The failure of the counterparty to the derivative transaction to perform its obligations under the transaction or to settle a trade (see also “**Counterparty Risk**”);
- Possible mispricing or improper valuation of the derivative instrument;
- Imperfect correlation in the value of a derivative with the asset, rate, or index underlying the derivative;
- The risks specific to the asset underlying the derivative instrument;
- Possible increase in the amount and timing of taxes payable by investors;
- Lack of liquidity for a derivative instrument if a secondary trading market does not exist;
- The potential for reduced returns to a Sub-Fund due to losses on the transaction and an increase in volatility; and
- Legal risks arising from the form of contract used to document derivative trading.

When a Sub-Fund invests in certain derivative instruments, it could lose more than the stated amount of the instrument. In addition, some derivative transactions can create investment leverage and may be highly volatile and speculative in nature.

To the extent that a Fund uses such instruments for hedging purposes, there is the risk of imperfect correlation between movements in the value of the derivative instrument and the value of the underlying investment or other asset being hedged. There is also the risk, especially under extreme market conditions, that an instrument, which usually would operate as a hedge, provides no hedging benefits at all.

**Passive Investment Risk.** An Index Tracking Sub-Fund will be negatively affected by general declines in the securities and asset classes represented in its Index. In addition, because Index Tracking Sub-Funds are not “actively” managed, unless a specific security is removed from an Index, an Index Tracking Sub-Fund generally would not sell a security because the security’s issuer was in financial trouble. Market disruptions and regulatory restrictions could have an adverse effect on an Index Tracking Sub-Fund’s ability to adjust its exposure to the required levels in order to track the Index. An Index Tracking Sub-Fund also does not attempt to take defensive positions under any market conditions, including declining markets. Therefore, an Index Tracking Sub-Fund’s performance could be lower than funds that may actively shift their portfolio assets to take advantage of market opportunities or to lessen the impact of a market decline or a decline in the value of one or more issuers.

**Regional Market Risk.** Some Sub-Funds may invest in a single region and, as a result, are subject to higher concentration risk and potentially greater volatility compared to Sub-Funds following a more globally diversified policy. In addition, some regions may be dominated by a single country or a few countries, with the result that the Fund’s investments may be concentrated to a significant degree in a single country or only a few countries, increasing the potential for volatility to an even greater extent.

**Repurchase and Reverse Repurchase Transactions Risk.** The entry by a Sub-Fund into repurchase transactions involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that (1) in the event of the failure of the counterparty with which cash of a Sub-Fund has been placed, there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; (2) (i) locking cash in transactions (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet sale requests, security purchases or, more generally, reinvestment; and that (3) repurchase transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with options or forwards, which are further described under “*Use of Financial Derivative Instruments*” in the “*Investment Techniques*” section. The Fund can only enter into such transactions if they can be realised within 7 days or a shorter time period.

**Russian Investment Risk.** Although, unless disclosed otherwise in the Relevant Supplement, investments in Russian securities are not generally expected to represent a material proportion of the investments of any of the Sub-Funds, investors should note that there are significant risks inherent in investing in Russia. These risks include:

- delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody;
- the lack of corporate governance provisions, under-developed or non-existent rules regarding management's duties to shareholders and the lack of general rules or regulations relating to investor protection or investments;
- pervasiveness of corruption, insider trading and crime in the Russian economic system;
- difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information;
- the risk of imposition of arbitrary or onerous taxes due to tax regulations that are ambiguous and unclear;
- the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt;
- banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings;
- the lack of local laws and regulations that prohibit or restrict a company's management from materially changing the company's structure without shareholder consent;
- difficulties involved with seeking redress in a court of law of breach of local laws, regulations or contracts, arbitrary and inconsistent application of laws and regulations by courts;
- the risk that the continued imposition or expansion of international sanctions on Russian governmental and other corporate and financial entities may restrict a Sub-Fund's ability to implement its investment policies or to exit from positions held in Russian securities; and
- the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("**Extracts**") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, a quantity of forged or otherwise fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Fund's purchases may be settled with such forged or fraudulent securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate action information. The Depositary therefore cannot guarantee the completeness or timeliness of the distribution of corporate action notifications.

### **Securitisation Risk**

A securitisation, as defined in the article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the council of 12 December 2017 is a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics: (i) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (ii) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; (iii) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

Securitisation encompasses a wide-range of assets including “Asset-backed Securities”, “Collateralised Debt Obligations” and “Mortgage-backed Securities”.

A Securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or “collateral pool”.

The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets.

Mortgage-backed securities differ from conventional debt securities in that principal is paid back over the life of the security rather than at maturity, as the underlying mortgages are subject to unscheduled pre-payments of principal before the security’s maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying mortgage loans. To the Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Fund may have paid over par at the time of purchase. Mortgage pre-payments generally increase when interest rates fall.

Mortgage-backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of pre-payments on mortgage-backed securities and extend their life. This could cause the price of the mortgage-backed securities to be more sensitive to interest rate changes. Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default.

Collateralised Mortgage Obligations (CMOs) are securities backed by a pool of mortgage pass-through securities or actual mortgage loans that are structured into various tranches with varying maturities and varying priorities in terms of their access to the principal and interest payments from the underlying assets. Such securities will have, depending on the tranches, varying degrees of pre-payment risk and credit risk, depending on their priority in the capital structure. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.

Mortgage-backed securities may be offered as interest only (IO) or principal only (PO) strips, where only the interest or the principal of the underlying mortgages in the pool is passed on to the security holders. These types of securities are highly sensitive to the pre-payment experience associated with the underlying mortgages and will behave in opposite ways to the same trend in pre-payments. For IO securities, early pre-payments within the pool will mean less than expected interest payments since the mortgages will have terminated, adversely affecting security holders. For PO securities, early pre-payments within the pool will mean quicker repayment of principal than expected, benefiting security holders. Because of the highly sensitive nature of these securities, the possibility of sharp declines in prices is much greater compared to conventional mortgage-backed securities.

Mortgage- and asset-backed securities may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of CMBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the CMBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the CMBS sector more quickly and efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying ABS or MBS securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

Asset-backed securities are very similar to mortgage-backed securities, except that the securities are collateralised by other types of assets besides mortgages, such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. Like mortgage-backed securities, asset-backed securities are subject to pre-payment and extension risks.

Collateralised Loan/Debt Obligations (CLOs/CDOs) are similar to ABS/MBS type of securities. The main difference being the nature of the collateral pool, which is not constituted of debt securities or mortgages but rather leveraged loans issued by corporates.

In addition to the normal risks associated with debt securities and asset backed securities (e.g., interest rate risk, credit risk and default risk), CDOs and CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or quality or go into default or be downgraded; (iii) a Fund may invest in tranches of a CDO or CLO that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer, difficulty in valuing the security or unexpected investment results.

**Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect Risk.** Certain Sub-Funds may invest in and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (together referred to as “**Stock Connect**”). Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), Shanghai Stock Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange (“**SZSE**”) and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

Stock Connect comprises two Northbound Trading Links, one between SSE and the Stock Exchange of Hong Kong (“**SEHK**”), and the other between SZSE and SEHK. Stock Connect will allow foreign investors to place orders to trade eligible China A Shares listed on the SSE (the “**SSE Securities**”) or on the SZSE (“**SZSE Securities**”) (the SSE Securities and the SZSE Securities shall collectively be referred to as the “**Stock Connect Securities**”) through their Hong Kong based brokers.

The SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except (i) those SSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SSE-listed shares which are included in the “risk alert board”. The list of eligible securities may be changed subject to the review and approval by the relevant mainland China regulators from time to time. The SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except those SZSE-listed shares (i) which are not quoted and traded in RMB, (ii) which are included in the “risk alert board”; (iii) which have been suspended from listing by the SZSE; and (iv) which are in the pre-delisting period. The list of eligible securities may be changed subject to the review and approval by the relevant mainland China regulators from time to time.

Further information about Stock Connect is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/Documents/Investor\\_Book\\_En.pdf](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Documents/Investor_Book_En.pdf).

In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A-Shares and regulatory risk.

#### *Quota limitations*

Stock Connect is subject to quota limitations on investments, which may restrict a Sub-Funds’ ability to invest in Stock Connect Securities through Stock Connect on a timely basis. In particular, once the Northbound daily quota is reduced to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (although investors will be allowed to sell their cross-boundary securities regardless of the quota balance).

#### *Suspension risk*

Each of SEHK, SZSE and SSE reserve the right to suspend trading if necessary to ensure an orderly and fair market and that risks are managed prudently. In the event of a suspension, the Sub-Funds’ ability to access the mainland China market will be adversely affected.

#### *Differences in trading day*

Stock Connect only operates on days when both mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Due to the difference in trading days between the mainland China and Hong Kong markets there may be occasions on which Hong Kong investors (such as the Sub-Funds) cannot carry out any China A-Shares trading although it is a normal trading day for the mainland China market. As a result, the Sub-Funds may be subject to a risk of price fluctuations in China A-Shares during periods when Stock Connect is not operational.

#### *Restrictions on selling imposed by front-end monitoring*

Mainland China regulations require that before an investor sells any share, it should have sufficient shares in its account, or else both the SSE and SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

#### *Clearing settlement and custody risks*

The Hong Kong Securities Clearing Company Limited (“**HKSCC**”), a wholly-owned subsidiary of HKEx and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the mainland China securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission (“**CSRC**”). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the relevant Sub-Fund(s) may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through Stock Connect are issued in scripless form, so investors, such as the relevant Sub-Funds, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Sub-Funds, who have acquired Stock Connect Securities through Northbound trading should maintain the Stock Connect Securities with their brokers’ or custodians’ stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on the SEHK. Further information on the custody set-up relating to Stock Connect is available upon request at the registered office of the Company.

#### *Operational risk*

Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Sub-Funds, to access the China stock market directly. Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the “connectivity” in Stock Connect requires routing of orders across the border. This required the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system (“**China Stock Connect System**”) to be set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The relevant Sub-Funds’ ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

#### *Nominee arrangements in holding China A-Shares*

HKSCC is the “nominee holder” of the Stock Connect Securities acquired by overseas investors (including the relevant Sub-Fund(s)) through Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Sub-Funds enjoy the rights and benefits of the Stock Connect Securities acquired through Stock Connect in accordance with applicable laws. However, the courts in mainland China may consider that any nominee or custodian as registered holder



of Stock Connect Securities would have full ownership thereof and that, even if the concept of beneficial owner is recognised under mainland China law, those Stock Connect Securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant Sub-Fund(s) and the Depositary cannot ensure that the Sub-Fund's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK and/or HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Stock Connect securities in mainland China or elsewhere. Therefore, although the relevant Sub-Funds' ownership may be ultimately recognised, these Sub-Funds may suffer difficulties or delays in enforcing their rights in China A-Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the relevant Sub-Fund(s) will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Sub-Fund suffers losses resulting from the performance or insolvency of HKSCC.

#### *Investor compensation*

Investments of the relevant Sub-Funds through Northbound trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the relevant Sub-Funds are carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund in mainland China.

#### *Trading costs*

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the relevant Sub-Funds may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

#### *Mainland China tax consideration*

The Management Company and/or Investment Manager reserve the right to provide for tax on gains of the relevant Sub-Fund that invests in mainland China securities thus impacting the valuation of the relevant Sub-Funds. With the uncertainty of whether and how certain gains on mainland China securities are to be taxed, the possibility of the laws, regulations and practice in mainland China changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company and/or the Investment Manager may be excessive or inadequate to meet final mainland China tax liabilities on gains derived from the disposal of mainland China securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the relevant Sub-Fund.

On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on Stock Connect under Caishui 2014 No.81 ("Notice No.81"). Under Notice No.81, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Sub-Funds) on the trading of China A-Shares through Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the Sub-Funds) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

#### *Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in mainland China. However, the application of such rules is untested and there is no assurance that mainland China courts will recognise such rules, e.g. in liquidation proceedings of mainland China companies.

Stock Connect is novel in nature and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be abolished. The relevant Sub-Funds which may invest in the mainland China markets through Stock Connect may be adversely affected as a result of such changes.

**Share Class Hedging Risk.** The Fund may engage in currency hedging transactions with regard to a certain Class (the "Hedged Share Class"). Hedging transactions are designed to reduce, as much as possible, the currency risk for investors.

Any financial instruments used to implement such hedging strategies with respect to one or more Classes, including Hedged Share Classes, of a Sub-Fund shall be assets and/or liabilities of such Sub-Fund as a whole, but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of a Class, including Hedged Share Classes, may not be combined with or offset against that of any other Class of a Sub-Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. Investors should be aware, however, that there is no segregation of liabilities between Classes. As a result there is a risk that, under certain limited circumstances, the liabilities of a particular Class might affect the Net Asset Value of other Classes. In particular, while the Investment Manager will seek to ensure that gains/losses on and the costs of the relevant FDI associated with any currency hedging strategy used for the benefit of a particular Class will accrue solely to this Class and will not be combined with or offset with that of any other Class, there can be no guarantee that the Manager will be successful in this.

No intentional leveraging should result from currency hedging transactions of a Class although hedging may exceed 100% for short periods between redemption instructions and execution of the hedge trade. No positions materially in excess of 100% will be carried forward from month to month.

There is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of that Sub-Fund's assets and income can remain vulnerable to fluctuations in currency exchange rate movements.

In the case of a net investment flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the Net Asset Value of the Hedged Share Class until the following or a subsequent Business Day following the Dealing Day on which the instruction was accepted.

This risk for holders of any Hedged Share Class may be mitigated by using any of the efficient portfolio management techniques and instruments (including currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), within the conditions and limits imposed by the Central Bank.

Investors should be aware that the hedging strategy may substantially limit Investors of the relevant Hedged Share Class from benefiting from any potential increase in value of the Share Class expressed in the reference currency(ies), if the Hedged Share Class currency falls against the reference currency(ies). Additionally, Investors of the Hedged Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the associated transactions costs of the relevant financial instruments used to implement the hedging strategy. The gains/losses on and the transactions costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class.

**Single Country Risk.** Funds which essentially invest or have exposure in only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of such Fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. As further described in Appendix D, dealing in such

Fund may be suspended and investors may not be able to acquire or redeem units in the Fund. Investment in a single country may result in reduced liquidity, greater financial risk, higher volatility and limited diversification, which may have significant impact on the ability of the Fund to purchase or sell investments and possibly the ability to meet redemption requests in a timely manner. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

**Socially Responsible Investing (SRI) Risk.** An Index Tracking Sub-Fund may elect to utilise, as the Index it seeks to track, a Socially Responsible Investing (SRI) variant of an Index provided by an Index Provider, such as an Index from MSCI's SRI family of indices or similar such Indices from other Index Providers. Such indices add, as selection criteria, the need to be highly rated based on Environmental, Social and Governance (ESG) policies or guidelines so as to minimise exposure to or eliminate companies whose products have negative social or environmental impacts or where management has not followed good governance policies with respect to their shareholders or the community at large. There is a risk that such Indices, by limiting the companies in an Index compared to one where no ESG standards are applied, may not perform as well as non-ESG Indices or not offer as favourable a risk return profile.

**Structured Notes Risk.** Structured notes such as credit-linked notes, equity-linked notes and similar notes involve a counterparty structuring a note whose value is intended to move in line with the underlying security specified in the note. Unlike financial derivative instruments, cash is transferred from the buyer to the seller of the note. Investment in these instruments may cause a loss if the value of the underlying security decreases. There is also a risk that the note issuer will default. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of a structured note can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

## **RISKS ASSOCIATED WITH INVESTMENT IN EQUITIES**

**Equity Risk.** Equity securities represent ownership interests in a company or corporation and include common stock, preferred stock and warrants and other rights to acquire such instruments.

Investments in equity securities in general are subject to a number of factors which may cause their market prices to fluctuate over time, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer (please also refer to "*Issuer Risk*" in this section) or due to general market conditions that are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time. A Sub-Fund may continue to accept new subscriptions and to make additional investments in equity securities even under general market conditions that the Investment Manager views as unfavourable for equity securities.

Where a Sub-Fund invests in equity warrants, investors should be aware that the holding of warrants may result in increased volatility of the relevant Sub-Fund's Net Asset Value per Share. For Sub-Funds investing in convertible equity securities, investors should also be aware that the value of such securities is affected by prevailing interest rates, the credit quality of the issuer and any call provisions. For Index Tracking Sub-Funds, fluctuations in the value of equity securities comprised in the relevant Index would cause the Net Asset Value of the relevant Sub-Fund to fluctuate.

## RISKS ASSOCIATED WITH INVESTMENT IN DEBT SECURITIES

**Corporate Debt Securities Risk.** A Sub-Fund may invest in debt securities issued by private companies or enterprises. The value of these securities may be affected by the creditworthiness of the company, including any default or potential default by the relevant company. Corporate debt securities, especially those with poorer credit ratings, generally are perceived as having a higher credit risk than government debt securities. They may be subject to unanticipated changes in the probability of default and can be more sensitive to changes in the economic outlook as compared to sovereign bonds. All risks spelled out below under “*Debt Securities Risk*” are also applicable to corporate debt securities.

**Debt Securities Risk.** Fixed-income securities and other income-producing securities are obligations of their issuers to make payments of principal and/or interest on future dates. As interest rates rise, the values of debt securities or other income-producing investments are likely to fall. This risk is generally greater for obligations with longer maturities. Debt securities and other income-producing securities also carry the risk that the issuer or the guarantor of a security will be unable or unwilling to make timely principal and/or interest payments or otherwise to honour its obligations. This risk is particularly pronounced for lower-quality, high-yielding debt securities.

Important features of debt securities risk include the following:

- **Credit Risk.** The ability, or perceived ability, of the issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of an issuer to meet its obligations will decline substantially during the period when a Sub-Fund owns securities of that issuer or that the issuer will default on its obligations. Please also refer to “*Issuer Risk*” in this section. An actual or perceived deterioration of the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer’s securities. With certain exceptions, credit risk is generally greater for investments issued at less than their face values and that require the payment of interest only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer’s historical financial condition and the rating agencies’ investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer’s current financial condition and does not reflect an assessment of an investment’s volatility or liquidity. Although investment-grade securities generally have lower credit risk than securities rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default. Consequently, there can be no assurance that investment grade securities will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities. If a security held by a Sub-Fund loses its rating or its rating is downgraded, the Sub-Fund may nonetheless continue to hold the security in the discretion of the Investment Manager.
- **Extension Risk.** During periods of rising interest rates, the average life of certain types of securities may be extended because of slower-than-expected principal payments. This may lock in a below-market interest rate, increase the security’s duration and reduce the value of the security. Extension risk may be heightened during periods of adverse economic conditions generally, as payment rates decline due to higher unemployment levels and other factors.
- **Income Risk.** To the extent a Sub-Fund’s income is based on short-term interest rates, which may fluctuate over short periods of time, income received by the Fund may decrease as a result of a decline in interest rates.
- **Interest Rate Risk.** The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments and rising interest rates generally reduce the values of existing debt instruments. Interest rate risk is generally greater for investments with longer durations or maturities and may also be greater for certain types of debt securities such as zero coupon and deferred interest bonds. Interest rate risk also is relevant in situations where an issuer calls or redeems an investment before its maturity date. Please also refer to “*Prepayment Risk*” in this section. Adjustable rate instruments also generally react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors).

- **Lower-Rated Securities Risk.** Securities rated below investment grade (i.e. high-yield bonds or junk bonds) typically lack outstanding investment characteristics and have speculative characteristics and are subject to greater credit and market risks than higher-rated securities. The lower ratings of junk bonds reflect a greater possibility that adverse changes in the financial condition of the issuer or in general economic conditions, or an unanticipated rise in interest rates, may impair the ability of the issuer to make payments of interest and principal. If this were to occur, the values of such securities held by a Sub-Fund may become more volatile and the Sub-Fund could lose some or all of its investment.
- **Prepayment Risk.** A debt security held by a Sub-Fund could be repaid or “called” before the money is due and the Sub-Fund may be required to reinvest the proceeds of the prepayment at lower interest rates and therefore might not benefit from any increase in value as a result of declining interest rates. Intermediate-term and long-term bonds commonly provide protection against this possibility, but mortgage-backed securities do not. Mortgage-backed securities are more sensitive to the risks of prepayment because they can be prepaid whenever their underlying collateral is prepaid.

**Sovereign Risk.** A Sub-Fund may invest in debt securities issued by governments or by agencies, instrumentalities and sponsored enterprises of governments. The value of these securities may be affected by the creditworthiness of the relevant government, including any default or potential default by the relevant government. In addition, issuer payment obligations relating to securities issued by government agencies, instrumentalities and sponsored enterprises of governments may have limited or no support of the relevant government.

**Variable and Floating Rate Securities.** In addition to traditional fixed-rate securities, a Sub-Fund may invest in debt securities with variable or floating interest rates or dividend payments. Variable or floating rate securities bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest. These securities allow the Sub-Fund to participate in increases in interest rates through upward adjustments of the coupon rates on such securities. However, during periods of increasing interest rates, changes in the coupon rates may lag behind the change in market rates or may have limits on the maximum increase in coupon rates. Alternatively, during periods of declining interest rates, the coupon rates on such securities readjust downward and this may result in a lower yield.

**The foregoing list of risk factors does not purport to be a complete list or explanation of the risks involved in purchasing Shares of any Sub-Fund. Prospective investors should read this entire Prospectus and the Relevant Supplements and consult with their own advisers before deciding whether to purchase Shares of any Sub-Fund.**

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## PURCHASE AND SALE INFORMATION

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### PRIMARY MARKET

**Subscriptions.** The provisions set out in this section apply to subscriptions for ETF Shares directly to the Fund only and not to the purchase of ETF Shares on secondary markets. Applications for subscriptions directly to the Fund in respect of ETF Shares will generally only be available to Authorised Participants, through a Shareholder as their nominee, or to affiliates of the Investment Manager. All other investors may purchase ETF Shares through the Authorised Participants or other investors on the secondary market, as described below under “*Secondary Market Purchases and Sales*” in the “*Secondary Market*” section.

The provisions set out below also apply to subscriptions for Non-ETF Shares directly to the Fund. It is not expected that there will be any secondary market in Non-ETF Shares.

Except as disclosed in this Prospectus, the Sub-Funds do not impose any restrictions on the frequency of subscriptions and redemptions. However, the Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

Shares may be subscribed for initially during the initial offer period for the relevant Sub-Fund and at the price specified in the Relevant Supplement. Such Shares will be issued following the initial offer period for the relevant Sub-Fund, as specified in the Relevant Supplement. Thereafter, Shares will be issued at the Net Asset Value per Share plus an amount in respect of Duties and Charges, where applicable, on each Dealing Day. All Shares issued will be in registered form and a written trade confirmation will be sent to Shareholders. Shares may only be issued as fully paid in whole units.

Initial subscriptions for Shares will be considered on receipt of signed original subscription application forms and supporting anti-money laundering documentation should be sent by post to the Administrator in accordance with the details set out in the subscription application form. Thereafter, Shareholders may submit subsequent applications for Shares to the Administrator either by fax or electronically in such format or method as shall be agreed in advance in writing with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation. Amendments to a Shareholder’s registration details and payment instructions will only be effected upon receipt of original documentation.

Investors must subscribe for an amount that is at least equal to the Minimum Subscription Amount. Where specified in the Relevant Supplement, the Minimum Subscription Amount may differ for initial subscriptions and subsequent subscriptions and may be waived by the Directors in their absolute discretion. The Minimum Subscription Amount for any Fund will be specified in the Authorised Participant Operating Guidelines.

Any properly made application received by the Administrator after the time specified in the Relevant Supplement will not be deemed to have been accepted until the following Dealing Day provided always that the Directors may decide, in exceptional circumstances, to accept subscriptions after the relevant dealing deadline provided that they are received before the relevant Valuation Point.

Investors will not be entitled to withdraw subscription applications unless otherwise agreed by the Directors in consultation with the Administrator.

**Cash Subscriptions.** Investors may subscribe for Shares for cash on each Dealing Day by making an application before the dealing deadline specified for each Sub-Fund in the Relevant Supplement. Subscription monies in the currency in which the relevant Shares are denominated should be sent by wire transfer to the relevant account specified in the subscription application form no later than the time specified in the Relevant Supplement. If cleared funds representing the subscription monies (including all Duties and Charges) are not received by the Fund by the time and date specified in the Relevant Supplement, the Directors reserve the right to cancel any provisional allotment of Shares.

**In-Kind Subscriptions.** Unless otherwise specified in the Relevant Supplement, investors may subscribe for Shares in-kind on each Dealing Day by making an application before the dealing deadline specified for each Sub-Fund in the Relevant Supplement. In this context, “in-kind” means that, rather than receiving purely cash in respect of a subscription, the Fund will receive a basket of securities and a cash component. Shares can be subscribed for in-kind in a unit of the Minimum Subscription Amount or multiples thereof. In-Kind Subscriptions are not applicable to non-ETF Shares.

The securities to be transferred to the relevant Sub-Fund as part of any in-kind subscription must be such that they would qualify as investments of the relevant Sub-Fund in accordance with its investment objectives, policies and restrictions and the Depositary must be satisfied that there is unlikely to be any material prejudice to the existing Shareholders through the acceptance of the in-kind subscription. The securities provided must be vested with the Depositary or arrangements be made to vest them with the Depositary and the number of Shares issued in respect of an in-kind subscription must not exceed the amount that would be issued for the cash equivalent. Settlement/delivery of the securities to be provided as part of the subscription must be no later than three Business Days after the relevant Dealing Day.

The Directors have the right to refuse the securities proposed, including where the securities are not delivered to the Fund, in exactly the form agreed with the Investment Manager, together with the relevant cash component, by the time and date specified in the Relevant Supplement, in which case, the Directors reserve the right to cancel any provisional allotment of Shares.

The exact value of the cash component in the case of an in-kind subscription is determined after the calculation of the Net Asset Value of the relevant Sub-Fund for the relevant Dealing Day on the basis of the prices used in calculating the Net Asset Value per Share and equals the difference between the value of the Shares to be issued and the value of the securities to be provided as part of the subscription, using the same valuation methodology as that used to determine the Net Asset Value per Share.

The Directors may, in their absolute discretion, include an appropriate provision for Duties and Charges in respect of each subscription.

Shares will be issued in dematerialised non-certificated form in the International Central Securities Depositories, subject to the issue of one or more global share certificates, where required by the International Central Securities Depositories (“ICSDs”) in which the Shares are held. No individual certificates for Shares will be issued by the Fund. The global share certificate will be deposited with the relevant common depositary (being the entity nominated by the relevant International Central Securities Depository to hold the global share certificate) and registered in the name of the relevant common depositary (or its nominee). The common depositary (or its nominee) will appear as a Shareholder on the Register in respect of such Shares. As a result, subsequent purchasers of Shares, will not generally be recorded as Shareholders on the Register but will hold a beneficial interest in such Shares and the rights of such investors will be governed by their agreement with their nominee, broker or central securities depository as appropriate.

The Fund or its duly authorised agent may from time to time require investors to provide them with information relating to: (a) the capacity in which they hold an interest in Shares; (b) the identity of any other person or persons then or previously interested in such Shares; (c) the nature of any such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Fund with applicable laws or the Instrument of Incorporation.

The Fund or its duly authorised agent may from time to time request the applicable International Central Securities Depository to provide the Fund with the following details: ISIN, ICSD participant name, ICSD participant type, residence of ICSD participant, number of ETF of the participant within Euroclear and Clearstream, as appropriate, that hold an interest in Shares and the number of such interests in the Shares held by each such Participant. Euroclear and Clearstream participants which are holders of interests in Shares or intermediaries acting on behalf of such account holders will provide such information upon request of the ICSD or its duly authorised agent and have authorised pursuant to the respective rules and procedures of Euroclear and Clearstream to disclose such information to the Fund of the interest in Shares or to its duly authorised agent.

**Redemptions.** The provisions set out in this section apply to redemptions of ETF Shares directly to the Fund only and not to the sale of ETF Shares on secondary markets. Requests for redemptions directly to the Fund in respect of ETF Shares may generally only be made by Authorised Participants, through a Shareholder as nominee, or by affiliates of the Investment Manager. All other investors may sell ETF Shares through the Authorised Participants or to other investors on the secondary market, as described below under “*Secondary Market Purchases and Sales*” in the “*Secondary Market*” section. In addition, in certain exceptional circumstances, investors who have acquired ETF Shares on the secondary market may be entitled to redeem their Shares directly with the Fund, as described below under “*Secondary Market Purchases and Sales*” in the “*Secondary Market*” section.

The provisions set out below also apply to redemptions of Non-ETF Shares directly to the Fund. It is not expected that there will be any secondary market in Non-ETF Shares.

Except as disclosed in this Prospectus, the Sub-Funds do not impose any restrictions on the frequency of redemptions.

Shareholders may request the Fund to redeem their Shares on any Dealing Day at the Net Asset Value per Share as of the relevant Dealing Day, subject to an appropriate provision for Duties and Charges, in accordance with the following redemption procedures and as specified in the Relevant Supplement. The Administrator or the Directors may refuse to process a redemption request until proper information, such as the original Application Form and all requested supporting anti-money laundering documentation, has been provided.

Redemption requests must be received by the Administrator before the dealing deadline on the relevant Dealing Day specified in the Relevant Supplement and redemption instructions received after the relevant deadlines will be held over and dealt with on the following Dealing Day. However, the Directors may decide to accept, in exceptional circumstances, redemption requests after the relevant dealing deadline provided that they are received before the relevant Valuation Point. A properly completed redemption instruction must be received by the Administrator by fax or, if agreed with the Administrator, by electronic means, provided that, in the case of faxed redemption requests, payment of redemption proceeds will be made only to the account of record. Any amendments to a Shareholder's registration details or payment instructions will only be effected upon receipt of original documentation by the Administrator. The Directors may, in their absolute discretion, reject a request to redeem Shares, in whole or in part, where the Directors have reason to believe that the request is being made fraudulently.

Shareholders who wish to redeem Shares may only redeem Shares with a value that is at least equal to the Minimum Redemption Amount. The Minimum Redemption Amount may be waived by the Directors in their absolute discretion. The Minimum Redemption Amount for any Fund will be specified in the Authorised Participant Operating Guidelines.

Shareholders will not be entitled to withdraw redemption requests unless otherwise agreed by the Directors in consultation with the Administrator.

**In-Kind Redemption.** Unless otherwise specified in the Relevant Supplement, each Sub-Fund will allow Shareholders to redeem Shares in-kind on each Dealing Day. In this context, "in-kind" means that, with the consent of the Shareholder, rather than delivering cash proceeds in respect of a redemption, the Fund will deliver securities or a combination of cash and securities, provided that the asset allocation is subject to the approval of the Depositary. Shares can be redeemed in-kind in a unit of the Minimum Redemption Amount or multiples thereof.

The composition of the basket of securities to be delivered by the Fund and an estimated amount of the balance in cash will be made available upon request to Shareholders by the Administrator. The exact value of the cash balance is determined after calculation of the Net Asset Value on the relevant Dealing Day on the basis of the prices used in calculating the Net Asset Value per Share and will equal the difference between the value of the Shares to be redeemed and the value of the securities to be delivered at the prices used in calculating the Net Asset Value per Share on the same date.

A determination to provide redemption in-kind shall be at the sole discretion of the Fund where (i) the redeeming Shareholder requests redemption of Shares representing 5% or more of the Net Asset Value of the relevant Sub-Fund or (ii) the initial subscription in respect of the Shares being redeemed by a Shareholder was made in specie. The assets to be transferred shall be selected at the discretion of the Directors, subject to the approval of the Depositary and taken at their value used in determining the redemption price of the Shares being so repurchased. In this event the Fund will, if requested, sell the assets on behalf of the Shareholder at the Shareholder's expense and give the Shareholder cash. Such distributions will not materially prejudice the interests of the remaining Shareholders. The costs of any such disposal shall be borne by the redeeming Shareholder.

**Redemption Proceeds.** Redemption proceeds (in-kind and/or in cash) will only be released where the Administrator has received the original Application Form and all requested supporting anti-money laundering documentation.

Payment for Shares redeemed will generally be effected no later than three Business Days after the relevant dealing deadline unless otherwise stated in the relevant fund supplement. Redemption proceeds paid in cash will be paid in the



class currency of the relevant Class by wire transfer to the appropriate bank account as notified by the redeeming Shareholder and the cost of any transfer of proceeds by wire transfer will be deducted from such proceeds.

Where Shares are issued in dematerialised form in one or more recognised clearing and settlement systems, redemption of these Shares can only be completed by the delivery of those Shares back through that recognised clearing and settlement system.

**Redemption Limits.** If redemption requests received in respect of Shares of a particular Sub-Fund on any Dealing Day total, in aggregate, more than 10% of all of the issued Shares of that Sub-Fund on that Dealing Day, the Directors shall be entitled, at their absolute discretion, to refuse to redeem such number of Shares of that Fund on that Dealing Day, in excess of 10% of the issued Shares of the Sub-Fund, in respect of which redemption requests have been received, as the Directors shall determine. If the Fund refuses to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed, provided that the Fund shall not be obliged to redeem more than 10% of the number of Shares of a particular Sub-Fund outstanding on any Dealing Day, until all the Shares of the Sub-Fund to which the original request related have been redeemed.

**Clearing and Settlement.** Shares will be in registered form and no temporary documents of title will be issued. Ownership of Shares will be evidenced by written entry on the Register. No individual certificates for Shares will be issued by the Fund. ETF Shares in a Sub-Fund will be issued in dematerialised (or uncertified) form in one or more Recognised Clearing Systems. Investors that buy ETF Shares on the secondary market may not be reflected in the Register.

**Compulsory Redemptions of Shares.** Sub-Funds are established for an unlimited period and may have unlimited assets. However, the Fund may (but is not obliged to) redeem all of the Shares of any Class in issue if:

- (a) the Shareholders of the relevant Sub-Fund or Class pass a special resolution providing for such redemption at a general meeting of the holders of the Shares of that Sub-Fund or Class or in writing;
- (b) the Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the relevant Sub-Fund in any way;
- (c) the Net Asset Value of the relevant Sub-Fund or Class falls below €50 million or the prevailing currency equivalent in the currency in which Shares of the relevant Sub-Fund or Class are denominated;
- (d) the Shares in the relevant Sub-Fund or Class cease to be listed on a Listing Stock Exchange; or
- (e) the Directors deem it appropriate for any other reason.

In each such case, the Shares of such Sub-Fund or Class shall be redeemed after giving not less than one (1) month's but not more than three (3) months' prior notice to all relevant Shareholders. The Shares will be redeemed at the Net Asset Value per Share on the relevant Dealing Day, less such sums as the Directors in their discretion may from time to time determine as an appropriate provision for estimated realisation costs of the assets of such Sub-Fund or Class.

If the Depositary has given notice of its intention to retire and no new custodian acceptable to the Fund and the Central Bank has been appointed within 90 days of such notice, the Fund shall apply to the Central Bank for revocation of its authorisation and shall redeem all of the Shares in issue.

Shareholders are required to notify the Fund immediately in the event that they become Irish residents or U.S. Persons, or the declaration set out in the relevant subscription application form confirming the Shareholder's non-resident status made by them or on their behalf is no longer valid. Shareholders are also required to notify the Fund immediately in the event that they hold Shares for the account or benefit of Irish residents or Unqualified Persons. In addition, Shareholders are required to notify the Fund if any information provided or representations made by them on any subscription application form is no longer correct. It is the responsibility of each Shareholder to ensure that correct and accurate information is provided to the Fund and kept up to date.

Where the Fund becomes aware that a Shareholder is an Unqualified Person, the Fund may, at its absolute discretion, acting in accordance with applicable laws and regulations, in good faith and on reasonable grounds: (i) direct the Shareholder to dispose of those Shares to a person who is entitled to own the Shares within such time period as the Fund stipulates; or (ii) redeem the Shares at their Net Asset Value per Share as at the next Business Day after the date of notification to the Shareholder or following the end of the period specified for disposal pursuant to (i) above.

Under the Instrument of Incorporation, any person who becomes aware that he or she is holding Shares in contravention of any of the above provisions and who fails to transfer, or deliver for redemption, his or her Shares pursuant to the above provisions or who fails to make the appropriate notification to the Fund shall indemnify and hold harmless each of the Directors, the Fund, the Investment Manager, the Administrator, the Depositary and the Shareholders (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions. The potential costs to the Indemnified Parties, in respect of which the aforementioned indemnity is provided, may be substantial and may exceed the value of their investment in the Fund.

**Conversions.** A transfer from one Sub-Fund to another is executed by the redemption of the Shares of the original Sub-Fund and the subscription of Shares in the Sub-Fund. On this basis and unless otherwise stated in the Relevant Supplement, Shareholders will be entitled on any Dealing Day to convert any or all of their Shares of any Class in any Sub-Fund into Shares of any Class in any other Sub-Fund, provided that they meet all of the normal criteria for subscriptions into that Sub-Fund, except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in this Prospectus. Shareholders should consider the terms of the Relevant Supplement for further details. Conversions will be subject to an appropriate provision for Duties and Charges.

**Transfers.** Transfers of Shares must be effected by transfer in writing in any usual or common form or in any other form approved by the Fund from time to time. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Fund or its delegate may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Fund, or such other place as the Fund may reasonably require, accompanied by such other evidence as the Fund may reasonably require to show the right of the transferor to make the transfer and to determine the identity of the transferee. The transferring Shareholder shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed a subscription application form with respect to the relevant Shares to the satisfaction of the Fund. The Fund may also, at its absolute discretion, decline to register a transfer which would result in the transferee holding Shares with a Net Asset Value less than the minimum subscription amount.

**Directed Cash Dealings.** If, in connection with any primary market subscription applications or redemption request, any request is made to execute underlying security trades and/or foreign exchange in a way that is different than normal and customary convention, the Manager will use reasonable endeavours to satisfy such request if possible but the Manager and the Fund will not accept any responsibility or liability if the execution request is not achieved in the way requested for any reason whatsoever. In no circumstances will an investor have discretion over the assets of a Sub-Fund in that capacity.

If any investor making a cash subscription or redemption wishes to have the underlying securities traded with a particular designated broker (i.e. a directed cash subscription or redemption), the investor must specify such instructions in its dealing request. The Manager may at its sole discretion (but shall not be obliged to) transact for the underlying securities with the designated broker. Investors that wish to select a designated broker are required, prior to the Manager transacting the underlying securities, to contact the relevant portfolio trading desk of the designated broker to arrange the trade.

If a subscription application is accepted as a directed cash subscription, as part of the investor's settlement obligations, the investor would be responsible for (i) ensuring that the designated broker transfers to the Fund (via the Depositary) the relevant underlying securities, and (ii) paying the fees and costs charged by the designated broker for selling the relevant underlying securities to the Fund plus any associated Duties and Charges, including foreign exchange costs, to reflect the cost of execution.

If a redemption request is accepted as a directed cash redemption, the investor is responsible for ensuring that the designated broker purchases the relevant underlying securities from the Fund. The investor will receive the price paid by the designated broker for purchasing the relevant underlying securities from the Fund, less any associated Duties and Charges, including foreign exchange costs, to reflect the cost of execution.

Neither the Manager nor the Fund shall be responsible or have any liability, if the execution of the underlying securities with a designated broker and, by extension, a directed cash subscription or redemption order, is not carried out due to an omission, error, failed or delayed trade or settlement on the part of the investor or the designated broker. Should an investor or the designated broker default on, delay settlement of, or change the terms of, any part of the underlying securities transaction, the investor shall bear all associated risks and costs, including costs incurred by the Fund and/or the Manager as a result of the delay to the underlying securities transaction. In such circumstances, the Manager has the right to transact with another broker and to amend the terms of the subscription or redemption, including the subscription price and/or redemption proceeds, to take into account the default, delay and/or the change to the terms.

## SECONDARY MARKET

**Secondary Market Purchases and Sales of ETF Shares.** The ETF Shares are listed for secondary trading on each Listing Stock Exchange and individual ETF Shares may be purchased and sold by investors on Listing Stock Exchanges through a broker-dealer. The opening and closing days for the Listing Stock Exchanges will be specified on the relevant Listing Stock Exchange website. If an investor buys or sells ETF Shares in the secondary market, such investor will pay the secondary market price for ETF Shares. In addition, an investor may incur customary brokerage commissions and charges and may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. Investors should also refer to the “*Secondary Market Trading Risk*” in the “*Risk Considerations*” section.

ETF Shares purchased on the secondary market cannot usually be sold directly back to the Fund. In exceptional circumstances, as determined by the Directors, whether as a result of disruptions in the secondary market or otherwise, investors who have acquired ETF Shares on the secondary market may be entitled to apply to the Fund in writing to have the ETF Shares in question registered in their own name, to enable them to access the redemption facilities described above in the “*Primary Market*” section. Investors wishing to do so should contact the Administrator to provide such proper information, including original application forms and anti-money laundering documentation, as the Administrator shall require in order to register the investor as a Shareholder. A charge, which shall be at normal market rates, may apply for this process.

**Secondary Market Prices.** The trading prices of a Sub-Fund’s ETF Shares will fluctuate continuously throughout trading hours based on market supply and demand rather than the Net Asset Value per Share, which is only calculated at the end of each Business Day. The ETF Shares will trade on the Listing Stock Exchange at prices that may be above (i.e. at a premium) or below (i.e. at a discount), to varying degrees, the Net Asset Value per Share. The trading prices of a Fund’s ETF Shares may deviate significantly from the Net Asset Value per Share during periods of market volatility and may be subject to brokerage commissions and/or transfer taxes associated with the trading and settlement through the relevant stock exchange. There can be no guarantee that once the ETF Shares are listed on a stock exchange they will remain listed. Investors should also refer to “*Fluctuation of Net Asset Value and Market Pricing Risk*” in the “*Risk Considerations*” section and to “*Indicative Net Asset Value*” in the “*Determination of Net Asset Value*” section for details of the publication of INAVs in respect of the Fund.

Investors buying or selling ETF Shares in the secondary market will pay brokerage commissions or other charges determined and imposed by the applicable broker. Brokerage commissions are often a fixed amount and may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of ETF Shares. In addition, secondary market investors will incur the cost of the difference between the price that an investor is willing to pay for ETF Shares (the “bid” price) and the price at which an investor is willing to sell ETF Shares (the “ask” price). This difference in bid and ask prices is often referred to as the “spread” or “bid/ask spread.” The bid/ask spread varies over time for ETF Shares based on trading volume and market liquidity and is generally lower if a Fund’s ETF Shares have more trading volume and market liquidity and higher if a Sub-Fund’s ETF Shares have little trading volume and market liquidity. Further, increased market volatility may cause increased bid/ask spreads. Due to the costs of buying or selling ETF Shares, including bid/ask spreads, frequent trading of ETF Shares may significantly reduce investment results and an investment in ETF Shares may not be advisable for investors who wish to trade regularly in relatively small amounts.

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## DETERMINATION OF NET ASSET VALUE

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The Manager has delegated the calculation of the Net Asset Value of each Sub-Fund and the Net Asset Value per Share to the Administrator.

The Net Asset Value of a Sub-Fund shall be calculated by ascertaining the value of the assets of the relevant Sub-Fund and deducting from such amount the liabilities of the Sub-Fund, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Sub-Fund.

The Net Asset Value per Share of a Sub-Fund shall be calculated by dividing the Net Asset Value of the relevant Sub-Fund by the total number of Shares issued in respect of that Sub-Fund or deemed to be in issue as of the relevant Valuation Day.

The Net Asset Value per Share in each Sub-Fund shall be calculated to the nearest two decimal places in the base currency of the relevant Sub-Fund for each Valuation Day in accordance with the valuation provisions set out in the Instrument of Incorporation and summarised below.

In the event that the Shares of any Fund are divided into different Classes, the amount of the Net Asset Value of the Fund attributable to a Class shall be determined by establishing the value of Shares issued in the Class at the relevant Valuation Point and by allocating the relevant fees and Class expenses to the Class, making appropriate adjustments to take account of distributions, subscriptions, redemptions, gains and expenses of that Class and apportioning the Net Asset Value of the Fund accordingly. The Net Asset Value per Share in respect of a Class will be calculated by dividing the Net Asset Value of the relevant Class by the number of Shares of the relevant Class in issue. The Net Asset Value of the Fund attributable to a Class and the Net Asset Value per Share in respect of a Class will be expressed in the class currency of such Class if it is different to the Base Currency.

The Net Asset Value per Share in the Fund will be calculated at the Valuation Point on each Valuation Day.

The value of the assets of the Fund shall be determined as follows:

- (i) securities which are listed or traded on a Recognised Market may be valued at the closing or last known market price. The Directors shall determine which one of the following is to be the closing or last known market price and specify it in the Relevant Supplement: the closing bid, the last bid, the last traded price, the closing mid-market price, the latest mid-market price or the official closing price published by a Recognised Market;
- (ii) if a security is listed on more than one Recognised Market, the relevant Recognised Market shall be the relevant Recognised Market that constitutes the main market or the Recognised Market which the Directors determines provides the fairest criteria in a value for the security;
- (iii) securities listed or traded on a Recognised Market but acquired or traded at a premium or discount outside or off the Recognised Market may be valued taking into account the level of premium or discount at the date of valuation;
- (iv) unlisted securities and securities which are listed or traded on a Recognised Market where the market price is unrepresentative or not available shall be valued at the probable realisation value estimated with care and good faith by the responsible person or a competent person appointed by the Directors and approved for this purpose by the Depositary or by any other means provided the value is approved by the Depositary;
- (v) fixed income securities may be valued using matrix pricing (i.e. valuing securities by reference to the valuation of other securities which are considered comparable in rating, yield, due date and other characteristics) where reliable market quotations are not available. The matrix methodology will be compiled by the persons listed in 2(a) to (c) of Schedule 5 of the Central Bank UCITS Regulations as may be amended or replaced from time to time;
- (vi) investment funds shall be valued at the latest available net asset value per unit as published by such investment funds or the latest bid price as published by such investment funds or valuation on a mid-price or offer price is acceptable if consistent with the Fund's valuation policy, the Directors may in accordance with the valuation of listed

securities undertake a valuation based on market prices where the investment fund in which the investment is made is listed on a Recognised Market;

- (vii) cash (in hand or deposit) is valued at face/nominal value plus accrued interest;
- (viii) exchange traded future and options contracts (including index futures) shall be valued based on the settlement price as determined by the market where the exchange traded future/option contract is traded. If settlement price is not available, the exchange traded future/option contract may be valued as per unlisted securities and securities which are listed/traded on a regulated market where the price is unrepresentative/not available;
- (ix) a particular/specific asset valuation may be carried out using an alternative method of valuation if the Directors deem it necessary and the alternative method must be approved by the Depositary and the rationale/methodologies used shall be clearly documented;
- (x) the value of an asset may be adjusted by the Directors where such an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other consideration which are deemed relevant; and
- (xi) while it is not the intention or objective of the Directors to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than three (3) months and does not have any specific sensitivity to market parameters, including credit risk. The Directors shall either have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the personnel who are responsible for the investment management of the Fund or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank.

Notwithstanding the above provisions the Directors may, with the approval of the Depositary (a) adjust the valuation of any listed investment where such adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant; or (b) in relation to a specific asset permit an alternative method of valuation approved by the Depositary to be used if they deem it necessary.

In determining the Fund's Net Asset Value per Share, all assets and liabilities initially expressed in foreign currencies will be converted into the Base Currency of the Fund at market rates. If such quotations are not available, the rate of exchange will be determined to be the probable realisation value estimated with care and in good faith by the Directors.

In calculating the Net Asset Value of each Sub-Fund and the Net Asset Value per Share in each Sub-Fund, the Administrator may rely on such automatic pricing services as it shall determine and the Administrator shall not be liable (in the absence of fraud, negligence or wilful default) for any loss suffered by the Fund or any investor by reason of any error in 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 including a connected person who is a broker or 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 (in the absence of fraud, negligence or wilful default) for any loss suffered by the Fund or any investor 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 its delegates provided that the use of such information in the circumstances was reasonable.

In circumstances where the Administrator is directed by the Fund or its delegates to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Fund or any investor by reason of any error in the calculation of the Net Asset Value of the Sub-Fund and the Net Asset Value per Share in each Sub-Fund resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries.

Save where the determination of the Net Asset Value per Share in respect of any Sub-Fund has been temporarily suspended in the circumstances described under "*Temporary Suspension of Dealings*" in this section, the Net Asset Value

per Share shall be made public after the Valuation Point on the Business Day following the relevant Valuation Day. The up to date Net Asset Value per Share will also be available on the Website. The Net Asset Value per Share shall be available from the office of the Administrator and it shall also be published by the Administrator in various publications as required and will be notified immediately upon calculation to each Stock Exchange in accordance with the rules of the relevant Listing Stock Exchange.

**Indicative Net Asset Values.** Indicative Net Asset Values (“**INAV**”), which are estimates of the Net Asset Value per Share calculated using market data, will be disseminated at regular intervals throughout the day. The INAV is based on quotes and last sale prices from the securities’ local market and may not reflect events that occur subsequent to the local market’s close. Premiums and discounts between the INAV and the market price may occur. Details of the INAV for each Sub-Fund are displayed on major market data vendor terminals as well as on a wide range of websites that display stock market data including Bloomberg and Reuters.

An INAV is not, and should not be taken to be or relied on as being, the Net Asset Value per Share or the price at which Shares may be subscribed for or redeemed or purchased or sold on any Listing Stock Exchange. In particular, any INAV provided for a Sub-Fund where the constituents of the Index or other investments are not actively traded during the time of publication of such INAV may not reflect the true value of a Share, may be misleading and should not be relied on. The inability of the Manager or its delegate to provide an INAV, on a real-time basis, or for any period of time, will not in itself result in a halt in the trading of the Shares on a relevant Listing Stock Exchange, which will be determined by the rules of the relevant Listing Stock Exchange in the circumstances. Investors should be aware that the calculation and reporting of any INAV may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values based upon the same constituent securities including, for example, the Index or other investments. Investors interested in dealing in Shares on a Listing Stock Exchange should not rely solely on any INAV which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the Index or other investments, the relevant constituent securities and financial instruments based on the Index or other investments corresponding to a Sub-Fund). None of the Fund, the Directors, the Manager, the Investment Manager or its delegates, the Depositary, the Administrator, any Authorised Participant and the other service providers shall be liable to any person who relies on the INAV.

**Temporary Suspension of Dealings.** The Directors may at any time, with prior notification to the Depositary, temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of Shares of any Sub-Fund, or the payment of redemption proceeds, during any period when:

- (a) any Recognised Market on which a substantial portion of the investments for the time being comprised in the Sub-Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings on any such Recognised Market are restricted or suspended;
- (b) as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, the disposal or valuation of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interests of Shareholders or other investors;
- (c) the means of communication normally employed in determining the value of any investments for the time being comprised in the Sub-Fund have broken down or, for any other reason, the value of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- (d) the Sub-Fund is unable to repatriate funds for the purposes of making redemption payments or during which the realisation of investments for the time being comprised in the Sub-Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (e) as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the Sub-Fund or the remaining Shareholders or other investors in the Sub-Fund; and
- (f) the Directors determine that it is in the best interests of the investors to do so.

Notice of any such suspension shall be published by the Fund at its registered office and through such other media as the Directors may from time to time determine and shall be transmitted without delay to the Central Bank, Listing Stock Exchange and the Shareholders. Applications for subscriptions, conversion and redemption of Shares received following any suspension will be dealt with on the first Dealing Day after the suspension has been lifted unless applications or redemption requests have been withdrawn prior to the lifting of the suspension. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

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## DISTRIBUTIONS

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Investors in a Sub-Fund are entitled to their share of the relevant Sub-Fund's income and net realised gains on its investments. Each Sub-Fund typically earns income in the form of dividends from stocks, interest from debt securities and, if any, securities lending income. Each Sub-Fund realises capital gains or losses whenever it sells securities. Depending on the underlying market, if there are capital gains, the Sub-Fund may be subject to a capital gains tax in that underlying market.

Each Sub-Fund may have either Accumulating Classes or Distributing Classes or both.

With respect to the Accumulating Classes in all Sub-Funds, the Directors have determined to accumulate all net income (including dividend and interest income) and/or the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the Fund attributable to such Accumulating Classes and therefore do not intend to declare dividends in respect of Shares in such classes.

Pursuant to the Instrument of Incorporation, the Directors may declare dividends, in respect of Shares in any Distributing Class out of net income (including dividend and interest income) and/or the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the Fund (collectively "**Net Income**").

Subject to Net Income being available for distribution, it is the current intention of the Directors, subject to any de minimis threshold, to declare and pay dividends out of Net Income attributable to each of the Distributing Classes. Under normal circumstances, the Directors intend that dividends shall be declared as specified in the Relevant Supplement in each year in relation to the Net Income for the relevant period. However, Shareholders should note that the Directors may, in their discretion, decide not to make such declaration and payment in respect of a Distributing Class. Investors should note that dividends declared in respect of a Sub-Fund may not reflect the dividend characteristics of the underlying investments of that Sub-Fund.

Subject to income being available for distribution, the Directors may also decide to declare and pay interim dividends in relation to any of the Distributing Classes. All Shares in issue in a Distributing Class on any date on which the Directors determine to declare a dividend in respect of such Distributing Class will be eligible for such dividend.

Dividends will be paid by wire transfer in accordance with the bank account details nominated by the Shareholder on the subscription application form unless the Shareholder shall have elected that dividends otherwise payable in cash be automatically re-invested in further Shares in the relevant Distributing Class. Dividends paid in cash will be paid in the Base Currency of the relevant Sub-Fund.

Any dividend paid on a Share that has not been claimed within six years of its declaration shall be forfeited and shall be retained for the benefit of the relevant Sub-Fund. No interest shall be paid on any dividend.

The distribution policy of any Sub-Fund or of any Class may be changed by the Directors upon reasonable notice to Shareholders of that Sub-Fund or Class as the case may be and, in such circumstances, the distribution policies will be disclosed in an updated Prospectus and/or Relevant Supplement.



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## FEES AND EXPENSES

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All of the fees and expenses payable in respect of a Sub-Fund are paid as one single fee. This is referred to as the total expense ratio or “TER”.

The following fees and expenses will be discharged out of the TER:

- the fees and expenses of the Manager, Directors, Auditor, Investment Manager (including the costs and expenses of any investment adviser appointed by the Investment Manager), legal advisers, Secretary, Administrator and Depositary;
- the cost of registering any Sub-Fund for sale in any jurisdiction listing and maintaining a listing of Shares on any Listing Stock Exchange;
- the cost of convening and holding Directors’ and Shareholders’ meetings;
- professional fees and expenses for legal and other consulting services;
- the costs and expenses of preparing, printing, publishing and distributing prospectuses, supplements, annual and semi-annual reports and other documents to current and prospective investors;
- the costs and expenses arising from any licensing or other fees payable to any Index Provider or other licensor of intellectual property, trademarks or service marks used by the Fund;
- the fees of any local paying, centralisation, registration or other similar agent (which must be at normal commercial rates);
- all establishment costs of the Fund and the Sub-Funds; and
- such other costs and expenses (excluding non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the Fund or of any Sub-Fund.

The TER does not include extraordinary costs and certain transaction costs (including but not limited to transaction charges, stamp duty or other taxes on the investments of the Fund, including duties and charges for portfolio re-balancing, withholding taxes, commissions and brokerage fees incurred with respect to the Fund’s investments, interest on borrowings and bank charges incurred in negotiating, effecting or varying the terms of such borrowings, any commissions charged by intermediaries in relation to an investment in the Sub-Fund and such extraordinary or exceptional costs and expenses (if any) as may arise from time to time, such as material litigation in relation to a Sub-Fund or the Fund) which will be paid separately out of the assets of the relevant Sub-Fund. Subject to applicable law and regulation, the Manager or Investment Manager may pay part or all of its fees to any person that invests in or provides services to the Fund or in respect of any Sub-Fund.

The TER is calculated and accrued daily from the Net Asset Value of each Sub-Fund and payable monthly in arrears. The TER of each Sub-Fund of the Fund is as listed in the Relevant Supplement. If a Sub-Fund’s expenses exceed the TER outlined above in relation to operating the relevant Sub-Fund, the Manager will cover any shortfall from its own assets.

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## TAX INFORMATION

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### GENERAL

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this document. 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 in the Fund is made will endure indefinitely.

Dividends, interest and capital gains (if any) on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Fund may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreements in operation between Ireland and other countries. The Fund may not therefore be able to reclaim withholding tax suffered by it in particular countries. If this position changes in the future and the application of a lower rate results in a repayment to the Fund, the Net Asset Value will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

### IRELAND

*The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Shares. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Shares and may not apply to certain other classes of persons.*

*The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). The information given under this heading does not constitute legal or tax advice and potential investors in Shares should consult their own advisers as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares under the laws of the jurisdictions in which they may be subject to tax, regulations and exchange controls.*

### Taxation of the Fund

The Fund intends to conduct its affairs so that it is Irish tax resident. On the basis that the Fund is Irish tax resident, the Fund qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

The Fund will be obliged to account for Irish income tax to the Irish Revenue Commissioners in respect of Shares that are not held through a Recognised Clearing System where those Shares are held by non-exempt Irish resident Shareholders (and in certain other circumstances), as described below. Explanations of the terms '*resident*' and '*ordinarily resident*' are set out at the end of this summary.

### Taxation of Shareholders

The taxation of a Shareholder will depend on whether the Shareholder's Shares are held in a Recognised Clearing System.

### ***Taxation of Non-Irish Shareholders holding Shares held in a Recognised Clearing System***

Shareholders who are not resident (or ordinarily resident) in Ireland for Irish tax purposes will have no liability to Irish income tax or capital gains tax in respect of Shares that are held in a Recognised Clearing System. However, if a Shareholder is a company which holds such Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax (on a self-assessment basis) in respect of such Shares.

## **Taxation of Irish Shareholders holding Shares held in a Recognised Clearing System**

Shareholders who are resident (or ordinarily resident) in Ireland for Irish tax purposes will be obliged to account (on a self-assessment basis) for any Irish tax due arising on distributions, redemptions and disposals (including deemed disposals where Shares are held for eight years) in respect of the Shares that are held in a Recognised Clearing System. For Shareholders who are individuals, the applicable Irish tax rate is currently 41%. For Shareholders who are companies (other than dealers in securities), the applicable Irish tax rate is currently 25%.

## ***Taxation of Non-Irish Shareholders holding Shares not held in a Recognised Clearing System***

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Fund will not deduct any Irish tax in respect of the Shareholder's Shares once the declaration set out in the application forms has been received by the Fund confirming the Shareholder's non-resident status. The declaration may be provided by an Intermediary who holds Shares on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term '*Intermediary*' is set out at the end of this summary.

If this declaration is not received by the Fund, the Fund will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). The Fund will also deduct Irish tax if the Fund has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances. The Fund must be informed if a Shareholder becomes Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

Shareholders holding Shares through a clearing system other than through a Recognised Clearing System will require the relevant clearing system to provide such a declaration to the Fund in its capacity as Intermediary. Provided the relevant clearing system furnishes such a declaration, the Fund will not deduct any Irish tax in respect of Shares held in such clearing system (assuming that the Fund has no information which reasonably suggests that the declaration is incorrect). To provide this declaration in its capacity as Intermediary, the relevant clearing system will need to confirm that all persons who are the absolute beneficial owners of Shares which the clearing system holds are not resident (or ordinarily resident) in Ireland. Such clearing system may therefore need all such Shareholders to confirm their non-Irish tax resident status from time to time. If this declaration is not provided to the Fund by such clearing system, the Fund will deduct Irish tax in respect of Shares held in the clearing system as if the relevant Shareholders were non-exempt Irish resident Shareholders (see below).

## ***Taxation of exempt Irish Shareholders holding Shares not held in a Recognised Clearing System***

Where a Shareholder is an Exempt Irish Investor, the Fund will not deduct Irish tax in respect of the Shareholder's Shares once the declaration set out in the application forms has been received by the Fund confirming the Shareholder's exempt status.

Irish resident Shareholders who claim exempt status will be obliged to account for any Irish tax due in respect of Shares on a self-assessment basis.

If this declaration is not received by the Fund in respect of a Shareholder, the Fund will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

### ***Taxation of Other Irish Shareholders holding Shares not held in a Recognised Clearing System***

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an 'Exempt' Irish Investor, the Fund will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### ***Distributions by the Fund***

If the Fund pays a distribution to a non-exempt Irish resident Shareholder, the Fund will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Fund will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Shareholder will have no further Irish tax liability in respect of the distribution. However, if the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

#### ***Redemptions and Transfers of Shares***

If the Fund redeems Shares held by a non-exempt Irish resident Shareholder, the Fund will deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if such an Irish resident Shareholder transfers (by sale or otherwise) an entitlement to Shares, the Fund will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Fund will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Shares, to fund this Irish tax liability the Fund may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due.

Generally, a Shareholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Shareholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### ***Eighth Anniversary' Events***

If a non-exempt Irish resident Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Fund will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the increase in value, in all other cases.

The Fund will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Fund may appropriate or cancel Shares held by the Shareholder.

However, if less than 10% of the Shares (by value) in the relevant Sub-Fund of the Fund are held by non-exempt Irish resident Shareholders, the Fund may elect not to account for Irish tax on this deemed disposal. To claim this election, the Fund must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Shareholders (including the value of their Shares and their Irish tax reference numbers); and
2. notify any non-exempt Irish resident Shareholders that the Fund is electing to claim this exemption.

If the exemption is claimed by the Fund, any non-exempt Irish resident Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Fund on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

### *Share Exchanges*

Where a Shareholder exchanges Shares on arm's length terms for other Shares in the Fund or for Shares in another Sub-Fund of the Fund and no payment is received by the Shareholder, the Fund will not deduct Irish tax in respect of the exchange.

### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution *in specie* of assets from the Fund, a charge to Irish stamp duty could potentially arise.

### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by the Fund. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

## Meaning of Terms

### *Meaning of 'Residence' for Companies*

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

A company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in Member States or in countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Finally, a company that was incorporated in Ireland before 1 January 2015 will also be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

### *Meaning of 'Residence' for Individuals*

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

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

### *Meaning of 'Ordinary Residence' for Individuals*

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2020 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2023.

### *Meaning of 'Intermediary'*

An 'intermediary' means a person who:

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

2. holds units in such an investment undertaking on behalf of other persons.

## **FATCA**

Ireland has entered into an intergovernmental agreement with the United States of America (the “**IGA**”) in relation to FATCA, of a type commonly known as a ‘model 1’ agreement. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law. The Fund intends to carry on its business in such a way as to ensure that it is treated as complying with FATCA, pursuant to the terms of the IGA. Unless an exemption applies, the Fund shall be required to register with the US Internal Revenue Service as a ‘reporting financial institution’ for FATCA purposes and report information to the Irish Revenue Commissioners relating to Shareholders who, for FATCA purposes, are specified US persons, non-participating financial institutions or passive non-financial foreign entities that are controlled by specified US persons. Exemptions from the obligation to register for FATCA purposes and from the obligation to report information for FATCA purposes are available only in limited circumstances. Any information reported by the Fund to the Irish Revenue Commissioners will be communicated to the US Internal Revenue Service pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

The Fund should generally not be subject to FATCA withholding tax in respect of its US source income for so long as it complies with its FATCA obligations. FATCA withholding tax would only be envisaged to arise on US source payments to the Fund if the Fund did not comply with its FATCA registration and reporting obligations and the US Internal Revenue Service specifically identified the Fund as being a ‘non-participating financial institution’ for FATCA purposes.

## **Common Reporting Standard**

Since 1 January 2016, the automatic exchange of information regime known as the “Common Reporting Standard” (the “CRS”) proposed by the Organisation for Economic Co-operation and Development applies in Ireland. Under these measures, the Fund is required to report information to the Irish Revenue Commissioners relating to Shareholders, including the identity, residence and tax identification number of Shareholders and details as to the amount of income and sale or redemption proceeds received by Shareholders in respect of the Shares. This information may then be shared by the Irish Revenue Commissioners with tax authorities in other Member States and other jurisdictions which implement the CRS.

The CRS regime was adopted by the European Union in Directive 2014/107/EU and Ireland has adopted the OECD Common Reporting Standard with effect from 1 January 2016.

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## MANAGEMENT

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**Directors.** The Directors of the Fund are listed below with their principal occupations.

**Robert Burke (Irish resident)** was until 30 May 2005, a partner in the firm of McCann FitzGerald, having joined the firm in 1978. He remains a consultant to the firm. Mr Burke is experienced in most areas of company and commercial law in addition to corporate taxation. Mr Burke was admitted as a solicitor in Ireland in 1981. Prior to this Mr Burke practiced as a chartered accountant in London and Dublin. Mr Burke also acts as a non-executive director of several companies including licensed banks and financial services companies.

**Caroline Baron (UK resident)** is Head of ETF Sales for EMEA at Franklin Templeton. Ms Baron's role is to actively support Franklin Templeton's global ETF rollout across Europe and promote the Franklin LibertyShares range in the region. Prior to joining Franklin Templeton in January 2018, Ms Baron worked at BlackRock iShares where she covered French Institutional Clients and UK Wealth before moving to Invesco PowerShares where she was Head of UK Distribution focusing on Smart Beta strategies. She started her career in investment banking working on the Treasury Desk but also Futures and Options, Metals and CDOs. Ms Baron graduated from ESSCA Angers (Ecole Supérieure des Sciences Commerciales d'Angers) where she received a Masters degree, specialising in Financial Markets. She also studied at the University of Saint-Louis, Missouri, where she obtained the Dean's honours in Political Sciences.

**Frank Ennis, (Irish resident)** acts as an independent consultant and independent director in the funds industry. From 1985 to 1999 he was a partner in PricewaterhouseCoopers and in 1989 he was involved in the Mutual Fund Practice. Most of his career was concerned with providing financial and strategic advice to international companies interested in establishing a presence in Ireland. In addition to global marketing and networking for the International Financial Services Centre, the IFSC, he was involved in advising on key aspects of start-ups in Dublin, the structuring of fund products and the marketing and distribution of funds in the European market. He had an extensive range of international clients. From 2000-2001 Mr. Ennis was joint CEO and a board member of Trinity Technology Limited. The company was engaged in the technology sector and went into compulsory liquidation on 14 May 2001. He graduated from Trinity College Dublin with a BBS degree in 1977. Having qualified as a Chartered Accountant in 1981, he was admitted as a Fellow to the Institute of Chartered Accountants in 1991.

**William Jackson (UK resident)** is Chief Administration Officer for Technology & Operations at Franklin Templeton. He is a director of a number of Franklin Templeton corporate entities, including the Manager, and fund entities based in the UK and Luxembourg. Mr Jackson joined Franklin Templeton in 1999 as Head of European Fund Accounting and progressed to Head of International Fund Accounting in 2002. From 2005 to 2008, he was Managing Director for Franklin Templeton International Services in Luxembourg and from 2011 to 2013 Mr Jackson was President of Franklin Templeton International Services based in Hyderabad. Prior to joining Franklin Templeton, Mr Jackson spent nine years with Fleming Asset Management in Edinburgh and Luxembourg. Mr Jackson earned his degree in industrial chemistry from Paisley College and is a member of The Chartered Institute of Management Accountants.

**Gregory E. McGowan, (US resident)** joined Templeton in 1986 until he resigned in 2016 and held various senior appointments including Executive Vice President, Director and General Counsel of Templeton International Inc and Templeton Worldwide Inc., the organisation responsible for the development and operation of Franklin Templeton businesses outside of North America. Mr McGowan served as a senior attorney for the United States Securities and Exchange Commission (10/83 - 12/86). He holds a BA in Economics/International Affairs from the University of Pennsylvania, an M.A. from the University of Paris and a Juris Doctor from Georgetown University Law Center. Mr McGowan is a member of the Pennsylvania Bar and is a Florida Corporate Counsel bar member.

**Patrick O'Connor (US resident)** is head of Global Exchange Traded Funds for Franklin Templeton Investments. Mr O'Connor has primary responsibility for the development and execution of the firm's ETF capabilities. Prior to joining Franklin Templeton in 2015, Mr O'Connor spent 16 years at Blackrock (formerly Barclays Global Investors) and held several executive positions, most notably as managing director and head of iShares Equity Portfolio Management. At Blackrock, he was responsible for more than 250 index and strategic beta funds. He has led numerous product launches, including both mutual funds and ETFs, and was an original member of the iShares Launch Team in 1999. Mr O'Connor earned an M.B.A. with an emphasis in Finance from Fordham University and a B.A. in History from the University of California at Davis.



The Directors are responsible for managing the business affairs of the Fund.

The Directors have delegated (a) the safekeeping of the Fund's assets to the Depositary; and (b) the administration of the Fund's affairs and responsibility for the investment management, distribution and marketing of the ICAV to the Manager. The Instrument of Incorporation does not stipulate a retirement age for Directors and does not provide for retirement of Directors by rotation. The Instrument of Incorporation provides that a Director may be a party to any transaction or arrangement with the Fund or in which the Fund is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. The Fund has granted indemnities to the Directors in respect of any loss or damages that they may suffer, save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the Fund.

The Directors' address is the registered office of the Fund.

**Manager.** The Fund has appointed Franklin Templeton International Services S.à r.l., a société à responsabilité limitée with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg as management company to provide investment management, administration and marketing services to the Fund with the authority to delegate part or all of such services to third-parties.

The Manager was authorised by the Commission de Surveillance du Secteur Financier on 22 November 2013 as a management company managing UCITS and other investment funds and therefore complies with the conditions set out in Chapter 15 of the Luxembourg Law of 17 December 2010 ("the 2010 Law"). The Manager has also been authorised as an alternative investment fund manager pursuant to the Luxembourg Law of 12 July 2013.

The Manager was incorporated on 17 May 1991 as a société anonyme under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The share capital of the Manager is EUR 4,042,178.82 and the Manager will comply at all times with article 102 of the 2010 Law.

The Board of Managers of the Manager has appointed Craig Blair, Boris Petrovic, Eric Bedell, John Hosie, José Luis Pérez, Rafał Kwaśny, Daniel Klingelmeier, Marc Stoffels and Gregory Surply as conducting persons, responsible for the day-to-day management of the Manager in accordance with article 102 of the 2010 Law.

As of the date of the Prospectus, the Manager has also been appointed to act as management company and/or alternative investment fund manager for other investments funds the list of which is available, upon request, at the registered office of the Manager.

The Manager shall ensure compliance of the Fund with its investment restrictions and oversee the implementation of the Fund's strategies and investment policy.

The Manager will receive periodic reports from the Investment Manager detailing the Fund's performance and analysing its investments. The Manager will receive similar reports from the other service providers in relation to the services which they provide.

#### *Remuneration Policy*

Pursuant to article 111bis of the 2010 Law, the Manager has established and applies a remuneration policy which is consistent with, and promotes, sound and effective risk management. Such policies and practices must not encourage risk taking which is inconsistent with the risk profile, Prospectus or Instrument of Incorporation of the Fund, and must not impair compliance with the Manager's duty to act in the best interest of the Fund.

The remuneration requirements apply to categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Manager or the Fund. The remuneration includes a fixed (essentially the base salary) and variable component (annual bonuses). The level of funding of the annual bonus (which can be paid in cash, equity awards or a combination of both) is dependent on overall FRI corporate performance, is approved by a compensation committee and is granted with reference to the actual

performance of the relevant individual. A significant portion of the bonus can be deferred for at least three years and payment of bonus is subject to claw back provisions. The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the compensation committee is available on the website: <http://www.franklintempleton.lu>, by selecting "Our Company", "Regulatory Information" tabs (a paper copy will be made available free of charge upon request).

#### *Directors of the Manager*

The directors of the Manager are:

**Craig Blair** is a conducting officer and director of the Manager. Mr Blair joined Franklin Templeton in 2004 where he held a number of roles within the organisation in fund administration. Mr Blair holds an MBA from Manchester Business School, is a Member of the Chartered Institute of Management Accountants and holds a Law degree from Leicester University.

**Berengere Blaszczyk** is Head of Distribution France-Benelux at Franklin Templeton, manager of the Belgium and Dutch branches of FTIS S.à r.l. and Conducting Officer of Franklin Templeton France SA. Ms Blaszczyk joined Franklin Templeton in 2002 where she held a number of roles within the organisation, in marketing and communications, investor education, sales and sales support management. She started her career in asset management in 2000, after obtaining a BA in Business administration and international affairs from HEC Liège.

**Paul Brady** is Operations Director of Franklin Templeton Global Investors Limited and the Manager, which are subsidiaries of Franklin Resources Inc. Mr. Brady has specific responsibilities for the International Transfer Agent, which includes service and operations in 15 locations worldwide. He is also responsible for all UK operations from a regulatory and oversight perspective. He is based in London, UK.

Mr. Brady joined Franklin Templeton in 2001 to lead the international transfer agent. Prior to joining Franklin Templeton, Mr. Brady worked for The Bank of New York based in London and Edinburgh. He worked for this company and its predecessor organisations for 15 years gaining extensive mutual fund experience in operations, client service, product development and systems development. His final position was vice president of operations and service responsible for the Bank of New York's mutual fund administration business in Edinburgh, Scotland.

**Paul Collins** is Head of Equity Trading EMEA for Franklin Templeton Investments based in Edinburgh, Scotland. Mr Collins has been with Franklin Templeton since 2003 and manages a team of 11 Traders in Edinburgh and Dubai. Mr Collins began his career with Baillie Gifford & Co in 1991 before moving to Aegon Asset Management in 1997.

**William Jackson** is also a Director of the Fund (see director biography above).

**Ira Wishe** is a managing director and the chief operating officer of private debt with Benefit Street Partners, based in our New York office. Prior to joining BSP in 2016, Mr. Wishe was the deputy chief investment officer of BDCA Adviser, LLC where he oversaw portfolio management, trading and operations. Prior to BDCA, he was an investment analyst at MKP Capital, LLC focusing on the firm's investments in high yield and investment grade companies and collateralized loan obligations ("CLOs"). Mr. Wishe's role was to generate trade recommendations by performing fundamental and relative value credit analysis. Prior to MKP, he was a research analyst/trader at Tricadia Capital as part of a team that managed two CLOs investing in corporate bank debt with a focus on middle market companies. Before Tricadia, Mr. Wishe was employed by Deloitte & Touche performing audit and consulting work for clients in the asset management/hedge fund industry. While at Deloitte, he was selected to be financially sponsored to attend the Executive MBA Program at the Stern School of Business at New York University. Mr. Wishe received a Bachelor of Science from Binghamton University.

**Gwen Shaneyfelt** is responsible for global corporate accounting, accounting policy, financial reporting, taxation and transfer pricing for Franklin Templeton Investments.

Mrs. Shaneyfelt has devoted her career to the financial services industry and has spent more than 20 years in the investment management industry. From 2006 through 2011, she served as chairman of the ICI Tax and Advisor/Distributor Tax committees.

Prior to joining Franklin Templeton, Mrs. Shaneyfelt was Executive Director of Tax at Morgan Stanley Investment Management where she was responsible for all corporate and fund tax matters for the Investment Management Division. In addition to Morgan Stanley, Mrs. Shaneyfelt's investment services career includes senior tax positions at Van Kampen Investments and KPMG Peat Marwick where she was Senior Tax Manager.

Mrs. Shaneyfelt holds a BS in Accountancy from Northern Illinois University. She is an Illinois Certified Public Accountant in the State of Illinois.

Under the terms of the Management Agreement, the Manager is appointed to carry out the management, distribution and administration services in respect of the Fund.

The Manager must perform its duties under the Management Agreement in good faith and in a commercially reasonable manner using a degree of skill, care and attention reasonably expected of a professional manager and in the best interests of the Shareholders. The Manager has the discretion to delegate all the powers, duties and discretions exercisable in respect of its obligations under the Management Agreement as the Manager and any delegate may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank. Fees payable to any delegate appointed by the Manager shall be paid out of the TER.

The Manager has delegated the administration of the Fund's affairs, including responsibility for the preparation and maintenance of the Fund's records and accounts and related fund accounting matters, the calculation of the Net Asset Value per Share and the provision of registration services in respect of the Sub-Funds to the Administrator.

The Management Agreement provides that the appointment of the Manager will continue in force unless and until terminated by either party on ninety (90) days' prior written notice or otherwise in accordance with the terms of the Management Agreement. The Management Agreement contains provisions regarding the Manager's legal responsibilities. The Manager is not liable for losses, actions, proceedings, claims, damages, costs, demands and expenses caused to the Fund unless resulting from its negligence, wilful default, bad faith or fraud.

**Investment Manager.** The Manager has appointed Franklin Advisers, Inc., Franklin Advisory Services Inc, Franklin Templeton Institutional LLC and Franklin Templeton Investment Management Limited as the Investment Managers of the Fund, to assist in investing and managing the cash and other assets and investments of the Fund. The Investment Manager continuously conducts investment research and is responsible for the purchase, sale or exchange of portfolio assets.

The Investment Manager provides both equity and fixed-income investment supervisory services to investment companies registered with the SEC pursuant to the 1940 Act and pooled investment vehicles that are exempt from registration under the 1940 Act. It also acts as sub-adviser to investment companies outside the Franklin Templeton Group.

The Investment Manager provides investment research and portfolio management services, including the selection of the securities to be purchased, held or sold and the selection of brokers through whom the portfolio transactions are executed. The portfolios under the Investment Manager's management are constantly reviewed by one or more portfolio managers who are responsible to the chief investment officer, either directly or indirectly.

Reports concerning the portfolio transactions and other activities of each investment company client of the Investment Manager are made at each periodic (generally monthly) meeting of the board of directors of the investment companies managed by the Investment Manager.

The Investment Management Agreements dated 1 February 2019 between the Manager and the Investment Manager (the "**Investment Management Agreement**"), as may be amended from time to time, provides that the Investment Manager, its principals, directors, officers and employees and agents shall not be liable for any loss or damage arising directly or indirectly out of the performance of its duties in the absence of negligence, wilful misconduct, bad faith or fraud. Under the Investment Management Agreement, in no circumstances shall the Investment Manager, its principals, directors, officers, employees and agents be liable for special, indirect or consequential damages, or for lost profits or loss of business, arising out of or in connection with the performance of its duties, or the exercise of its powers. The Investment Manager is obligated under the Investment Management Agreement to indemnify and keep indemnified and

hold harmless the Manager and the Fund (and each of their principals, directors, officers, employees and agents) against any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including reasonable legal fees or expenses) suffered or incurred by the Manager or the Fund in connection with the negligence, wilful default, bad faith or fraud of the Investment Manager or any of its principals, directors, officers, employees and agents in the performance or non-performance of its duties under the Investment Management Agreement.

The Investment Manager may refer transactions for the Fund's account to brokers or dealers that refer advisory clients to the Investment Manager or that recommend the purchase of shares of the Fund, provided that in each case, the Investment Manager reasonably seeks and believes the broker or dealer will provide best execution for the transaction. This practice may result in a potential conflict of interest between the Fund's interest in obtaining best execution and the Investment Manager's interest in obtaining client referrals and selling additional Shares. A similar conflict of interest may arise when the Investment Manager causes transactions for the Fund to be executed through brokers that provide research services to the Investment Manager and who may charge higher commissions than other brokers. The Manager shall ensure that the identified potential conflicts of interest be managed and monitored pursuant to the Manager's conflicts of interest policy including (where relevant) separate chains of command for, and information barriers between, persons responsible for selecting brokers or dealers and fund distribution personnel.

The Investment Management Agreement shall continue in force, unless terminated earlier in accordance with its terms.

The Manager may terminate the Investment Management Agreement immediately at any time by notice in writing to the other party if the Investment Manager shall at any time during the continuance of the Agreement (i) commit any material breach of the Investment Management Agreement or commit persistent breaches of the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of Luxembourg and Luxembourg courts shall have non-exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Investment Management Agreement.

The Investment Manager may delegate the investment management function to sub-investment managers. Information with respect to sub-investment managers which may be appointed by the Investment manager will be provided to Investors on request and disclosed in the annual and semi-annual reports of the Fund.

**Administrator.** The Manager has appointed State Street Fund Services (Ireland) Limited to act as Administrator of the Fund responsible for performing the day to day administration of the Fund and for providing fund accounting for the Fund, including the calculation of the Net Asset Value of the Fund and the Shares, and for providing transfer agency and related support services to the Fund. The Administrator will also act as registrar for the Fund.

The Administrator was incorporated with limited liability in Ireland on 23 March 1992 under registration number 186184.

The Administration Agreement between the Manager, the Fund and the Administrator dated 11 July 2017 shall continue in force until terminated by any party on ninety (90) days' notice in writing to the other party or until terminated by any party in accordance with the terms of the Administration Agreement, which provide that the Administration Agreement may be terminated forthwith by either party giving notice in writing to the other if at any time: (i) the other party shall go into liquidation (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the non-defaulting party) or a receiver or examiner is appointed to such party or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) the other party shall commit any breach of the provisions of this Agreement which, if capable of remedy, shall not have been remedied within thirty (30) consecutive calendar days after the service of written notice requiring it to be remedied; or (iii) any party ceases to be permitted to act as in its current capacity under any applicable laws.

The Administrator shall use reasonable care in performing its duties hereunder, but shall not be held accountable or liable for any losses, damages or expenses the Manager or any Shareholder or any other person may suffer or incur arising from acts, omissions, errors or delays of the Administrator in the performance of its obligations and duties including, without limitation, any error of judgment or mistake of law, except a damage, loss or expense resulting from the Administrator's wilful default, bad faith, fraud or negligence in the performance of such obligations and duties. In addition, the Manager has agreed to indemnify out of the assets of the relevant Sub-Funds, the Administrator against and hold it

harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel's fees and expenses) resulting from any act, omission, error or delay or any claim, demand, action or suit, in connection with or arising out of performance of its obligations and duties under this Agreement, not resulting from the wilful default, bad faith, or negligence of the Administrator in the performance of such obligations and duties.

**Depositary.** The Fund has appointed State Street Custodial Services (Ireland) Limited to act as Depositary of all of the Fund's assets, pursuant to the Depositary Agreement. The principal activity of the Depositary is to act as trustee/depositary of the assets of collective investment schemes. The Depositary is regulated by the Central Bank. As at 30 April 2017, the Depositary had assets in excess of U.S.\$749.3 billion under custody. The Depositary is a private limited company incorporated in Ireland on 22<sup>nd</sup> May 1991. The Depositary is ultimately owned by State Street Corporation. Its authorised share capital is GBP5,000,000 and its issued and paid up capital is GBP200,000. State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street is headquartered in Boston, Massachusetts, USA, and trades on the New York Stock Exchange under the symbol "STT".

The Depositary Agreement contains provisions governing the responsibilities of the Depositary, including its primary responsibilities which are acting as depositary and ensuring the safekeeping of the cash and assets of the Fund. The Depositary is obliged to enquire into the conduct of the Fund and each Sub-Fund in each annual accounting period and to report thereon to the Shareholders. Such report should state whether, in the Depositary's opinion, the Fund and each Sub-Fund has been managed in that period in accordance with the limitations imposed on the investment and borrowing powers of the Fund and each Sub-Fund and the Depositary by the Instrument of Incorporation, the Central Bank UCITS Regulations and the UCITS Regulations and otherwise in accordance with the Instrument of Incorporation, the Central Bank UCITS Regulations and the UCITS Regulations.

The Depositary has been entrusted with following main functions:

1. ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Instrument of Incorporation;
2. ensuring that the value of the Shares is calculated in accordance with applicable law and the Instrument of Incorporation;
3. carrying out the instructions of the Fund unless they conflict with applicable law and the Instrument of Incorporation;
4. ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits;
5. ensuring that the income of the Fund is applied in accordance with applicable law and the Instrument of Incorporation;
6. monitoring of each Sub-Fund's cash and cash flows; and
7. safekeeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### **The Depositary's liability**

In carrying out its duties the Depositary shall act honestly, fairly professionally, independently and solely in the interests of the Fund and its Shareholders.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulations, the Depositary shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, liability to Shareholders may be invoked directly or indirectly through the Manager or Fund provided that this does not lead to a duplication of redress or to unequal treatment of the

Shareholders. The Depositary will be liable to the Fund for all other losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

## **Delegation**

The Depositary has full power to delegate the whole or any part of its safekeeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safekeeping functions under the Depositary Agreement.

Information about the safekeeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Schedule III to the Prospectus.

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

Pursuant to the Depositary Agreement, the Fund undertakes to hold harmless and indemnify the Depositary against all actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the assets of the Fund) and against all costs, demands and expenses (including reasonable legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Depositary by reason of the performance of the Depositary's duties under the terms of the Depositary Agreement save where any such actions, proceedings, claims, costs, demands or expenses arise as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to UCITS Regulation, negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties or the loss of financial instruments held in custody pursuant to clause 12.01 of the Depositary Agreement.

The Depositary Agreement shall continue for an initial term of six (6) months. After the expiration of the initial term, either party may terminate the Depositary Agreement on ninety (90) days' prior written notice to the other party. Either party may also terminate the Depositary Agreement by notice in writing to the other party if at any time: (a) the Depositary is unable to pay its debts as they fall due or goes into liquidation or receivership or an examiner shall be appointed pursuant to the Act, (b) the party notified commits any material breach of the provisions of the Depositary Agreement if it has not remedied that breach within thirty (30) days after the service of written notice requiring it to be remedied; or (c) if any of the representations, warranties, covenants or undertakings contained in the Depositary Agreement cease to be true or accurate in any material respect in relation to the party notified. The Depositary Agreement may also be terminated by the Fund if the Depositary is no longer permitted to act as a depositary by the Central Bank.

Pursuant to the Depositary Agreement, the Fund may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor depositary has been appointed in accordance with the Instrument of Incorporation and approved by the Central Bank and, provided such appointment and successor depositary is approved in advance by the Central Bank or the Fund's authorisation has been revoked by the Central Bank.

If the Depositary shall have given to the Fund notice of its desire to retire from its appointment or the appointment of the Depositary is terminated pursuant to the terms of the Depositary Agreement and no successor shall have been appointed in accordance with the Instrument of Incorporation within ninety (90) days from the giving of such notice, the Fund shall, subject to the approval of the Central Bank, forthwith repurchase the Shares or appoint a liquidator who shall wind up the Fund and shall apply, thereafter, to the Central Bank to revoke the authorisation of the Fund whereupon the Depositary's appointment shall terminate.

The Depositary and its delegates may from time to time act as manager, registrar, administrator, transfer agent, trustee, depositary, investment manager or advisor or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Fund or any Sub-Fund. Please refer to the conflicts of interest section below.

## Conflicts of Interest

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements.

Such activities may include:

- (1) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund;
- (2) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (1) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (2) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (3) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Fund;
- (4) may provide the same or similar services to other clients including competitors of the Fund; and
- (5) may be granted creditors' rights by the Fund which it may exercise.

The Fund may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

**Paying Agents.** Local laws/regulations in certain Relevant Jurisdictions may require (i) the Fund to appoint facilities agents/paying agents/representatives/sub-distributors/correspondent banks (any such appointee is hereafter referred to as a "**Paying Agent**" and provided further that any such appointment may be made notwithstanding that it is not a legal or regulatory requirement) and (ii) the maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or who are obliged under local regulations to pay subscription monies, or receive redemption monies or dividends, through a Paying Agent are subject to the credit risk of the Paying Agent with respect to (a) the subscription monies for investment in a Sub-Fund held by the Paying Agent prior to the transmission of such monies to the Depositary for the account of the relevant Sub-Fund and (b) the redemption monies and dividend payments held by the Paying Agent (after transmission by the Fund) prior to payment to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Fund, which will be at normal commercial rates, will be borne by the Fund in respect of which a Paying Agent has been appointed. All Shareholders of the relevant Sub-Fund on whose behalf a Paying Agent is appointed may use the services provided by Paying Agents appointed by or on behalf of the Fund.

**Secretary.** The secretary of the Fund is Matsack Trust Limited

**Auditors.** PricewaterhouseCoopers serve as auditors to the Fund.

**Legal Advisor.** Matheson serve as legal advisor to the Fund.



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## CONFLICTS OF INTEREST

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The Directors, the Manager, the Investment Manager, any sub-investment manager, the Administrator, the Depository and any other service provider or advisor to the Fund and their respective affiliates, directors and shareholders, employees and agents (collectively the “Parties”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Fund or a Sub-Fund and/or their respective roles with respect to the Fund. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Fund may invest.

In particular, conflicts of interest may arise in connection with an investment in the Fund. Subject to applicable law, the Fund may engage in transactions that may trigger or result in a potential conflict of interest. These transactions include (but are not limited to):

- The Manager, the Investment Manager, their affiliates or [appointed third party service providers](#) may provide services to the Fund, such as accounting services and shareholder servicing.
- The Fund may enter into derivatives transactions with or through the Manager, the Investment Manager or one of its affiliates.
- The Fund may invest in other pooled investment vehicles sponsored, managed, or otherwise affiliated with the Manager or the Investment Manager in which event the Fund may not be charged subscription or redemption fees on account of such investment but will bear a share of the expenses of those other pooled investment vehicles; those investment vehicles may pay fees and other amounts to the Fund, the Investment Manager or their affiliates, which might have the effect of increasing the expenses of the Fund.
- It is possible that other clients of the Manager or the Investment Manager will purchase or sell interests in such other pooled investments at prices and at times more favourable than those at which the Fund does so.

There is no assurance that the rates at which the Fund pays fees or expenses to the Manager or the Investment Manager or their affiliates, or the terms on which it enters into transactions with the Manager or the Investment Manager or their affiliates or on which it invests in any such other investment vehicles will be the most favourable available in the market generally or as favourable as the rates the Manager or the Investment Manager makes available to other clients. Because of its financial interest, the Manager or the Investment Manager may have an incentive to enter into transactions or arrangements on behalf of the Fund with itself or its affiliates in circumstances where it might not have done so in the absence of that interest. Transactions and services with or through the Manager or the Investment Manager or their affiliates will, however, be effected in accordance with the applicable regulatory requirements.

The Manager, the Investment Manager and their affiliates may serve as managers and investment adviser to other clients and may make investment decisions for their own accounts and for the accounts of others, including other funds that may be different from those that will be made on behalf of the Fund. In particular, the Manager or the Investment Manager may provide asset allocation advice to some clients that may include a recommendation to invest or redeem from a Sub-Fund while not providing that same recommendation to all clients invested in the same or similar Sub-Funds.

When making investment decisions where a conflict of interest may arise, the Manager and the Investment Manager will endeavour to act in a fair and equitable manner, in accordance with its respective conflicts of interest policy, as between the relevant Sub-Fund and other clients. Subject to the foregoing, (i) the Manager, the Investment Manager and their affiliates may invest for their own accounts and for the accounts of clients in various securities that are senior, pari passu or junior to, or have interests different from or adverse to, the securities that are owned by the Fund; and (ii) the Manager and the Investment Manager may at certain times (subject to applicable law) be simultaneously seeking to purchase (or sell) investments for the Fund and to sell (or purchase) the same investment for accounts, funds or structured products for which they serve as asset manager now or in the future, or for their clients or affiliates and may enter into cross trades in

such circumstances. In addition, the Manager, the Investment Manager and their affiliates may buy securities from or sell securities to the Fund, if permitted by applicable law. These other relationships may also result in securities laws restrictions on transactions in these instruments by the Fund and otherwise create potential conflicts of interest for the Investment Manager.

The Manager and the Investment Manager, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Manager or the Investment Manager from purchasing securities or selling securities for themselves or their respective clients (including the Fund) or otherwise using such information for the benefit of its clients or itself.

There is no prohibition on dealing in assets of the Fund by the Depositary, the Manager or the Investment Manager, or by any entities related to such parties, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arms' length and are in the best interests of Shareholders. Permitted transactions between the Fund and such parties must be documented and are subject to (i) a certified valuation by a person approved by the Depositary (or the Directors in the case of a transaction involving the Depositary) as independent and competent; or (ii) execution on best terms on organised investment exchanges under their rules; or (iii) where (i) and (ii) are not practical, execution on terms the Depositary (or the Directors in the case of a transaction involving the Depositary) is satisfied conform to the principles set out above.

There is no prohibition on the Depositary, the Administrator, the Manager, the Investment Manager or any other party related to the Fund acting as a "competent person" for the purposes of determining the probable realisation value of an asset of the Sub-Fund in accordance with the valuation provisions outlined in the "*Determination of Net Asset Value*" section below. Investors should note however, that in circumstances where fees payable by the Fund to such parties are calculated based on the Net Asset Value, a conflict of interest may arise as such fees will increase if the Net Asset Value increases. Any such party will endeavour to ensure that such conflicts are resolved fairly and in the best interests of the Shareholders.

It is the normal policy of the Manager and the Investment Manager to use full service brokerage houses which will, in addition to routine order execution, provide a range of other services the nature of which is such that the benefits provided under the arrangement must be those which assist in the provision of investment services to the Fund and may contribute to an improvement in a Sub-Fund's performance. In any event, the execution of transactions will be consistent with best execution standards and brokerage rates will not be in excess of customary institutional full-service brokerage rates. Details of such arrangements shall be disclosed in the periodic reports of the Fund. The precise services will vary, but where the Manager or the Investment Manager executes orders on behalf of the Fund through such a broker or other person, passes on that person's charges to the Fund and receives in return goods or services additional to that execution service, it will satisfy itself on reasonable grounds that such additional goods and services (i) are related to the execution of trades on behalf of its customers or comprise the provision of research; (ii) will reasonably assist the Manager or the Investment Manager in the provision of its services to the Fund and (iii) do not, and are not likely to, impair the Manager or the Investment Manager's compliance with its duty to act in the best interests of the Fund. Such goods and services might include, by way of example, research in the form of periodic and one-off newsletters, reports and market analyses and execution facilities such as access to particular markets or trading forums, execution software, market-making, block trading and stock-lending facilities, trade confirmation and settlement services and execution-related information and advice.

The reasons for selecting individual brokers will vary but will include factors such as the quality of research, financial security, quality and range of execution services, charges, and reliability and responsiveness to client demands. In some cases the value of the services provided may depend upon a minimum threshold of broker commissions or a percentage of such commissions. The receipt of these benefits assists the Manager or the Investment Manager in providing a better service to its clients but also assists it in containing its costs and ultimately its charges to clients, including the Fund. The Manager and the Investment Manager are able to enter into such arrangements and obtain such benefits, inter alia, due to their ability to deal collectively and aggregate transactions on behalf of clients and obtain benefits which would not be available to an individual investor.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or in which the Fund is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein. Unless the Directors determine otherwise, a

Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest. At the date of this Prospectus, other than as disclosed in the “*Management*” section, no Director or connected person of any Director has any interest, beneficial or non-beneficial, in the share capital of the Fund or any material interest in the Fund or in any agreement or arrangement with the Fund. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

The foregoing does not purport to be a comprehensive list or complete explanation of all potential conflicts of interests which may affect the Fund. The Fund may encounter circumstances, or enter into transactions, in which conflicts of interest that are not listed or discussed here may arise.

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## SCHEDULE I – DEFINITIONS

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<b>Accumulating Classes</b>	any Class in respect of which the Directors have determined to accumulate all net investment income and net realised capital gains attributable to such classes and in respect of which it is not intended to declare dividends, as specified in the Relevant Supplement;
<b>Act</b>	the Irish Collective Asset-management Vehicles Act 2015 and all applicable Central Bank regulations made or conditions imposed;
<b>Actively Managed Sub-Fund</b>	a Sub-Fund which is not an Index Tracking Sub-Fund and whose investments will be managed actively by the Investment Manager or its delegates to seek to achieve its investment objective;
<b>Administration Agreement</b>	the agreement dated 11 July 2017 between the Manager, the Fund and the Administrator, pursuant to which the Administrator was appointed to provide administration and accounting services to the Fund, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Administrator</b>	State Street Fund services (Ireland) Limited, or such other company as may from time to time be appointed to provide administration and accounting services to the Fund in accordance with the requirements of the Central Bank;
<b>AIF</b>	Alternative Investment Fund, as defined in the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as may be amended from time to time;
<b>Authorised Participant</b>	with respect to ETF Shares, a market maker or a broker-dealer entity, which has entered into a participating dealer agreement for the purposes of directly subscribing and/or redeeming ETF Shares with the Fund (i.e. primary market);
<b>Authorised Participant Operating Guidelines</b>	the operating guidelines with respect to ETF Shares for Authorised Participants setting out details for the procedures for directly subscribing and/or redeeming ETF Shares in a Sub-Fund with the Fund (i.e. primary market) and which is available to Authorised Participants only from the Investment Manager;
<b>Base Currency</b>	the currency in which the Net Asset Value of each Sub-Fund is calculated or in which any Class of Shares is denominated;
<b>Business Day</b>	unless otherwise specified in the Relevant Supplement for any Sub-Fund, a day on which markets in the United Kingdom are open and/or such other day or days as the Directors may determine and notify in advance to Shareholders;
<b>Central Bank</b>	the Central Bank of Ireland or any division thereof or any successor entity;
<b>Central Bank UCITS Regulations</b>	the Central Bank (Supervision and Enforcement Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended and any notices, question and answer documentation and other guidance issued by the Central Bank from time to time pursuant thereto;
<b>CIS</b>	Collective Investment Scheme, a broad term for a pooled investment vehicle which may be structured in a variety of different legal formats;
<b>Creation Units</b>	A block of 50,000 Shares (or multiples thereof) which constitutes the unit by which the Fund creates or redeems units through transactions with Authorised Participants;
<b>Class</b>	Shares of a particular Sub-Fund representing an interest in the Sub-Fund but designated as a

class of Shares within such Sub-Fund for the purposes of attributing different proportions of the Net Asset Value of the relevant Sub-Fund to such Shares to accommodate different subscription, conversion and redemption charges, dividend arrangements, base currencies, currency hedging policies and/or fee arrangements specific to such Shares;

<b>Depository</b>	State Street Custodial Services (Ireland) Limited or such other company as may from time to time be appointed to provide custodian services to the Fund in accordance with the requirements of the Central Bank;
<b>Dealing Day</b>	unless otherwise specified in the Relevant Supplement for any Sub-Fund, every Business Day (excluding, for each Sub-Fund, any day on which a market on which securities included in the relevant Index are listed or traded is closed and as a result of which 25% or more of the Index may not be traded; (provided that a list of such closed market days in respect of each Sub-Fund will be available to Shareholders upon request from the Administrator) and/or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least one Dealing Day per fortnight;
<b>Dealing Deadline</b>	the time specified for each Class of Sub-Fund in the Relevant Supplement in respect of each Dealing Day before which applications for subscriptions or redemptions must be received;
<b>Directors</b>	the directors of the Fund for the time being and any duly constituted committee thereof;
<b>Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends in accordance with the Instrument of Incorporation, as specified in the “ <i>Distribution Policy</i> ” section and in the Relevant Supplement;
<b>Duties and Charges</b>	all stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), depository and sub-custodian charges, transfer fees and expenses, agents’ fees, brokerage fees, commissions, bank charges, registration fees and other duties and charges, including any provision for the spread or difference between the price at which any asset was valued for the purpose of calculation of the Net Asset Value per Share of any Sub-Fund and the estimated or actual price at which any such asset is purchased or expected to be purchased, in the case of subscriptions to the relevant Sub-Fund, or sold or expected to be sold, in the case of redemptions from the relevant Sub-Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, whether paid, payable or incurred or expected to be paid, payable or incurred in respect of the constitution, increase or reduction of all of the cash and other assets of the Fund or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares (including, if relevant the issue or cancellation of certificates for Shares) or investments by or on behalf of the Fund;
<b>EEA</b>	European Economic Area;
<b>ETF Shares</b>	a Share or Shares of an exchange traded Class in the capital of the Fund (other than Subscriber Shares) entitling the holders to participate in the profits of the Fund attributable to the relevant Fund as described in this Prospectus;
<b>EU</b>	European Union;
<b>€ or Euro</b>	the single currency of participating member states of the European Monetary Union introduced on 1 January 1999;

<b>Exempt Irish Investor</b>	a Shareholder resident (or ordinarily resident) in Ireland for tax purposes within any of the categories listed in section 739D(6) of the Taxes Consolidation Act of Ireland (“TCA”), summarised as follows: <ol style="list-style-type: none"> <li>1. pension schemes (within the meaning of section 774, section 784 or section 785 TCA);</li> <li>2. companies carrying on life assurance business (within the meaning of section 706 TCA);</li> <li>3. investment undertakings (within the meaning of section 739B TCA);</li> <li>4. investment limited partnerships (within the meaning of section 739J TCA);</li> <li>5. special investment schemes (within the meaning of section 737 TCA);</li> <li>6. unauthorised unit trust schemes (to which section 731(5)(a) TCA applies);</li> <li>7. charities (within the meaning of section 739D(6)(f)(i) TCA);</li> <li>8. qualifying managing companies (within the meaning of section 734(1) TCA);</li> <li>9. specified companies (within the meaning of section 734(1) TCA);</li> <li>10. qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA);</li> <li>11. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA);</li> <li>12. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997);</li> <li>13. the National Asset Management Agency;</li> <li>14. the National Pensions Reserve Fund Commission or a Commission investment vehicle;</li> <li>15. qualifying companies (within the meaning of section 110 TCA);</li> <li>16. any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Shares in the Fund without requiring the Fund to deduct or account for Irish tax;</li> </ol>
<b>FDI</b>	Financial derivative instruments;
<b>Fund</b>	Franklin LibertyShares ICAV;
<b>Global Supplement</b>	the supplement to this Prospectus entitled the “Global Supplement” which is issued with the Prospectus and which lists the current Sub-Funds of the Fund;
<b>ICAV</b>	Irish Collective Asset-management Vehicle;
<b>Index</b>	any financial index which an Index Tracking Sub-Fund will aim to track, pursuant to its investment objective and/or in accordance with its investment policies, as specified in the Relevant Supplement;
<b>Index Provider</b>	in relation to a Sub-Fund, the entity or person who, by itself or through a designated agent, compiles, calculates and publishes information on an Index as specified in the Relevant Supplement;
<b>Index Securities</b>	the securities that constitute each Index;
<b>Index tracking Sub-Fund</b>	a Sub-Fund which seeks to track the performance of an Index while seeking to minimise as far as possible the tracking error between the Sub-Fund’s performance and that of its applicable Index;
<b>Instrument of Incorporation</b>	the instrument of incorporation of the Fund for the time being in force and as may be modified from time to time, subject to approval by the Central Bank;
<b>Investment Manager</b>	Franklin Advisers, Inc., Franklin Advisory Services LLC, Franklin Templeton Institutional LLC or Franklin Templeton Investment Management Limited or such other entity as may be disclosed in the Relevant Supplement as the investment manager which has been appointed to provide investment management services to the Fund and shall include, where the context permits, any sub-investment manager(s) appointed from time to time by the Investment Manager;

<b>Investment Management Agreement</b>	the agreements dated 1 February 2019 and 31 January 2020 between the Manager and the Investment Manager, pursuant to which the Investment Manager was appointed to provide investment management services to the Fund in accordance with the requirements of the Central Bank, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Listing Stock Exchange</b>	such selected exchanges as the Directors may determine from time to time in respect of each Fund and which are specified on the Website;
<b>Member State</b>	a member state of the European Union;
<b>Minimum Subscription Amount</b>	the minimum amount to be subscribed for Shares on any Dealing Day, as determined by the Directors in respect of each Sub-Fund and specified in the Authorised Participant Operating Guidelines, which may be expressed as a monetary amount or as a number of Shares;
<b>Minimum Redemption Amount</b>	the minimum amount that may be redeemed from any Sub-Fund or any Dealing Day, as determined by the Directors in respect of each Sub-Fund and specified in the Authorised Participant Operating Guidelines, which may be expressed as a monetary amount or as a number of Shares;
<b>Net Asset Value</b>	the net asset value of a Sub-Fund calculated as described in the “ <i>Determination of Net Asset Value</i> ” section;
<b>Net Asset Value per Share</b>	the net asset value of a Share in any Sub-Fund, including a Share of any Class, calculated as described in the “ <i>Determination of Net Asset Value</i> ” section;
<b>Non-ETF Shares</b>	a Share or Shares in the capital of the Fund (other than the ETF Shares or the Subscriber Shares) entitling the holders to participate in the profits of the Fund attributable to the relevant Sub-Fund as described in this Prospectus;
<b>OECD</b>	the Organisation for Economic Co-Operation and Development;
<b>Primary Market</b>	the off exchange market whereon Shares are created and redeemed directly with the Fund;
<b>Prospectus</b>	this document, the Relevant Supplement for any Sub-Fund and any other supplement or addendum designed to be read and construed together with and to form part of this document;
<b>Recognised Clearing System</b>	a recognised clearing system within the meaning of section 246A of the Taxes Consolidation Act 1997 (as amended). The following is a list of all clearing systems that are Recognised Clearing Systems on the date of this Prospectus: BNY Mellon Central Securities Depository SA/NV (BNY Mellon CSD), Central Moneymarkets Office, Clearstream Banking SA, Clearstream Banking AG, CREST, Depository Trust Company of New York, Deutsche Bank AG, Depository and Clearing System, Euroclear, Japan Securities Depository Center (JASDEC), Monte Titoli SPA, Netherlands Centraal Instituut voor Giraal Effectenverkeer BV, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG, The Canadian Depository for Securities Ltd, and VPC AB (Sweden).
<b>Recognised Market</b>	any recognised exchange or market listed or referred to in Schedule II to this Prospectus and such other markets as Directors may from time to time determine in accordance with the UCITS Regulations and specify in Schedule II to this Prospectus;
<b>Recognised Rating Agency</b>	Standard & Poor’s Rating Group (“S&P”), Moody’s Investors Services (“Moody’s”), Fitch IBCA or an equivalent rating agency;
<b>Register</b>	the register of Shareholders maintained on behalf of the Fund;

<b>Relevant Institution</b>	(a) a credit institution authorised in the EEA; (b) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>Relevant Jurisdiction</b>	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom, Norway, Iceland and Liechtenstein;
<b>Relevant Supplement</b>	a document supplemental to the Prospectus containing information relating to each Sub-Fund;
<b>RMP Statement</b>	any risk management process statement adopted by the Fund, from time to time, in accordance with the requirements of the Central Bank;
<b>Secondary Market</b>	a market on which ETF Shares of the Sub-Funds are traded between investors rather than with the Fund itself, which may either take place on a Recognised Market or over-the-counter;
<b>Share or Shares</b>	a Share or Shares (including, both ETF Shares and Non-ETF Shares) of whatsoever Class in the capital of the Fund (other than Subscriber Shares) entitling the holders to participate in the profits of the Fund attributable to the relevant Sub-Fund as described in this Prospectus;
<b>Shareholder</b>	a person registered in the Register as a holder of Shares;
<b>Sub-Fund</b>	a portfolio of assets established by the Directors (with the prior approval of the Depositary and the Central Bank) and constituting a separate fund represented by a separate series of Shares and invested in accordance with the investment objective and policies applicable to such Sub-Fund;
<b>Subscriber Shares</b>	the subscriber shares of no par value issued for €1.00 each which are held by the Investment Manager and/or its nominees;
<b>UCITS</b>	an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations;
<b>UCITS Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and any statutory instruments, rulebook, notices, question and answer documentation and other guidance notes issued by the Central Bank from time to time pursuant thereto and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder as may be amended from time to time;
<b>Underlying Fund</b>	a collective investment undertaking or a sub-fund of an umbrella collective investment undertaking which is authorised in the European Union under the UCITS Directive or is an AIF in which UCITS are entitled to invest or to retain investments in accordance with the requirements of the Central Bank;
<b>Unqualified Person</b>	a person who is (a) a U.S. Person or is holding Shares for the account or benefit of a U.S. Person; or (b) holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, legal, pecuniary or tax consequences or material administrative disadvantage for the Fund or the Shareholders as a whole;
<b>U.S. or United States</b>	the United States of America, its territories and possessions including the States and the District of Columbia;
<b>U.S. Person</b>	a “U.S. Person” as defined under Regulation S of the Securities Act of 1933, as amended and a person excluded from the definition of a “Non-United States person” as used in Commodity



Futures Trading Commission (“CFTC”) Rule 4.7;

**Valuation Day**

a day for which the Net Asset Value in respect of a Sub-Fund is calculated, as set out in the Relevant Supplement;

**Valuation Point**

the time specified for each Sub-Fund in the Relevant Supplement or such other time as the Directors may determine from time to time and notify to Shareholders.

For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after such time as the Directors shall determine as the Dealing Deadline;

**Website**

www.franklintempleton.com, on which the Net Asset Value per Share, the portfolio holdings and any other relevant information relating to any Sub-Fund will be published and on which this Prospectus and any other information in respect of the Fund, including various Shareholder and investor communications, may be published. Should this website become unavailable for any reason, an alternative website will be notified to Shareholders on which the Net Asset Value per Share, the portfolio holdings and any other relevant information relating to any Sub-Fund will be published and on which this Prospectus and any other information in respect of the Fund, including various Shareholder and investor communications, may be published.

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**SCHEDULE II – RECOGNISED MARKETS**

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(i) Any stock exchange or market in any Relevant Jurisdiction (excluding Malta and Liechtenstein) or in any of the following countries: Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland and the United States of America.

(ii) Any of the following markets or exchanges:

Argentina	Buenos Aires Stock Exchange Cordoba Stock Exchange La Plata Stock Exchange Mendoza Stock Exchange Rosario Stock Exchange		Gauhati Stock Exchange Magadh Stock Exchange Pune Stock Exchange Hyderabad Stock Exchange Ludhiana Stock Exchange Uttar Pradesh Stock Exchange Calcutta Stock Exchange
Bahrain	Bahrain Bourse		
Brazil	Bahia-Sergipe-Alagoas Stock Exchange Brasilia Stock Exchange Extremo Sul Porto Allegre Stock Exchange Minas Esperito Santo Stock Exchange Parana Curitiba Stock Exchange Pernambuco e Paraiba Recife Stock Exchange Regional Fortaleza Stock Exchange Rio de Janeiro Stock Exchange Santos Stock Exchange Sao Paulo Stock Exchange	Indonesia	Jakarta Stock Exchange Surabaya Stock Exchange
		Israel	Tel Aviv Stock Exchange (TASE)
		Jordan	Amman Stock Exchange
		Kazakhstan	Kazakhstan Stock Exchange
		Kenya	Nairobi Securities Exchange
		Kuwait	Kuwait Stock Exchange
Chile	Santiago Stock Exchange Valparaiso Stock Exchange	Malaysia	Kuala Lumpur Stock Exchange Bumiputra Stock Exchange
China	Shanghai Securities Exchange Shenzhen Stock Exchange	Mauritius	Mauritius Stock Exchange
Colombia	Colombian Stock Exchange	Mexico	Bolsa Mexicana de Valores
Costa Rica	Bolsa Nacional de Valores S.A.	Morocco	Morocco Bourse Des Valeurs de Casablanca
Egypt	Cairo and Alexandria Stock Exchange	Namibia	Namibian Stock Exchange
Ghana	Ghana Stock Exchange	New Zealand	New Zealand Stock Exchange
India	Bombay Stock Exchange Madras Stock Exchange Delhi Stock Exchange Ahmedabad Stock Exchange Bangalore Stock Exchange Cochin Stock Exchange	Nigeria	Nigerian Stock Exchange
		Oman	Muscat Securities Market
		Pakistan	Karachi Stock Exchange

	Lahore Stock Exchange		(KOSDAQ) Division
Peru	Lima Stock Exchange		
		Sri Lanka	Colombo Stock Exchange
Philippines	Philippines Stock Exchange		
		Taiwan	Taiwan Stock Exchange
Qatar	Doha Securities Market		
		Thailand	Thailand Stock Exchange
Russia	Moscow International Stock Exchange Moscow Interbank Currency Exchange (equity securities only)		
		Tunisia	Tunis Stock Exchange
Saudi Arabia	Tadawul		
		Turkey	Istanbul Stock Exchange
Serbia	Belgrade Stock Exchange		
		United Arab Emirates	Dubai Financial Market Dubai International Financial Exchange
Singapore	Singapore Stock Exchange SESDAQ		
		Ukraine	Ukrainian Stock Exchange
South Africa	Johannesburg Stock Exchange		
		Uruguay	Rospide Sociedad de Bolsa S.A.
South Korea	Korea Exchange, Inc. (KRX) KRX Stock Market Division (KRX KOSPI Market) KRX Futures Market Division (KRX Derivatives Market) KRX Korea Securities Dealers Association Automated Quotation		
		Vietnam	Vietnam Stock Exchange
		Zambia	Lusaka Stock Exchange

(iii)

The following markets:

- the market organised by the International Capital Markets Association;
- the UK market (i) conducted by banks and other institutions regulated by the Financial Conduct Authority (FCA) and subject to the Inter-Professional Conduct provisions of the FCA's Market Conduct Sourcebook and (ii) in non-investment products which are subject to the guidance contained in the "Non-Investment Product Code" drawn up by the participants in the London market, including the FCA and the Bank of England (formerly known as "The Grey Paper");
- (a) NASDAQ in the United States, (b) the market in the US government securities conducted by the primary dealers regulated by the Federal Reserve Bank of New York; (c) the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and the National Association of Securities Dealers and by banking institutions regulated by the US Controller of Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;
- (a) NASDAQ Japan, (b) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan, and (c) Market of the High-Growth and Emerging Stocks ("**MOTHERS**")
- the alternative investment markets in the United Kingdom regulated and operated by the London Stock Exchange;
- the Hong Kong Growth Enterprise Market ("**GEM**");
- TAISDAQ
- the Stock Exchange of Singapore Dealing and Automated Quotation (SESDAQ)
- the Taiwan Innovative Growing Entrepreneurs Exchange ("**TIGER**")
- the Korean Securities Dealers Automated Quotation ("**KOSDAQ**")
- the French Market for Titres de Créances Négotiables (over the counter market in negotiable debt instruments)
- the over the counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada

- EASDAQ (European Association of Securities Dealers Automated Quotation)

North America	The Chicago Mercantile Exchange American Stock Exchange Chicago Board of Trade Chicago Board of Options Exchange Coffee, Sugar and Cocoa Exchange Iowa Electronic Markets Kansas City Board of Trade Mid-American Commodity Exchange Minneapolis Grain Exchange New York Cotton Exchange Twin Cities Board of Trade New York Futures Exchange New York Board of Trade New York Mercantile Exchange CME Group
Asia	Montreal Derivatives Exchange China Financial Futures Exchange Dalian Commodity Exchange Shanghai Futures Exchange Zhengzhou Commodity Exchange China Interbank Bond Market Hong Kong Futures Exchange Ace Derivatives & Commodity Exchange Indonesia Commodity and Derivatives Exchange Bursa Malaysia Derivatives Berhad Singapore International Monetary Exchange Singapore Commodity Exchange Tokyo Financial Exchange Tokyo Commodity Exchange Taiwan Futures Exchange Thailand Futures Exchange Agricultural Futures Exchange of Thailand Singapore Commodity Exchange Singapore Mercantile Exchange
Australasia	New Zealand Exchange
Europe	Athens Derivative Exchange Borsa Italiana (IDEM) EUREX Deutschland EUREX Zurich EUREX for Bunds, OATs, BTPs Euronext Derivatives Amsterdam Euronext Derivatives Brussels Euronext Derivatives Paris ICE Futures Europe London Metal Exchange Meff Renta Variable (Madrid) OMX Nordic Exchange Copenhagen OMX Nordic Exchange Stockholm Ukrainian Interbank Currency Exchange
Africa	South African Futures Exchange

and any exchange or market, including any board of trade or similar entity, or automated quotation system, which exchanges and markets are regulated, operating regularly, recognised and open to the public in a Relevant Jurisdiction.

With the exception of permitted investments in unlisted investments, and off-exchange derivative instruments, investment in securities or financial derivative instruments will be made only in securities or financial derivative instruments listed or traded on a Recognised Market which meets the regulatory criteria (regulated, operating regularly, recognised and open to the public) and which is listed above. These exchanges and markets are listed in accordance with the requirements of the Central Bank and the Central Bank does not issue a list of approved markets.

These exchanges and markets are listed above in accordance with the regulatory criteria as defined in the Central Bank UCITS Regulations. The Central Bank which does not issue a list of approved markets.

### SCHEDULE III – DEPOSITARY DELEGATES

The Depositary, as global sub-custodian, has appointed local sub-custodians within the State Street Global Custody Network as listed below, as at the date of this Prospectus. The latest version of this list can be consulted on the website [www.mystatestreet.com](http://www.mystatestreet.com).

<b>MARKET</b>	<b>SUBCUSTODIAN</b>
<b>Albania</b>	Raiffeisen Bank sh.a.
<b>Argentina</b>	Citibank, N.A.
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Austria</b>	Deutsche Bank AG
	UniCredit Bank Austria AG
<b>Bahrain</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Bangladesh</b>	Standard Chartered Bank
<b>Belgium</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
<b>Benin</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Federation of Bosnia and Herzegovina</b>	UniCredit Bank d.d.
<b>Botswana</b>	Standard Chartered Bank Botswana Limited
<b>Brazil</b>	Citibank, N.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
	UniCredit Bulbank AD
<b>Burkina Faso</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
<b>Canada</b>	State Street Trust Company Canada
<b>Chile</b>	Itaú CorpBanca S.A.
<b>People’s Republic of China</b>	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
	China Construction Bank Corporation
<b>China Connect</b>	Citibank N.A.
	The Hongkong and Shanghai Banking Corporation Limited
	Standard Chartered Bank (Hong Kong) Limited

<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco BCT S.A.
<b>Croatia</b>	Privredna Banka Zagreb d.d.
	Zagrebacka Banka d.d.
<b>Cyprus</b>	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
<b>Czech Republic</b>	Československá obchodní banka, a.s.
	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Denmark</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
<b>Egypt</b>	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Estonia</b>	AS SEB Pank
<b>Eswatini (previously known as Swaziland)</b>	Standard Bank Swaziland Limited
<b>Finland</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
<b>France</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
<b>Republic of Georgia</b>	JSC Bank of Georgia
<b>Germany</b>	State Street Bank International GmbH
	Deutsche Bank AG
<b>Ghana</b>	Standard Chartered Bank Ghana Limited
<b>Greece</b>	BNP Paribas Securities Services, S.C.A.
<b>Guinea-Bissau</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Hong Kong</b>	Standard Chartered Bank (Hong Kong) Limited
<b>Hungary</b>	Citibank Europe plc Magyarországi Fióktelepe
	UniCredit Bank Hungary Zrt.
<b>Iceland</b>	Landsbankinn hf.
<b>India</b>	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
<b>Indonesia</b>	Deutsche Bank AG
<b>Ireland</b>	State Street Bank and Trust Company, United Kingdom branch

<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	Deutsche Bank S.p.A.
<b>Ivory Coast</b>	Standard Chartered Bank Côte d'Ivoire S.A.
<b>Japan</b>	Mizuho Bank, Limited
	The Hongkong and Shanghai Banking Corporation Limited
<b>Jordan</b>	Standard Chartered Bank
<b>Kazakhstan</b>	JSC Citibank Kazakhstan
<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>Republic of Korea</b>	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Latvia</b>	AS SEB banka
<b>Lithuania</b>	AB SEB bankas
<b>Malawi</b>	Standard Bank Limited
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad
	Standard Chartered Bank Malaysia Berhad
<b>Mali</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Mexico</b>	Banco Nacional de México, S.A.
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank Namibia Limited
<b>Netherlands</b>	Deutsche Bank AG
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Niger</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Nigeria</b>	Stanbic IBTC Bank Plc.
<b>Norway</b>	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
<b>Oman</b>	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Pakistan</b>	Deutsche Bank AG
<b>Panama</b>	Citibank, N.A.
<b>Peru</b>	Citibank del Perú, S.A.



<b>Philippines</b>	Deutsche Bank AG
<b>Poland</b>	Bank Handlowy w Warszawie S.A.
	Bank Polska Kasa Opieki S.A
<b>Portugal</b>	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
<b>Puerto Rico</b>	Citibank N.A.
<b>Qatar</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Romania</b>	Citibank Europe plc, Dublin – Romania Branch
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	HSBC Saudi Arabia (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
	Saudi British Bank (as delegate of the Honkong and Shanghai Banking Corporation Limited)
<b>Senegal</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	Citibank N.A.
	United Overseas Bank Limited
<b>Slovak Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.
<b>South Africa</b>	FirstRand Bank Limited
	Standard Bank of South Africa Limited
<b>Spain</b>	Deutsche Bank S.A.E.
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Republic of Srpska</b>	UniCredit Bank d.d.
<b>Sweden</b>	Nordea Bank AB (publ)
	Skandinaviska Enskilda Banken AB (publ)
<b>Switzerland</b>	Credit Suisse (Switzerland) Limited
	UBS Switzerland AG
<b>Taiwan - R.O.C.</b>	Deutsche Bank AG
	Standard Chartered Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Tanzania) Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited
<b>Togo</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
<b>Tunisia</b>	Union Internationale de Banques

<b>Turkey</b>	Citibank, A.Ş.
	Deutsche Bank A.Ş.
<b>Uganda</b>	Standard Chartered Bank Uganda Limited
<b>Ukraine</b>	JSC Citibank
<b>United Arab Emirates Dubai Financial Market</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>United Arab Emirates Dubai International Financial Center</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>United Arab Emirates Abu Dhabi</b>	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>United Kingdom</b>	State Street Bank and Trust Company, United Kingdom branch
<b>United States</b>	State Street Bank and Trust Company
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Vietnam</b>	HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
<b>Zambia</b>	Standard Chartered Bank Zambia Plc.
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)