



# SSgA SPDR ETFs EUROPE II PLC

## GLOBAL SUPPLEMENT

26 May 2014

SSgA SPDR ETFs Europe II plc (the “**Company**”), is an open-ended investment company constituted as an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the UCITS Regulations.

This global supplement contains a list of all Funds of the Company currently approved by the Central Bank, as follows:

SPDR MSCI World Small Cap UCITS ETF  
SPDR MSCI EM Beyond BRIC UCITS ETF  
SPDR Barclays 0-5 Year Sterling Corporate Bond UCITS ETF  
SPDR EURO STOXX Low Volatility UCITS ETF  
SPDR MSCI Europe UCITS ETF  
SPDR MSCI Europe Small Cap UCITS ETF  
SPDR MSCI Europe Technology UCITS ETF  
SPDR AEX UCITS ETF  
SPDR MSCI Europe Consumer Discretionary UCITS ETF  
SPDR MSCI Europe Consumer Staples UCITS ETF  
SPDR MSCI Europe Energy UCITS ETF  
SPDR MSCI Europe Financials UCITS ETF  
SPDR MSCI Europe Health Care UCITS ETF  
SPDR MSCI Europe Industrials UCITS ETF  
SPDR MSCI Europe Materials UCITS ETF  
SPDR MSCI Europe Telecommunications UCITS ETF  
SPDR MSCI Europe Utilities UCITS ETF  
SPDR Russell 2000 U.S. Small Cap UCITS ETF  
SPDR Russell 3000 U.S. Total Market UCITS ETF

This Supplement (the “**Global Supplement**”) forms part of the Prospectus for the Company dated 30 September 2013 (the “**Prospectus**”) for the purposes of the UCITS Regulations. This Global Supplement should be read together with the Prospectus and the Relevant Supplement. Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Global Supplement shall bear the same meaning as in the Prospectus.

Prospective investors should review this Global Supplement, any Relevant Supplement, and the Prospectus carefully and in their entirety. If you are in any doubt about the contents of this Global Supplement, the Prospectus or any Relevant Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

Potential investors should consider the risk factors set out in the Prospectus before investing in a Fund.

The Company and the Directors of SSgA SPDR ETFs Europe II plc (the “**Directors**”) listed in the Prospectus in the “Management” section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.



Prospective investors should review this Prospectus and the Global Supplement (together the “Prospectus”) and the Relevant Supplement(s) carefully and in their entirety and, before making any investment decision with respect to an investment in a 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).

## SSgA SPDR ETFs Europe II plc

(An investment company with variable capital constituted as an umbrella fund with segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011)

## PROSPECTUS

30 September 2013

SSgA SPDR ETFs Europe II plc (the “**Company**”) and the directors of the Company (the “**Directors**”) whose names appear in the section entitled “**Management**” below accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and 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 Company and the Directors accept responsibility accordingly.

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

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 Fund’s Shares, and, if given or made, the information or representations must not be relied upon as having been authorised by the Company. 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 Funds provide important information in respect of the Funds, including the applicable synthetic risk and reward indicator, charges and, where available, the historical performance associated with the Funds. Before subscribing for Shares in a Fund, 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 Company 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 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 section entitled “**Risk Information**” below.

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



**Shares are not being, and may not be, offered, sold or delivered directly or indirectly in the United States of America, its territories or possessions or in any State or the District of Columbia (the "U.S.") or to or for the account or benefit of any U.S. Person as defined in Schedule I hereto. Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any of the States of the U.S. and the Company will not be registered under the U.S. Investment Company Act of 1940, as amended. Any re-offer or resale of any of the Shares in the U.S. or to U.S. Persons may constitute a violation of U.S. law.**



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## DIRECTORY

**SSGA SPDR ETFs EUROPE II PLC**  
**78 SIR JOHN ROGERSON'S QUAY**  
**DUBLIN 2**  
**IRELAND**

**Directors:**

Mr Tom Finlay  
Mr Alan Jeffers  
Mr Michael Karpik  
Mr Patrick Riley

**Custodian:**

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

**Promoter:**

State Street Global Advisors  
A division of State Street Bank & Trust Company  
State Street Financial Center  
One Lincoln Street  
Boston, Massachusetts 02111  
USA

**Registrar:**

Computershare Investor Services (Ireland) Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland

**Company Secretary:**

Chartered Corporate Services  
Taney Hall  
Eglinton Terrace  
Dundrum  
Dublin 14  
Ireland

**Investment Manager:**

State Street Global Advisors Limited  
20 Churchill Place  
Canary Wharf  
London E14 5HJ  
United Kingdom

**Administrator**

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

**Legal Advisors in Ireland:**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Auditors:**

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

## GENERAL INFORMATION

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.

## THE COMPANY

The Company is an open-ended investment company with variable capital which was incorporated in Ireland on 12 March 2013 under registration number 525004 and is authorised by the Central Bank as a UCITS. The object of the Company 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 Company has been structured as an umbrella fund, with segregated liability between Funds, in that the Directors may from time to time, with the prior approval of the Central Bank, create different series of Shares effected in accordance with the requirements of the Central Bank representing separate portfolios of assets, each such series comprising a Fund. Each Fund will bear its own liabilities and, under Irish law, none of the Company, any of the service providers appointed to the Company, the Directors, any receiver, examiner or liquidator, nor any other person will have access to the assets of a Fund in satisfaction of a liability of any other Fund.

The portfolio of assets maintained for each series of Shares and comprising a Fund will be invested in accordance with the investment objectives and policies applicable to such Fund as specified in the Relevant Supplement. Different Shares shall be designated as either 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, the distinction between ETF Shares and Non-ETF Shares, 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.

The Company is promoted by State Street Bank and Trust Company. In fulfilling this role in respect of the Company, the promoter will act through its investment management division, State Street Global Advisors. Details of the promoter may be found under “**The Investment Manager**” in the section entitled “**Management**”.

## INVESTMENT OBJECTIVES AND STRATEGY

**INVESTMENT OBJECTIVE AND STRATEGY OF A FUND.** The investment objectives, strategies and policies for each Fund will be set out in the Relevant Supplement.

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

- Investing solely in Index Securities, transferable securities and money market instruments other than Index Securities;
- Investing solely in financial derivative instruments (“**FDI**”);
- Investing solely 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.

Information in relation to the investment objectives and types of instruments or securities in which the relevant Fund will invest will be set out in the Relevant Supplement. Details of each Fund's portfolio and indicative net asset value per share ("INAV") will be available on the Website.

#### *Index Tracking Funds*

Index Tracking Funds will seek to track the performance of an Index while seeking to minimise as far as possible the tracking error between the Fund's performance and that of its applicable Index. Some Funds will seek to achieve this objective by using a replication strategy, an optimisation strategy, a stratified sampling strategy or other strategy as determined to be the most appropriate strategy for the particular Fund by the Investment Manager. The Relevant Supplement will specify and describe the strategy the applicable Fund intends to use and provide details of where information on the Index tracked by that Fund may be obtained.

The following is a summary description of each of the replication strategy, optimisation strategy and stratified sampling strategy. More detailed information on each strategy is set forth in the Relevant Supplement, as appropriate.

- Replication Strategy – this strategy seeks to hold physically, all of the securities of the particular Index, with the approximate weightings as in that Index. Essentially, the portfolio of the Fund would be a near mirror-image of the particular Index.
- Optimisation Strategy – this strategy seeks to build a representative portfolio that provides a return comparable to that of the applicable Index. This strategy is used for certain equity index tracking funds when the Index is too broad to replicate (i.e., the Index contains too many securities to purchase or take exposure to efficiently) and/or the securities included in the Index are difficult to purchase in the open markets. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in the Index.
- Stratified Sampling Strategy - this strategy seeks to build a representative portfolio that provides a return comparable to that of the applicable Index. This strategy is used for certain fixed income index tracking funds when the Index is too broad to replicate (i.e., the Index contains too many securities to purchase or take exposure to efficiently) and/or the securities included in the Index are difficult to purchase or take exposure to in the open markets. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in the Index.

Changes to the composition and/or weighting of the securities constituting the Index which is tracked by a Fund will ordinarily require that Fund to make corresponding adjustments or rebalancings 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 Fund or to which a 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. A Fund may also, on occasion, hold or take exposure to securities which are not comprised in its Index where the Investment Manager believes this to be appropriate in light of the investment objective and investment restrictions of the Fund, or other factors. The potential for any such proposed investment by a Fund will be disclosed in the Relevant Supplement. Other rebalancing measures may be taken from time to time to seek to maintain the correspondence between the performance of a Fund and the performance of the Index. For further details on the factors which may limit the ability of the Fund to track the performance of an index exactly, Investors should also read the risk warning headed "**Index Tracking Risk**" in the "**Risk Information**" section. Information on the anticipated level of tracking error in respect of a Fund can be found in the Relevant Supplement and information on the level of tracking error experienced by a Fund will be contained in the most recent financial statements published by the Company.

The Investment Manager will rely solely on each Index Provider for information as to the composition and/or weighting of the securities that constitute each Index ("**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.

#### *Actively Managed Funds*

An Actively Managed Fund's investments will be actively managed 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 Fund is

actively managed, the Investment Manager will have greater discretion in relation to the composition of the Fund's portfolio, subject to the investment objectives and policies stated in the Relevant Supplement.

**CHANGES TO INVESTMENT OBJECTIVE AND POLICIES OF A FUND.** Any change in the investment objectives and any material change in the investment policies of a Fund will require approval by ordinary resolution of the Shareholders in that Fund. A non-material change in the investment policy will not require Shareholder approval, however a reasonable notification period will be provided by the Fund to enable Shareholders to redeem their Shares prior to implementation of the change. Any proposal by the Directors to change an Index, for the reasons outlined below, shall be subject to the prior approval of the Shareholders of the relevant Fund by ordinary resolution only if it is deemed to be a change of investment objective or a material change of investment policy. Otherwise, it will simply be notified to Shareholders, in accordance with the requirements of the Central Bank.

The Directors may in their absolute discretion decide, if they consider it to be in the interests of any Fund, to change or substitute the existing Index of a Fund. The Board of Directors may, for instance, decide to substitute such an Index in the following circumstances:

- (a) the transferable securities, swaps or other techniques or instruments described under **"Investment Restrictions"** 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 Fund (if it were to follow the Index closely) to be in breach of the limits set out under **"Investment Restrictions"** and/or materially affect the taxation or fiscal treatment of the Company or any of its Shareholders;
- (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 a component of the Index or there is, or is expected to be, a material modification of a component of the Index;
- (e) the Index Provider increases its licence fees to a level which the Directors consider excessive;
- (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 the market standard for investors in the particular market and/or would be regarded as of greater benefit to the shareholders 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 Fund for another Index.

The Directors will change the name of a Fund if its Index is changed. Any change to the name of a Fund will be approved in advance by the Central Bank and the relevant documentation will be updated.

**USE OF FINANCIAL DERIVATIVE INSTRUMENTS.** The use of FDI by any 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 Fund and the performance of the Index tracked by the relevant Fund, the reduction of costs to the Company, the generation of additional capital or income for the Company and hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined in the **"Investment Restrictions"** section. Hedging is a technique used for minimising an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will not be allowed to exceed materially the value of the assets that they seek to offset. To the extent that a Fund uses FDI, there may be a risk that the volatility of the Fund's Net Asset Value may increase.



The following is a summary description of each of the types of FDI, which may be used for investment purposes or for efficient portfolio management by a Fund of the Company. More information on the types of FDI used by each Fund is set forth 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.
- **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. 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
- **Warrants** – Warrants grant the right to acquire an underlying security from the issuer (as opposed to a option where a third party grants a right to acquire an underlying security as described below) at a fixed price. A 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.
- **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. The Fund may purchase and write call and put options on securities (including straddles), securities indices and currencies and use options on futures contracts (including straddles) and swap agreements, and / or hedge against changes in interest rates, currency exchange rates or securities prices. A 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.

Please see “Collateral” below for details of the policy of the Company in relation to collateral received under FDI.

**USE OF REPURCHASE/REVERSE REPURCHASE AGREEMENTS/SECURITIES LENDING AGREEMENTS.** The Company may enter into repurchase agreements, reverse repurchase agreements and securities lending agreements subject to the conditions and limits set out in the UCITS Notices. Repurchase agreements and securities lending agreements may be used for efficient portfolio management. Investors should review the Relevant Supplement for confirmation of whether or not a Fund uses such techniques and details of any costs and/or revenue arising from them and the identities of any entities receiving them.

A repurchase agreement is an agreement between a seller and a buyer of specified securities under which the seller agrees to repurchase securities at an agreed upon price and, usually, at a stated time (if the Company is the seller, the agreement is categorised by the Company as a repurchase agreement; if the Company is the buyer, the agreement is categorised by the Company as a reverse repurchase agreement). The difference between the purchase price and the repurchase price represents the yield to the buyer from the repurchase transaction. When the Fund enters into a reverse repurchase agreement, it should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a marked to market daily basis. When the cash is recallable at any time on a marked to market basis, the marked to market value of the reverse repurchase agreement should be used for the calculation of the Fund's Net Asset Value.

In contrast, in a securities lending transaction, the lender makes a loan of securities to the borrower upon terms that require the borrower to return equivalent securities to the lender within a specified period and the borrower pays the lender a fee for the use of the securities during the period that they are on loan. The Fund should 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. Each Fund may lend its portfolio securities via a securities lending program through an appointed securities lending agent, including State Street Bank and Trust Company and any of its affiliates, to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. Investors should read the risk warning headed “**Conflicts of Interest Risk**” in the “**Risk Information**” section for further information in relation to the risks associated with the use of affiliates to provide securities lending agency services to the Company.

Participating in a securities lending program allows a Fund to receive the net income generated by lending its securities and, if cash is received as collateral, investing the cash collateral. All revenues from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. 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 all fees and costs associated with the securities lending activity, including the delivery of loans, the management of collateral and the provision of the securities lending indemnity and such fees paid will be at normal commercial rates. Investors should also read the risk warning headed “**Securities Lending Risk**” in the “**Risk Information**” section.

A Fund may only enter into securities lending agreements, repurchase agreements and reverse repurchase agreements with counterparties which have a minimum credit rating of A-2 or equivalent from a Recognised Rating Agency or which, if unrated, have, in the opinion of the Investment Manager, an implied rating of A-2 or better. Alternatively, an unrated counterparty is acceptable where the relevant Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty by an entity which maintains a rating of A-2 or equivalent. Use of the efficient portfolio management techniques described above could adversely affect the liquidity of a Fund's portfolio and will be taken into account by the Investment Manager in managing the Fund's liquidity risk and in this respect, investors should also read the risk warning headed “**Liquidity Risk**” in the “**Risk Information**” section.

**COLLATERAL.** A Fund may enter securities lending agreements, repurchase agreements and reverse repurchase agreements only where it acts in accordance with normal market practice, in the best interests of Company and provided that all collateral received under the securities lending contract, repurchase or reverse repurchase agreement (and also under any FDI) meet, at all times, the following criteria:

- Liquidity. Any non-cash assets received as collateral must be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that they can be sold quickly at a price that is close to pre-sale valuation. Assets received must also comply with the provisions of sub-sections 5.1 and 5.2 of the “Investment Restrictions” section.
- Valuation. Assets received as collateral must be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted unless suitably conservative haircuts are in place in accordance with the Company's collateral management policy.
- Issuer credit quality. Assets received as collateral must be of high quality.
- Correlation. Assets received as collateral must be issued by an entity that is independent from the relevant counterparty and is expected not to display a high correlation with the performance of the counterparty.
- Asset concentration. Assets received as collateral should be sufficiently diversified in terms of country, markets and issuers. A Fund's exposure to an issuer through the receipt of assets in such circumstances shall not exceed 20% of the Fund's Net Asset Value.
- Immediately available. Assets received as collateral should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

It is proposed that each Fund will accept the following types of collateral:

- cash;
- government or other public securities;
- certificates of deposit issued by Relevant Institutions;
- corporate bonds issued by Relevant Institutions or by non-bank issuers where the issue or the issuer meet the Investment Manager's eligibility criteria to ensure the collateral is of high quality; and
- equity securities traded on a stock exchange in the EEA, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia, New Zealand, Hong Kong or Singapore.

The Company has implemented a haircut policy in respect of each class of assets received as collateral. This policy takes account of 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. The value of the collateral, adjusted in light of the haircut policy, shall equal or exceed, in value, at all times, the relevant counterparty exposure.

Until the expiry of the repurchase agreement, reverse repurchase agreement or securities lending agreement, collateral obtained under such agreement: (a) must be marked to market daily; and (b) must equal or exceed, in value, at all times the value of the amount invested or securities loaned.

Collateral must be held by the Custodian, 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 which is unrelated to the provider of the collateral.

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 periodic reports of the Company.

Any Fund receiving collateral for at least 30% of its assets will undergo regular stress testing in accordance with the Company'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 Company. Cash collateral received should only be invested in:

- deposits with, or certificates of deposit issued by, an EU credit institution, a bank authorised in the remaining Member States of the European Economic Area (EEA) (Norway, Iceland, Liechtenstein), a bank authorised by a signatory state, other than an EU Member State or a Member State of EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand ("**Relevant Institutions**");
- high quality government bonds;
- reverse repurchase transactions, provided the transactions are with Relevant Institutions and the Fund is able to recall the full amount of cash on accrued basis at any time; and
- short term money market funds., provided that if investments are made in a fund which is managed by an affiliate of the Investment Manager, no subscription or redemption charge can be made by the underlying money market fund.

Cash collateral which is received and invested at the risk of a Fund must be invested in a diversified manner so that no more than 20% of the Fund's Net Asset Value is exposed to any one issuer through such investment. Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or an entity related to the counterparty. The Company must be satisfied, at all times, that investment of cash collateral will enable it to meet its repayment obligations. Any interest or dividends paid on securities which are the subject of such securities lending agreements shall accrue for the benefit of the relevant Fund. Investors should note that any cash collateral invested will be subject to the normal market and other risks of investment. See "**Securities Lending Risk**" in the "**Risk Information**" section.

**RISK MANAGEMENT.** The contribution of FDI and the use of the other efficient portfolio management techniques described above to the risk profile of a Fund will be disclosed in its investment policies. Any use of efficient portfolio management techniques by a Fund shall not result in a change to the Fund's investment objective nor substantially increase the risk profile of the Fund. Although a Fund may be leveraged as a result of its use of FDI and efficient portfolio management techniques, the Fund's resulting global exposure will not exceed its total net assets, i.e., the Fund may not be leveraged in excess of 100% of its Net Asset Value.

Each Fund's global exposure and leverage is calculated using the commitment approach. This approach converts each 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. Investors should refer to the "**Risk**

**Information**” section for information in relation to the risks associated with the use of FDI. The Investment Manager employs a risk management process in respect of each 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 employ only FDI that are covered by the risk management process, as amended from time to time. A statement of this risk management process has been submitted to and cleared by the Central Bank. In the event of a Fund proposing to use additional types of FDI, the risk management process and the Relevant Supplement shall be amended to reflect this intention. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

**BORROWING MONEY.** Each 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 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 Fund and (b) equals or exceeds the value of the foreign currency loan outstanding.

**POOLING.** Subject to the general provisions of Articles and in accordance with the requirements of the Central Bank, the Directors may, for the purpose of efficient portfolio management, where the investment policies of the Funds so permit, choose that the assets of certain Funds be co-managed together with the assets of other Funds. This will be done by establishing a pool of assets (“**Pool**”) comprising cash and investments contributed by all Funds which participate in the Pool (“**Participating Funds**”). This technique is known as pooling.

Opportunities to establish pooling arrangements arise where the investment objectives and policies of Participating Funds are sufficiently similar so as to enable the assets contributed by a Participating Fund to be managed in a manner identical to that of all other Participating Funds in the Pool. However, it is not essential that the investment objectives and policies of each Participating Fund in the Pool be identical. It is sufficient that the Investment Manager be in a position to manage the Pool as one portfolio of assets whilst complying with the investment objectives, policies and restrictions applicable to each Participating Fund.

A Pool is not a separate legal entity and an investor may not invest directly in a Pool. The Investment Manager shall not be permitted to manage the assets of any Fund on a pooled basis without the prior consent of the Directors. The Directors may elect at any time to terminate the participation of a Fund in the Pool on notice to the Investment Manager, the Administrator and the Custodian. For any Funds which engage in “pooling” further details will be specified in Relevant Supplement.

#### *Operational Issues*

Assets may be contributed to and withdrawn from the Pool by a Participating Fund at any time. A record shall be maintained of all the assets contributed to the Pool by a Participating Fund and the percentage allocation of each of the pooled assets within the Pool that is attributable to each Participating Fund, which shall be allocated on a pro rata basis on each Dealing Day. This percentage allocation shall be applied to all assets held in the Pool. When additional cash or securities are contributed to or withdrawn from the Pool by a Participating Fund the allocation percentage of each Participating Fund will be adjusted to reflect the change. Where a contribution is made in cash, a deduction may be made where the Investment Manager considers this necessary to discharge transactions, costs and fiscal charges incurred in investing the cash concerned. Similarly, in the case of a cash withdrawal, a deduction may be made to reflect transaction costs in disposing of securities. Any transaction costs associated with a Participating Fund joining or withdrawing from the Pool shall be borne by that Participating Fund. Dividends, interest and any other distribution of income received in respect of assets will be allocated *pro-rata* to the Participating Fund's holding of assets. For the avoidance of doubt, assets and liabilities pertaining to the pooled assets will be allocated amongst the Participating Fund(s) in accordance with the records maintained by the Participating Fund through the Administrator and Custodian.

Investors should note that the pooling arrangement may cause the composition of the assets of a Fund to be altered as a result of subscriptions and redemptions in another Participating Fund which would cause the Investment Manager to dispose of or acquire assets for the Pool or may cause the Investment Manager to increase the amount of ancillary liquid assets held by a Fund.



### *Custody of Assets*

The Custodian shall, by relying on a common set of records produced by the Administrator's accounting systems, at all times ensure that it is in a position to identify the assets of a Fund even though the sub-custodian's records may identify the assets as being held in a Pool.

### *Termination*

The Directors may elect at any time to terminate a Fund's participation in a Pool on notice to the Investment Manager, the Administrator and the Custodian. Upon such termination each Participating Fund's interest in the Pool will be allocated back to the relevant Participating Fund.

## **PURCHASE AND SALE INFORMATION**

**PRIMARY MARKETS.** A Fund will issue (or redeem) ETF Shares to certain institutional investors (typically market makers or other large broker-dealers) in large volumes in accordance with the terms of this Prospectus. ETF Shares may be issued and redeemed in exchange for cash, securities or a combination of cash and securities.

A Fund will issue (or redeem) Non-ETF Shares to investors in accordance with the terms of this Prospectus. Non-ETF Shares may be issued and redeemed in exchange for cash, securities or a combination of cash and securities.

**SECONDARY MARKETS.** ETF Shares may be purchased and sold in smaller volumes on the relevant Listing Stock Exchange(s) through brokers at market prices. Because ETF Shares trade on the Listing Stock Exchanges at market prices rather than the Net Asset Value per Share, ETF Shares may trade at a price greater than the Net Asset Value per Share (premium) or less than the Net Asset Value per Share (discount). Investors should also read the risk warning headed "**Cost of Buying Or Selling ETF Shares Risk**" in the "**Risk Information**" section for further information in relation to the risks associated with the buying and selling shares on the secondary market. In exceptional circumstances, as determined by the Directors, investors may apply to the Company to be registered as the owners of ETF Shares purchased on secondary markets in order to access primary market redemption facilities.

Investors should refer to the "**Purchase and Sale Information**" section for further details.

## **TAX INFORMATION**

The Company is resident in Ireland for tax purposes and is not subject to Irish taxation charges on income or capital gains. No Irish stamp duty is payable on the issue, redemption or transfer of Shares in the Company. A Fund may make distributions that may be taxed as ordinary income or capital gains. The distribution policy of each Fund will be set out in the Relevant Supplement. The tax treatment applicable to a Shareholder will depend on its individual situation. Accordingly, Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, exchanging or otherwise disposing of Shares under the laws of their country of incorporation, establishment, citizenship, residence, ordinary residence or domicile.



## OTHER INFORMATION

**TYPICAL INVESTOR PROFILE.** The Company has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The investment objectives and policies for each Fund will be set out in the Relevant Supplement. Unless disclosed otherwise in the Relevant Supplement, typical investors are expected to be retail and institutional investors.

**REPORT AND ACCOUNTS.** The Company's accounting period will end on 31 March in each year. The Company will publish an annual report and audited annual accounts within four months of the end of the financial period to which they relate, i.e. normally in July of each year, and the first annual report and annual accounts will be prepared up to 31 March 2014. The unaudited half-yearly reports of the Company will be made up to 30 September in each year. The unaudited half yearly reports will be published within two months of the end of the half year period to which they relate, i.e., normally in November of each year, and the first set of half-yearly reports will be prepared up to 30 September 2014. The annual report and the half-yearly 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 reports by hard copy mail.

**ARTICLES.** Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles, copies of which are available as described in the **"Where To Learn More About The Funds"** section.

**SHARE CAPITAL.** The authorised share capital of the Company is 500,000,000,002 (five hundred billion and two) Shares of no par value divided into two Subscriber Shares of no par value and 500,000,000,000 (five hundred billion) Shares of no par value. The Directors are empowered to issue up to all of the Shares of the Company on such terms as they think fit. The Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. For the purpose of complying with minimum initial capital requirements, the Company has issued 300,000 Shares of no par value for €1.00 each (**"Capitalisation Shares"**). The Shares (other than the Subscriber Shares) entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different Classes) in the profits and assets of the Fund to which the Shares relate. The Company 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 Company 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 for the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Company, 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 Company 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, to the extent (but only to the extent) required by law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus 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.

**FUNDS.** Under the Articles, the Directors are required to establish a separate Fund, with separate records, in the following manner:

- a) the Company will keep separate books and records of account for each Fund. The proceeds from the issue of Shares issued in respect of a Fund will be applied to the Fund, and the assets and liabilities and income and expenditure attributable to that Fund will be applied to such Fund;
- b) any asset derived from another asset in a Fund will be applied to the same 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 Fund;
- c) in the case of any asset which the Directors do not consider as readily attributable to a particular Fund or Funds, the Directors have the discretion to determine, acting in a fair and equitable manner and with the consent of the Custodian, the basis upon which any such asset will be allocated between Funds and the Directors may at any time and from time to time vary such basis;
- d) any liability will be allocated to the Fund or Funds to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Fund the Directors will have discretion to determine, acting in a fair and equitable manner and with the consent of the Custodian, the basis upon which any liability will be allocated between Funds and the Directors may at any time and from time to time vary such basis;
- e) in the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to that Fund affected, the Directors, with the consent of the Custodian, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it;
- f) where the assets of the Company (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Fund or Funds as they may deem appropriate, acting in a fair and equitable manner; and
- g) subject as otherwise provided in the Articles, the assets held for the account of each Fund shall be applied solely in respect of the Shares to which such Fund appertains and shall belong exclusively to the relevant Fund and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose.

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 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 Company, but do not entitle the holders to participate in the dividends or net assets of any Fund.

**WINDING UP.** Generally, under Irish law, if a company is being wound up, a liquidator is appointed to settle outstanding claims and distribute the remaining assets of the company. The liquidator will use the assets of the company in order to satisfy claims of creditors. Thereafter, the liquidator will distribute the remaining assets among the shareholders. The Articles contain provision that will require, firstly, the distribution of assets to the Shareholders of each Fund after settlement of the liabilities of that Fund and, thereafter, distribution to the holders of Subscriber Shares of the nominal amount paid in respect of those Subscriber Shares. The liquidator may, if authorised by a special resolution, distribute assets of the Company in specie provided that, in such circumstances, Shareholders may request that the assets to be distributed to them be sold, with the net cash proceeds to be paid to them.

## INVESTMENT RESTRICTIONS

The assets of each 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 and further details in relation to which will be set out in the Relevant Supplement.

### 1 Permitted Investments

Investments of a Fund are confined to:

- 1.1 transferable securities and money market instruments, as prescribed in the UCITS Notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State;
- 1.2 recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;
- 1.3 money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market;
- 1.4 units of UCITS;
- 1.5 units of non-UCITS as set out in the Central Bank's Guidance Note 2/03;
- 1.6 deposits with credit institutions as prescribed in the UCITS Notices.
- 1.7 FDI as prescribed in the UCITS Notices.

### 2 Investment Restrictions

- 2.1 A Fund may invest no more than 10% of its net assets in transferable securities and money market instruments other than those referred to in paragraph 1 above.
- 2.2 A Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain U.S. securities known as Rule 144A securities provided that
  - such securities are issued with an undertaking to register with the U.S. Securities & Exchange Commission within one year of issue; and
  - the securities are not illiquid securities, i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of its 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 no more than 40%.
- 2.4 Upon the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its



net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund.

- 2.5 The limit of 10% in 2.3 is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in paragraph 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.
- 2.7 A Fund may not invest more than 20% of its net assets in deposits made with the same credit institution.

Deposits by a Fund with any one credit institution, other than

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

held as ancillary liquidity, must not exceed 10% of net assets.

This limit may be raised to 20% in the case of deposits made with the Custodian.

- 2.8 The risk exposure of a Fund to a counterparty to an over the counter (“**OTC**”) derivative may not exceed 5% of net assets.

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

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

- (i) investments in transferable securities or money market instruments;
- (ii) deposits; and/or
- (iii) risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the net assets of the relevant Fund.
- 2.11 Group companies are regarded as a single issuer for the purposes of paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets of a Fund may be applied to investments in transferable securities and money market instruments within the same group.
- 2.12 A Fund may invest up to 100% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any Member State or its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), the Governments of Brazil or India (provided the relevant issues are 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, and Straight-A Funding LLC .

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

### 3 Investment in Collective Investment Schemes (“CIS”)

- 3.1 A Fund may not invest more than 10% of net assets in total in other CIS. Such CIS must themselves be prohibited from investing more than 10% of net assets in total in other CIS.
- 3.2 Where a Fund invests in the units of other CIS that are managed directly or by delegation by a UCITS management company or by any other company with which that 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 Company's investment in the shares of the other CIS.
- 3.3 Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the units of another CIS, this commission must be paid into the assets of the relevant Fund.

### 4 Index Tracking UCITS

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

### 5 General Provisions

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

- (iv) 10% of the money market instruments of any single issuing body.

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

5.3 5.1 and 5.2 shall not be applicable to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
- (iv) shares held by a Fund in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies with the registered offices in that non-Member State, where under the legislation of that non-Member State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that non-Member State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 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;
- (v) shares held by the Company 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 redemption of units at unit-holders' request exclusively on their behalf.

5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments, which form part of their assets.

5.5 The Central Bank may allow each Fund to derogate from the provisions of paragraphs 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for a period of up to six months from the date of authorisation of such Fund, provided that such Fund observes the principle of risk spreading.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, that Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

5.7 A Fund may not carry out uncovered sales of:

- (i) transferable securities;
- (ii) money market instruments<sup>\*</sup>;
- (iii) units of collective investment undertakings; or
- (iv) financial derivative instruments.

5.8 A Fund may hold ancillary liquid assets.

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\* Any short selling of money market instruments by the Funds is prohibited.

6 FDI

- 6.1 A Fund's global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. 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 UCITS Notices.
- 6.3 A Fund may invest in FDI dealt OTC, provided that the counterparties to such OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDI are subject to the conditions and limits laid down by the Central Bank.

7 Other Restrictions

- 7.1 The Company may acquire real and personal property that is required for the purpose of its business.
- 7.2 The Company shall not acquire either precious metals or certificates representing them.
- 7.3 The Company shall not make any loan of its assets provided that, for the purpose of this restriction, the holding of ancillary liquid assets such as deposits, and the acquisition of bonds, notes, certificates of deposit, bankers acceptances, and other debt securities or obligations permitted by the UCITS Regulations, and the acquisition of transferable securities, money market instruments or other financial instruments that are not fully paid, shall not be deemed to constitute the making of a loan.
- 7.4 A Fund may borrow up to 10% of its Net Asset Value for temporary purposes.



## RISK INFORMATION

This section provides information regarding some of the general risks applicable to an investment in the Funds. Additional risk information specific to individual 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 Company's and each 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 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 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 the Shares of any Fund 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 of a Fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in a Fund or any amount at all.**

### PRINCIPAL RISKS

**CASH POSITION RISK.** A Fund may hold a significant portion of its assets in cash or cash equivalents at the Investment Manager's discretion. If a Fund holds a significant cash position for an extended period of time, its investment returns may be adversely affected and it may not achieve its investment objective.

**COMMODITIES RISK.** Prices of commodities are influenced by, among other things, various macro-economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events. The intention of any Fund to invest in commodities will be disclosed in the Relevant Supplement.

**CONCENTRATION RISK.** A 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 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 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 Fund, and may potentially increase the Fund's volatility levels, than if it had not concentrated its assets in that industry, market or sector. The Fund's liquidity may also be affected by such concentration of investment.

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

**CONFLICTS OF INTEREST RISK.** Conflicts of interest may arise in connection with an investment in the Company. Subject to applicable law, the Company may engage in transactions that may trigger or result in a potential conflict of interest. These transactions include (but are not limited to):



- The Investment Manager or its affiliates may provide services to the Company, such as securities lending agency services, custodial, administrative, bookkeeping, and accounting services, transfer agency and shareholder servicing, and other services.
- The Company may enter into repurchase agreements, reverse repurchase agreements and derivatives transactions with or through the Investment Manager or one of its affiliates.
- The Company may invest in other pooled investment vehicles sponsored, managed, or otherwise affiliated with the Investment Manager in which event the Company 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 Investment Manager or its affiliates, which might have the effect of increasing the expenses of the Company.
- It is possible that other clients of 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 Company does so.

There is no assurance that the rates at which the Company pays fees or expenses to the Investment Manager or its affiliates, or the terms on which it enters into transactions with the Investment Manager or its 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 Investment Manager makes available to other clients. There will be no independent oversight of fees or expenses paid to, or services provided by, those entities. Because of its financial interest, the Investment Manager may have an incentive to enter into transactions or arrangements on behalf of the Company 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 Investment Manager or its affiliates will, however, be effected in accordance with the applicable regulatory requirements.

The Investment Manager and its affiliates serve as an 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 by the Investment Manager on behalf of the Company. In particular, the Investment Manager may provide asset allocation advice to some clients that may include a recommendation to invest or redeem from a Fund while not providing that same recommendation to all clients invested in the same or similar Funds.

Other conflicts may arise, for example, when clients of the Investment Manager invest in different parts of an issuer's capital structure, so that one or more clients own senior debt obligations of an issuer and other clients own junior debt of the same issuer, as well as circumstances in which clients invest in different tranches of the same structured financing vehicle. In such circumstances, decisions over whether to trigger an event of default or over the terms of any workout may result in conflicts of interest. When making investment decisions where a conflict of interest may arise, the Investment Manager will endeavour to act in a fair and equitable manner, in accordance with its conflicts of interest policy, as between the relevant Fund and other clients. Subject to the foregoing, (i) the Investment Manager and its 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 Company; and (ii) the Investment Manager may at certain times (subject to applicable law) be simultaneously seeking to purchase (or sell) investments for the Company and to sell (or purchase) the same investment for accounts, funds or structured products for which it serves as asset manager now or in the future, or for its clients or affiliates, and may enter into cross trades in such circumstances. In addition, the Investment Manager and its affiliates may buy securities from or sell securities to the Company, if permitted by applicable law. These other relationships may also result in securities laws restrictions on transactions in these instruments by the Company and otherwise create potential conflicts of interest for the Investment Manager.

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

There is no prohibition on dealing in assets of the Company by the Custodian or 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 Company and such parties are subject to (i) a certified valuation by a person approved by the Custodian (or the Directors in the case of a transaction involving the Custodian) 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 Custodian (or the Directors in the case of a transaction involving the Custodian) is satisfied conform to the principles set out above.

There is no prohibition on the Custodian, the Administrator, the Investment Manager or any other party related to the Company acting as a "competent person" for the purposes of determining the probable realisation value of an asset of the 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 Company 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 interest of the Shareholders.

In selecting brokers to make purchases and sales for the Company, the Company will require the Investment Manager to choose those brokers who provide best execution to the Company, with the exception of purchases and sales which are the subject of specific terms requested by an investor and consented to by the Company and the Investment Manager. In determining what constitutes best execution, the Investment Manager will be required to consider the over-all economic result of the Company, (price of commission plus other costs), the efficiency of the transaction, the broker's ability to effect the transaction if a large block is involved, availability of the broker for difficult transactions in the future, other services provided by the broker such as research and the provision of statistical and other information and the financial strength and stability of the broker. In managing the assets of the Company, the Investment Manager may receive certain research and statistical and other information and assistance from brokers. The Investment Manager may allocate brokerage business to brokers who have provided such research and assistance to the Company and/or other accounts for which the Investment Manager exercises investment discretion. The benefits provided under any soft commission arrangements must assist in the provision of investment services to the Company and any such soft commission arrangements must be disclosed in the periodic reports of the Company.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company 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 Company or any material interest in the Company or in any agreement or arrangement with the Company. 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 Company. The Company may encounter circumstances, or enter into transactions, in which conflicts of interest that are not listed or discussed here may arise.

**COSTS OF BUYING OR SELLING ETF SHARES RISK.** 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 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.

**COUNTERPARTY RISK.** The Funds will be subject to credit risk with respect to the counterparties with which the Company on behalf of a Fund enters into derivatives contracts, foreign exchange, currency forward contracts, other transactions

such as repurchase agreements or reverse repurchase agreements and securities lending transactions. If a counterparty becomes insolvent or otherwise fails to perform its obligations, a Fund may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganization 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 Company may determine not to enter into transactions on behalf of a Fund with that counterparty in the future and/or may terminate any transactions currently outstanding between the Fund and that counterparty; alternatively, the Company may in its discretion determine on behalf of the Fund to enter into new transactions with that counterparty and/or to keep existing transactions in place, in which event the Fund would be subject to any increased credit risk associated with that counterparty. Regulatory changes adopted or proposed to be adopted by regulators in the U.S. and outside the U.S. may have the effect of increasing certain counterparty risks in connection with over-the-counter transactions entered into by a Fund.

**CURRENCY RISK.** A Fund may invest in securities that are denominated in currencies that differ from the Fund's base currency. Changes in the values of those currencies relative to a Fund's base currency may have a positive or negative effect on the values of the Fund's investments denominated in those currencies. A 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. Also, these contracts may reduce or eliminate some or all of the benefit that a Fund may experience from favorable currency fluctuations.

The values of other currencies relative to a 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 Fund's portfolio investments.

**CUSTODIAL RISK.** There are risks involved in dealing with the custodians or brokers who hold or settle a Fund's trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, a 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 Custodian will hold assets in compliance with applicable laws and such specific provisions as agreed in the Custodian Agreement. These requirements are designed to protect the assets against the insolvency in bankruptcy of the Custodian but there is no guarantee they will successfully do so. In addition, as the Company may invest in markets where custodial and/or settlement systems and regulations are not fully developed, including emerging markets, the assets of the Company 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 in circumstances where the Custodian will have no liability. See also "**International Investment Risk**".

**DERIVATIVES RISK.** The Funds may use derivative instruments for both efficient portfolio management and for investment purposes. Each Fund's Relevant Supplement will indicate how the Fund intends to use derivative instruments. A 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 Shareholders;
- Lack of liquidity for a derivative instrument if a secondary trading market does not exist;
- The potential for reduced returns to a 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 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.

Further, when a Fund invests in a derivative instrument, it may not be required to post collateral equal to the amount of the derivative investment. Consequently, the cash held by the Fund (generally equal to the unfunded amount of the derivative) will typically be invested in money market instruments, and therefore, the performance of the Fund will be affected by the returns achieved from these investments. It is possible that returns on the investment of this cash may have a negative impact on the performance and/or returns of the Fund.

**DIRECTED TRADING RISK.** Investors transacting on the primary market only may request the execution of a transaction, including, without limitation, the sale or purchase of securities on their behalf, in accordance with specific terms, which may include, without limitation, the use of a particular broker, counterparty or market or in any way other than in accordance with the standard terms on which the Investment Manager executes transactions for the Company generally, having regard to its obligation to provide best execution to the Company. Where such a request is agreed to, neither the Company nor its agents, including, for the avoidance of doubt, the Investment Manager, shall be liable for any loss, damage or delay, including any delay in effecting or failure to effect a subscription or redemption, caused by any omission, error, failed or delayed trade or settlement on the part of the investor or the designated broker or other counterparty. Should the investor or the designated broker or other counterparty default on, or otherwise fail to complete, any part of the relevant transaction, the investor shall bear all associated risks and costs and the Company shall have the right to amend the terms of the transaction (including the choice of broker) and the investor's subscription or redemption, to take into account such default and/or failure and in order to complete the transaction.

**FEES AND EXPENSES RISK.** Whether or not a 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. A portion of these expenses may be offset by interest income.

**FINANCIAL INSTITUTION RISK.** Some instruments which the Funds may purchase are issued or guaranteed by financial institutions, such as banks and brokers, or are collateralised by securities issued or guaranteed by financial institutions. Changes in the creditworthiness of any of these institutions may adversely affect the values of instruments held by the Fund. Adverse developments in the banking industry may cause a Fund to underperform relative to a fund that invests more broadly across different industries or has a smaller exposure to financial institutions.

**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 Fund's securities holdings. The market prices of Shares will generally fluctuate in accordance with changes in a 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.

**Foreign Exchange Risk.** The Company on behalf of a Fund may enter into a variety of different foreign currency transactions, 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 Fund assumes the risk that the counterparty may be unable or unwilling to perform its obligations, in addition to the risk of unfavorable or unanticipated changes in the values of the currencies underlying the transactions. Over-the-counter currency transactions are typically uncollateralized, and a 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 under the Dodd-Frank Wall Street Reform and Consumer Protection Act. In some markets or in respect of certain currencies, a Fund may be required, or agree, in the Company’s discretion, to enter into foreign currency transactions via the Custodian’s relevant sub-custodian. The Company may be subject to a conflict of interest in agreeing to any such arrangements on behalf of a Fund. Such transactions executed directly with the sub-custodian are executed at a rate determined solely by such sub-custodian. Accordingly, a Fund may not receive the best pricing of such currency transactions. Recent regulatory changes in a number of jurisdictions may require 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 Fund and may make certain transactions unavailable; they may also increase the credit risk of such transactions to a Fund.

**FUTURES CONTRACTS AND OTHER EXCHANGE TRADED DERIVATIVES RISKS.** Certain Funds may purchase futures contracts 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 Fund will be unable to terminate its exposure to the derivative. If a 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 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 Fund will incur brokerage fees in connection with its exchange-traded derivatives transactions. A 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 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 RISK.** The ability of a Fund to achieve significant correlation between the performance of the Fund and the Index it tracks may be affected by changes in securities markets, changes in the composition of the Index, cash flows into and out of the Fund, and the fees and expenses of the Fund. The Fund will seek to track Index returns regardless of the current or projected performance of the Index or of the actual securities comprising the Index. Further, the Fund generally will not sell a security included in an Index as long as such security is part of the Index regardless of any sudden or material decline in value or foreseeable material decline in value of such security, even though the Investment Manager may make a different investment decision for other accounts or portfolios that hold such security. As a result, the Fund’s performance may be less favourable than that of a portfolio managed using an active investment strategy. The structure and composition of the Index will affect the performance, volatility, and risk of the index (in absolute terms and by comparison with other indices), and consequently, the performance, volatility, and risk of the Fund. The Company may not be successful in selecting a portfolio of investments that will provide a return that correlates closely with that of the Index. As will be disclosed in the Relevant Supplement, the Company may also apply one or more “screens” or investment techniques to refine or limit the number or types of issuers included in the indices in which the Funds may invest. Application of such screens or techniques may result in investment performance below that of the index and may not produce results expected by the Company.

**INDEX LICENCE RISK.** If in respect of an Index, at any time, the licence granted (if required) to the Company or the Investment Manager (or its affiliates) to replicate or otherwise use the Index for the purposes of a Fund terminates, or such a licence is otherwise disputed, impaired or ceases (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 Fund to track and such a substitution or any delay in such a

substitution may have an adverse impact on the 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 Fund.

**INDEX TRACKING RISK.** There is no guarantee that the investment objective of any Fund will be achieved. In particular, no financial instrument enables the returns of any index to be reproduced or tracked exactly. Changes in the investments of any 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 Fund's tracking of an index. Furthermore, the total return on investment in the Shares of a 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 Fund's investment portfolio may not be possible and may result in deviations from the return of the index.

**INTERNATIONAL INVESTMENT RISK; 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. 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.

Further, investment in emerging markets subjects a 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 of securities by foreign investors;
- 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 Fund's investments to be more volatile than if the Fund invested in more developed markets and may cause a Fund to realise losses. This risk of increased volatility and losses may be magnified by currency fluctuations relative to the base currency of the Fund.

**INVESTMENT RISK.** A Shareholder may lose the entire principal amount invested in a Fund. The value of the securities held in a Fund may increase or decrease, at times rapidly and unexpectedly. An investment in a 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 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.

**LEVERAGING RISK.** Certain transactions, including, for example, when-issued, delayed-delivery, and forward commitment purchases, loans of portfolio securities, and the use of some derivatives, can result in leverage. Leverage generally has the effect of increasing the amounts of loss or gain a Fund might realise, and creates the likelihood of greater volatility of the value of a 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 Fund because leverage generally magnifies the effect of any increase or decrease in the value of a Fund's underlying assets or creates investment risk with respect to a larger base of assets than a Fund would otherwise have.

**LIMITED INVESTMENT PROGRAM RISK.** An investment in any Fund, or even in a combination of 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 advisors as to the role of an investment in any of the Funds in their overall investment program.

**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 Fund to value illiquid securities accurately. Also, a Fund may not be able to dispose of illiquid securities or execute or close out a derivatives transaction readily at a favorable time or price or at prices approximating those at which the 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 Fund's portfolio and will be considered by the Investment Manager in managing the Fund's liquidity risk.

From time to time, the counterparties with which a Fund effects transactions might cease making markets or quoting prices in certain of the instruments in which a Fund has invested. In such instances, a 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.

**MANAGEMENT RISK.** Each 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 (ie. the difference between the 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 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 Fund may be adversely impacted.

**MARKET DISRUPTION AND GEOPOLITICAL RISK.** The 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 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 Fund's portfolio investments.

**MARKET RISK.** The investments of a 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 Fund could decline if the particular industries, sectors or companies in which the 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 Fund, the value of a 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 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 Fund is a newly formed entity with limited operating history and there can be no assurance that it will be successful. Prior performance is no guarantee of future results.

**OUTPERFORMANCE RISK.** There is no guarantee that the investment objective of any Fund will be achieved. In particular, no financial instrument enables the returns of any index to be reproduced or tracked exactly or guarantees an outperformance target will be reached. Changes in the investments of any 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 Fund's target of outperformance of an index. Furthermore, the total return on an investment in Shares will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable index. Please also refer "**Index Tracking Risk**" above.

**PORTFOLIO TURNOVER RISK.** Portfolio turnover generally involves a number of direct and indirect costs and expenses to the relevant 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 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 Fund's investment return, and the sale of securities by a Fund may result in the realisation of taxable capital gains, including short-term capital gains.

**REAL ESTATE INVESTMENT TRUSTS AND PROPERTY SECURITIES RISK.** Real estate investment trusts ("**REITs**") are trusts that invest primarily in commercial real estate. If a Fund invests in REITs, the value of its interests in REITs may be affected by the value of the property owned by the trust. The liquidity of REITs on the major international stock exchanges is on average less than the typical stock of international blue chip corporations quoted, listed or traded on a Recognised Market. Please also refer to the risk warning headed "**Liquidity Risk**" above.

There are special risks associated with investment in securities of companies engaged in property markets including without limitation REITs and real estate operating companies. An investment in a property company may be subject to risks similar to those associated with direct ownership of real estate, the possibility of declines in the value of real estate, losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, environmental liability, zoning laws, regulatory limitations on rents, property taxes, and operating expenses. In addition, an investment in a property company is subject to additional risks, such as poor performance by the manager of the property company, adverse changes in tax laws, and the effect of general declines in stock prices. Some property companies have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Also, the organizational documents of a property company may contain provisions that make changes in control of the property investment difficult and time-consuming. As a shareholder in a property company, the Fund, and indirectly the Fund's shareholders, would bear their rateable shares of the property company's expenses and would at the same time continue to pay their own fees and expenses. These factors could negatively affect the performance of the Fund. In addition to the risks associated with investing in the securities of real property companies, REITs are subject to certain additional risks. Equity REITs may be affected by changes in the values of the underlying properties owned by the trusts, and mortgage REITs may be affected by the quality of any credit extended. Further, REITs are dependent upon specialized management skills, and their investments may be concentrated in relatively few properties, or in a small geographic area or a single property type. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. Those factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to a REIT, thus affecting a Fund's returns. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated in protecting its investments. In addition, a REIT could possibly fail to qualify for tax free pass-through of income under the Internal Revenue Code, or to maintain their exemptions from registration under the U.S. Investment Company Act of 1940, which could have adverse consequences for a Fund.



**REGULATORY RISK.** The Company is regulated by the Central Bank in accordance with the UCITS Regulations. Given the current uncertain and changing regulatory environment and projected changes to the UCITS Regulations and other future regulation to which the Company may be subject, there can be no guarantee that the Company will continue to be able to operate in its present manner and such future regulatory changes may adversely affect the performance of the Funds and/or their ability to deliver their investment objectives.

**REPURCHASE AND REVERSE REPURCHASE AGREEMENTS RISK.** The Funds may enter into repurchase agreements under which a Fund sells a security and agrees to repurchase it at a mutually agreed upon date and price. Repurchase agreements create the risk that the market value of the securities sold by a Fund may decline below the price at which such Fund is obligated to repurchase such securities under the agreement. In the event that the buyer of securities under a repurchase agreement files for bankruptcy or proves insolvent, a Fund's use of proceeds from the agreement may be restricted pending the determination by the other party or its trustee or receiver whether to enforce the obligation to repurchase the securities.

The Funds may also enter into reverse repurchase agreements, by which a Fund acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the securities at a mutually agreed-upon date (usually not more than seven days from the date of purchase) and price, thereby determining the yield to the relevant Fund during the term of the repurchase agreement. If, in the case of a reverse repurchase agreement, the seller of a repurchase agreement fails to honour its commitment to repurchase the security in accordance with the terms of the agreement, a Fund may incur a loss to the extent that the proceeds realised on the sale of the securities are less than the repurchase price. If the seller becomes insolvent, a bankruptcy court may determine that the securities do not belong to the relevant Fund and order that the securities be sold to pay off the seller's debts. A Fund may experience both delays in liquidating the underlying securities and losses during the period while it seeks to enforce its rights thereto, including possible sub-normal level of income and lack of access to income during the period and expenses in enforcing its rights.

**RISK OF INVESTMENT IN OTHER COLLECTIVE INVESTMENT SCHEMES.** If a 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 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 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 in section 3.1 of "**Investment Restrictions**", the investment policies and limitations of the other investment vehicle may not be the same as those of the Fund. As a result, the 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 Fund also will bear its proportionate amount of the expenses of any investment vehicle in which it invests. Please see also the risk warning set out above titled "**Conflicts of Interest**" in relation to the potential conflicts of interest which may arise from investing in another collective investment scheme or investment vehicle. Where a 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 Fund), the risks associated with such an investment as described above will increase commensurately. A Fund will not be subject to any preliminary/initial/redemption charge in respect of investments made in any other Fund of the Company or in any other investment fund whose manager is an affiliate. In addition, any commission that the Investment Manager receives by virtue of an investment of a Fund into another collective investment scheme or other Fund of the Company, must be paid into the assets of the investing Fund. The Investment Manager, where paid out of the assets of a Fund, may not charge any investment management fees in relation to that portion of that Fund's assets invested in other Funds of the Company.

**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 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; 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 Custodian 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 actions information. The Custodian therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the MICEX and the RTS.

**SECURITIES LENDING RISK.** If a Fund engages in securities lending there is a risk that the borrower may become insolvent or otherwise become unable to meet, or refuse to honour, its obligations to return equivalent securities to the loaned securities. In this event, the Fund could experience delays in recovering the securities and may incur a capital loss. There is the risk that, when lending portfolio securities, the securities may not be available to the Fund on a timely basis and the Fund may, therefore, lose the opportunity to sell the securities at a desirable price.

If a counterparty defaults and fails to return equivalent securities to those loaned the 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 cash collateral), the Fund will have a credit risk exposure to the counterparty of a securities lending contract. Investors should also read the risk warning headed "**Counterparty Risk**" in the "**Risk Information**" section. If cash is received as collateral in connection with securities lending, the cash may be reinvested. Any such reinvestment is not guaranteed by the Investment Manager, and any losses incurred on such investments will be borne by the relevant Fund. The Fund could also lose money if the value of collateral falls, including the value of investments made with cash collateral. These events could trigger adverse tax consequences for the Fund.

**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 Fund remain uninvested and no return is earned thereon. The inability of a 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 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.

**SHARE CLASS RISK.** As there is no segregation of liabilities between Classes of the Fund, 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 particular Class will accrue solely to this class and will not be combined with or offset with that of any other Class of the Fund, there can be no guarantee that the Investment Manager will be successful in this.

**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 Fund is registered, listed, marketed or invested could affect the tax status of the Company and any Fund, affect the value of the relevant Fund’s investments in the affected jurisdiction, affect the relevant Fund’s ability to achieve its investment objective, and/or alter the after-tax returns to Shareholders. Where a 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 Shareholders depend on the individual circumstances of each Shareholder. The information in the “Tax Information” section is not exhaustive and does not constitute legal or tax advice. Prospective Shareholders should consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Funds. Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, the Company, the relevant Fund, the Investment Manager, the Custodian and the Administrator shall not be liable to account to any Shareholder for any payment made or suffered by the Company or the relevant Fund in good faith to a fiscal authority for taxes or other charges of the Company or the relevant Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered.

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company 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 Company may not, therefore, be able to reclaim any foreign withholding tax borne by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of a Fund will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

Shareholders should be aware that the performance of 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 Funds.

**TRADING ISSUES RISK.** Although the ETF Shares of a 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 Company 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 Company. Investors must buy and sell ETF Shares on a secondary market 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.** ETF Shares purchased on the secondary market cannot usually be sold directly back to the Company. In exceptional circumstances, whether as a result of disruptions in the secondary market or otherwise, Shareholders are entitled to apply to the Company in writing to have the ETF Shares in question registered in their own name, to enable them to access the redemption facilities described in the “**Primary Market**” section. Investors should refer to the “**Purchase and Sale Information**” section for further details.

**VALUATION RISK.** A Fund’s investments will typically be valued at the relevant market value, in accordance with the Articles and applicable law. In certain circumstances, a portion of a Fund’s assets may be valued by the Company 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 Company considers available information unreliable, the Company may value a Fund’s assets based on such other information as the Company may in its discretion consider appropriate. There can be no assurance that such prices will accurately reflect the price a Fund would receive upon sale of a security, and to the extent a 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 Fund invests in other funds or investment pools, it will generally value its investments in those funds or pools based on the valuations determined by the funds or pools, which may not be the same as if the net assets of the funds or pools had been valued using the procedures employed by the Fund to value its own assets.

## **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 (see “**Issuer Risk**” above) or due to general market conditions that are not specifically related to a particular company or 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 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 Fund invests in equity warrants, Shareholders should be aware that the holding of warrants may result in increased volatility of the relevant Fund’s Net Asset Value per Share. For Funds investing in convertible equity securities Shareholders 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 Funds, fluctuations in the value of equity securities comprised in any Index, the performance of which is replicated by the relevant Fund, would cause the Net Asset Value of the relevant Fund to fluctuate.

**INVESTMENT STYLE RISK:** Equity securities generally fall into four broad categories – large cap, mid-cap, small cap and micro cap. If a Fund invests primarily in one category, there is a risk that due to current market conditions, the Fund may perform less well than a Fund that is invested in another category or across several categories. General risks associated with these categories are set forth below:

**Large Cap Risk** - Returns on investments in stocks of large companies could trail the returns on investments in stocks of smaller and mid-sized companies.

**Mid-Cap Risk** - Mid-sized companies may be more volatile and more likely than large-capitalisation companies to have relatively limited product lines, markets or financial resources, or depend on a few key employees. Returns on investments in stocks of mid-size companies could trail the returns on investments in stocks of larger or smaller companies.

**Small Cap Risk** - Small-sized companies may be more volatile and more likely than large- and mid-capitalisation companies to have relatively limited product lines, markets or financial resources, or depend on a few key

employees. Returns on investments in stocks of small companies could trail the returns on investments in stocks of larger companies. See also “**Small Companies Risk**”.

Micro Cap Risk - Micro cap companies may be newly formed or in the early stages of development with limited product lines, markets or financial resources. Therefore, micro cap companies may be less financially secure than large-, mid- and small-capitalisation companies and may be more vulnerable to key personnel losses due to reliance on a smaller number of management personnel. In addition, there may be less public information available about these companies. Micro cap stock prices may be more volatile than large-, mid- and small-capitalisation companies and such stocks may be more thinly traded and thus difficult for a Fund to buy and sell in the market. See also “**Small Companies Risk**”.

**SMALL COMPANIES RISK.** Small companies may offer greater opportunities for capital appreciation than larger companies, but they tend to be more vulnerable to adverse developments than larger companies, and investments in these companies may involve certain special risks. Small companies may have limited product lines, markets, or financial resources and may be dependent on a limited management group. In addition, these companies may have been recently organised and have little or no track record of success. Also, the Investment Manager may not have had an opportunity to evaluate such newer companies’ performance in adverse or fluctuating market conditions. The securities of small companies may trade less frequently and in smaller volume than more widely held securities. The prices of these securities may fluctuate more sharply than those of other securities, and a Fund may experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There may be less publicly available information about the issuers of these securities or less market interest in such securities than in the case of larger companies, both of which can cause significant price volatility. Some securities of smaller issuers may be illiquid or may be restricted as to resale.

## **RISKS ASSOCIATED WITH INVESTMENT IN 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 honor its obligations. This risk is particularly pronounced for lower-quality, high-yielding debt securities.

Additional general risks that may be part of debt securities 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 Fund owns securities of that issuer or that the issuer will default on its obligations. See also “**Issuer Risk**”. 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 Fund loses its rating or its rating is downgraded, the 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 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. See also "**Prepayment Risk**" below. 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 Fund may become more volatile and the Fund could lose some or all of its investment.

**Prepayment Risk** - A debt security held by a Fund could be repaid or "called" before the money is due, and the 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.

**MORTGAGE AND ASSET-BACKED SECURITIES RISK.** Mortgage-related securities represent a participation in, or are secured by, mortgage loans. Other asset-backed securities are typically structured like mortgage-related securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases on various types of real and personal property, and receivables from credit card agreements. During periods of falling interest rates, mortgage-related and other asset-backed securities, which typically provide the issuer with the right to prepay the security prior to maturity, may be prepaid, which may result in a Fund having to reinvest the proceeds in other investments at lower interest rates. During periods of rising interest rates, the average life of mortgage-related and other asset-backed securities may extend because of slower-than expected principal payments. This may lock in a below market interest rate, increase the security's duration and volatility, and reduce the value of the security. As a result, mortgage-related and other asset-backed securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market values during periods of rising interest rates. Prepayment rates are difficult to predict and the potential impact of prepayments on the value of a mortgage-related or other asset-backed security depends on the terms of the instrument and can result in significant volatility. The price of a mortgage-related or other asset-backed security also depends on the credit quality and adequacy of the underlying assets or collateral, if any. Defaults on the underlying assets, if any, may impair the value of a mortgage-related or other asset-backed security. For some asset-backed securities in which a Fund invests, such as those backed by credit card receivables, the underlying cash flows may not be supported by a security interest in a related asset. Moreover, the values of mortgage-related and other asset-backed securities may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence or malfeasance by their servicers and to the credit risk of their servicers. In certain situations, the mishandling of related documentation may also affect the rights of securities holders in and to the underlying collateral, if any. Furthermore, there may be legal and practical limitations on the enforceability of any security interest granted with respect to underlying assets, or the value of the underlying assets, if any, may be insufficient if the issuer defaults. In a "forward roll" transaction, a Fund will sell a mortgage-related security to a bank or other permitted entity and simultaneously agree to purchase a similar security from the institution at a later date at an agreed upon price. The mortgage securities that are purchased will bear the same interest rate as those sold, but generally will be collateralized by different pools of mortgages with different prepayment histories than those sold. Risks of mortgage-related security rolls include: the risk of prepayment prior to maturity and the risk that the market value of the



securities sold by a Fund may decline below the price at which the Fund is obligated to purchase the securities. Forward roll transactions may have the effect of creating investment leverage in a Fund.

**SOVEREIGN RISK.** A 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 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 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 enumeration or explanation of the risks involved in purchasing Shares of any 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 Fund.**



## PURCHASE AND SALE INFORMATION

### PRIMARY MARKET

**SUBSCRIPTION FOR ETF SHARES.** The provisions set out below apply to subscriptions for ETF Shares directly to the Company only and not to purchase of ETF Shares on secondary markets. Applications for subscriptions directly to the Company in respect of ETF Shares may only be made by authorized participating dealers. All other investors may purchase ETF Shares through the authorized participants on the secondary market, as described below in the section entitled “**Secondary Market – Secondary Market Purchases and Sales**”. This restriction does not apply in the case of Non-ETF Shares which may be issued directly by the Company to all prospective investors. Subscriptions for ETF Shares in a Fund may be made, at the discretion of the Directors, in cash, in kind or in a combination of both.

**SUBSCRIPTION FOR NON-ETF SHARES.** The provisions set out below also apply to subscriptions for Non-ETF Shares directly to the Company. It is not expected that there will be any secondary market in Non-ETF Shares. Subscriptions for Non-ETF Shares in a Fund may be made in the manner specified in the Relevant Supplement and may at the discretion of the Directors be in cash, in kind or in a combination of both.

Except as disclosed in this Prospectus, the 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.

**INITIAL SUBSCRIPTIONS.** Shares in any Fund will be issued initially at the price specified in the Relevant Supplement and, thereafter, at the Net Asset Value per Share as specified in the Relevant Supplement. Subscriptions for Shares will be considered upon receipt by the Administrator of completed share applications which satisfy the application requirements including, but not limited to, anti-money laundering documentation and must be settled with, cleared funds and/or any other appropriate consideration as specified below. Such Shares will be issued following the Closing Date of the Initial Offer Period in accordance with the provisions of the Relevant Supplement.

**SUBSEQUENT SUBSCRIPTIONS.** Shareholders may submit subsequent applications, without a requirement to submit original documentation, for Shares in a Fund 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.

**MINIMUM SUBSCRIPTION AMOUNTS.** Shareholders who subscribe for Shares, in any of the ways described below, must subscribe an amount that is at least equal to the Minimum Subscription Amount. 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 Relevant Supplement.

**APPLICATION FORMS.** 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. Amendments to a Shareholder’s registration details and payment instructions will only be effected upon receipt of original documentation.

**CASH SUBSCRIPTIONS.** Investors may subscribe for Shares for cash on each Dealing Day by making an application before the dealing deadline specified for each Fund in the Relevant Supplement. 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. 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 Company 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 FOR ETF SHARES.** Each Fund will allow investors to subscribe for ETF Shares in-kind on each Dealing Day, unless specified otherwise in the Relevant Supplement (and except during any period in which the





calculation of the Net Asset Value per Share is suspended). In this context, "in-kind" means that, rather than receiving cash in respect of a subscription, the Company will receive securities (or predominantly securities) and a cash component.

Applications for ETF Shares received by the Administrator before the dealing deadline on a Dealing Day specified in the Relevant Supplement are accepted on that Dealing Day and processed in accordance with the Relevant Supplement 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.

In-kind subscriptions for ETF Shares may be made by the investors in two ways, as follows. Firstly, settlement may take the form of a basket of securities and a cash component that is designed by the Investment Manager to be closely aligned with the composition of the relevant Fund (so that the Investment Manager will not be required, following completion of the subscription, to take any further material steps in the form of additional purchases or sales of securities or adjustment(s) of any other positions maintained in respect of the relevant Fund to re-balance the composition of the Fund) (a **"Fixed Portfolio Basket"**). The composition of the Fixed Portfolio Basket to be delivered by an investor and an estimated amount of the balance in cash are published every Dealing Day on the Website.

Secondly, settlement may be in the form of a basket of securities agreed between the investor and the Investment Manager from a list identified by the Investment Manager as appropriate for the Fund in the implementation of its investment policy (but which, in order to enable the Fund to fully achieve its investment objective, may require the Investment Manager to take further steps in the form of additional purchases or sales of securities or adjustment(s) of any other positions maintained in respect of the relevant Fund to re-balance the composition of the Fund) and a cash component (a **"Negotiated Portfolio Basket"**).

The list of acceptable securities that may be delivered by an applicant as part of a Negotiated Portfolio Basket will be notified to any investor wishing to subscribe in this way, on the relevant Dealing Day.

The exact value of the cash balance in the case of each of a Fixed Portfolio Basket and a Negotiated Portfolio Basket is determined after calculation of the Net Asset Value of the relevant Fund for the relevant Dealing Day, established 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 Fixed Portfolio Basket or Negotiated Portfolio Basket, as the case may be, using the same valuation methodology as that used to determine the Net Asset Value per Share.

Settlement/delivery of subscriptions is made no later than five (5) Business Days after the relevant Dealing Day.

The Directors have the right to refuse the securities proposed and have a period of seven (7) Business Days from the date they are deposited to provide notification of its decision. If the Fixed Portfolio Basket or the Negotiated Portfolio Basket, as the case may be, is not delivered to the Company, 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, the Directors reserve the right to cancel any provisional allotment of Shares. For all in-kind subscriptions, (i) the nature of the assets to be transferred to the relevant Fund must be such that they would qualify as investments of the relevant Fund in accordance with its investment objectives, policies and restrictions; (ii) the assets must be vested with the Custodian or arrangements be made to vest the assets with the Custodian; (iii) the number of Shares to be issued must not exceed the amount that would be issued for the cash equivalent; and (iv) the Custodian is satisfied that there is unlikely to be any material prejudice to the existing Shareholders.

Applications for ETF Shares are irrevocable and the provisions described above may be applied to any application for Shares that is not fully settled in the manner described above.

**IN-KIND SUBSCRIPTIONS FOR NON-ETF SHARES.** Each Fund may allow investors to subscribe for Non-ETF Shares in-kind on each Dealing Day, where specified in the Relevant Supplement (and except during any period in which the calculation of the Net Asset Value per Share is suspended). In this context, "in-kind" means that, rather than receiving cash in respect of a subscription, the Company will receive securities (or predominantly securities) and a cash component.

Applications for Non-ETF Shares received by the Administrator before the dealing deadline on a Dealing Day specified in the Relevant Supplement are accepted on that Dealing Day and processed in accordance with the Relevant Supplement provided always that the Directors may, in exceptional circumstances, decide to accept subscriptions after the relevant dealing deadline provided that they are received before the relevant Valuation Point.

In-kind subscriptions for Non-ETF Shares may be accepted from investors at the discretion of the Directors by way of a Fixed Portfolio Basket as described above in **"In-Kind Subscriptions for ETF Shares"**. The composition of the Fixed Portfolio Basket to be delivered by an investor and an estimated amount of the balance in cash are published every Dealing Day on the Website. In-Kind Subscriptions for Non-ETF Shares are generally not accepted by way of a Negotiated Portfolio Basket.

The exact value of the cash balance in the case of a Fixed Portfolio Basket is determined after calculation of the Net Asset Value of the relevant Fund for the relevant Dealing Day, established 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 Fixed Portfolio Basket using the same valuation methodology as that used to determine the Net Asset Value per Share.

Settlement/delivery of subscriptions is made no later than five (5) Business Days after the relevant Dealing Day.

If the Fixed Portfolio Basket is not delivered to the Company, 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, the Directors reserve the right to cancel any provisional allotment of Shares. For all in-kind subscriptions, (i) the nature of the assets to be transferred to the relevant Fund must be such that they would qualify as investments of the relevant Fund in accordance with its investment objectives, policies and restrictions; (ii) the assets must be vested with the Custodian or arrangements be made to vest the assets with the Custodian; (iii) the number of Shares to be issued must not exceed the amount that would be issued for the cash equivalent; and (iv) the Custodian is satisfied that there is unlikely to be any material prejudice to the existing Shareholders.

Applications for Non-ETF Shares are irrevocable and the provisions described above may be applied to any application for Shares that is not fully settled in the manner described above.

**DUTIES AND CHARGES FOR CASH AND IN KIND SUBSCRIPTIONS.** The Directors may, in their absolute discretion, include an appropriate provision for Duties and Charges in respect of each subscription.

**REGISTRATION OF SHARES.** All Shares issued will be in registered form. Written confirmation of ownership will be sent to investors that have subscribed for Shares. Shares may only be issued as fully paid in whole units. Generally, Shares will be issued in dematerialised non-certificated form in one or more recognised clearing and settlement systems, subject to the issue of a global certificate where required by a clearing system in which Shares are held. No individual certificates for Shares will be issued by the Company.

**REDEMPTION OF SHARES.** The provisions set out below apply only to redemptions of ETF and Non-ETF Shares by the Company to primary market investors and not to disposals of ETF Shares on the secondary markets. ETF Shares purchased on the secondary market cannot usually be sold directly back to the Company; however in exceptional circumstances, Shareholders may be entitled redeem their Shares directly with the Company as described below in the section entitled **"Secondary Market – Secondary Market Purchases and Sales"**.

**REDEMPTION APPLICATIONS.** Shareholders may request the Company to redeem their Shares on any Dealing Day in accordance with the following redemption procedures and as specified in the Relevant Supplement. 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 before the dealing deadline on the relevant Dealing Day specified in the Relevant Supplement provided that, in the case of faxed redemption requests, payment of redemption proceeds will be made only to the account of record. 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.

**MINIMUM REDEMPTION AMOUNT.** 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 Relevant Supplement.

**REDEMPTIONS FOR CASH.** Shareholders may request the redemption, in cash, of Shares on any Dealing Day at the Net Asset Value per Share as of the relevant Dealing Day. The Administrator or the Directors may refuse to process a redemption request until proper information has been provided. Any amendments to a Shareholder's registration detail or payment instructions will only be effected upon receipt of original documentation by the Administrator. All redemptions for cash will be subject to an appropriate provision for Duties and Charges. Payment for Shares redeemed will be effected no later than ten (10) Business Days after the relevant dealing deadline. Redemption proceeds in the Base Currency of the Class will be paid by wire transfer to the appropriate bank account as notified by the redeeming Shareholder. The cost of any transfer of proceeds by wire transfer will be deducted from such proceeds. Payment will be made only to an account in the name of the registered Shareholder. The Shares shall be redeemed at the Net Asset Value per Share on the Dealing Day on which redemption is effected.

**REDEMPTION OF SHARES IN-KIND.** Each Fund will allow Shareholders to redeem Shares in-kind on each Dealing Day, unless specified otherwise in the Relevant Supplement. In this context, "in-kind" means that, with the consent of the Shareholder, rather than delivering cash proceeds in respect of a redemption, the Company will deliver securities or a combination of cash and securities, provided that the asset allocation is subject to the approval of the Custodian. Redemption requests must be received by the Administrator before the dealing deadline on the relevant Dealing Day specified in the Relevant Supplement. The composition of the basket of securities to be delivered by the Company and an estimated amount of the balance in cash are published every Dealing Day on the Website. The exact value of the cash balance is determined after calculation of the Net Asset Value on the relevant Dealing Day, established 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 redeemed and the value of the basket of securities at the prices used in calculating the Net Asset Value per Share on the same date. All redemptions in-kind will be subject to an appropriate provision for Duties and Charges.

A determination to provide redemption in-kind shall be at the sole discretion of the Company where the redeeming Shareholder requests redemption of Shares in a Fund representing 5% or more of the Net Asset Value. The assets to be transferred shall be selected at the discretion of the Directors, subject to the approval of the Custodian and taken at their value used in determining the redemption price of the Shares being so repurchased. In this event the Company 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.** Redemptions 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. 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 instructions received after the relevant deadlines will be held over and dealt with on the following Dealing Day, unless the Directors otherwise determine. Redemption instructions should be sent by facsimile (or by electronic means if agreed with the Administrator) to the Administrator. Shareholders will not be entitled to withdraw redemption requests unless otherwise agreed by the Directors in consultation with the Administrator.

**REDEMPTION LIMITS.** If redemption requests received in respect of Shares of a particular Fund on any Dealing Day total, in aggregate, more than 10% of all of the issued Shares of that 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 Fund, in respect of which redemption requests have been received, as the Directors shall determine. If the Company refuses to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that the Company shall not be obliged to redeem more than 10% of the number of Shares of a particular Fund outstanding on any Dealing Day, until all the Shares of the Fund to which the original request related have been redeemed.



**CONVERSIONS.** A transfer from one Fund to another is executed by the redemption of the Shares of the original Fund and the subscription of Shares in the 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 Fund into Shares of any Class in any other Fund, provided that they meet all of the normal criteria for subscriptions into that 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.

**COMPULSORY REDEMPTIONS OF SHARES.** A Fund is established for an unlimited period and may have unlimited assets. However, a Fund may (but is not obliged to) redeem all of the Shares of any series or class in issue if:

- (a) the Shareholders of the relevant Fund pass a special resolution providing for such redemption at a general meeting of the holders of the Shares of that class;
- (b) the redemption of the Shares in that class is approved by a resolution in writing signed by all of the holders of the Shares in that class of the relevant Fund;
- (c) the Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the relevant Fund in any way;
- (d) the Net Asset Value of the relevant Fund falls below US\$50,000,000 or the prevailing currency equivalent in the currency in which Shares of the relevant Fund are denominated;
- (e) the Shares in the relevant Fund cease to be listed on a Listing Stock Exchange; or
- (f) the Directors deem it appropriate for any other reason, in which case thirty (30) days' notice shall be provided to Shareholders.

If the Custodian has given notice of its intention to retire and no new custodian acceptable to the Company and the Central Bank has been appointed within ninety (90) days of such notice, the Company shall apply to the Central Bank for revocation of its authorisation and shall redeem all of the Shares of any series or class in issue.

In each such case, the Shares of class shall be redeemed after giving not less than one (1) month's but not more than three (3) months' prior notice to all holders of such Shares. 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 the Company.

**DIRECTED TRADING.** Institutional investors in the primary markets may request the execution of a transaction, including, without limitation, the sale or purchase of securities on their behalf, either as part of a subscription or a redemption, in accordance with specific terms. These terms may include, without limitation, the use of a particular broker or market or other terms which are not in accordance with the standard terms on which the Investment Manager executes transactions for the Company generally, having regard to its obligation to provide best execution to the Company. Any investor wishing to instruct a transaction on such specific terms should contact the Investment Manager in good time in advance of any proposed trade date to propose the terms of such transaction, provided that neither the Company nor the Investment Manager shall be under any obligation to consent to any such proposal. Investors should note that none of the Company, the Investment Manager or their agents accept any liability for any loss, damage or delay caused by compliance with any such terms agreed with an investor. Investors should also read the risk warning headed "**Directed Trading Risk**" in the "**Risk Information**" section.

## 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 on Listing Stock Exchanges through a broker-dealer. The opening and closing days for the Listing Stock Exchanges will be specified on the 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 read the risk warnings headed "**Costs Of Buying And Selling Shares Risk**" and "**Trading Issues Risk**" in the "**Risk Information**" section.

ETF Shares purchased on the secondary market cannot usually be sold directly back to the Company. In exceptional circumstances as determined by the Directors, whether as a result of disruptions in the secondary market or otherwise, Shareholders are entitled to apply to the Company 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 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 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. Information showing the number of days the market price of a Fund’s ETF Shares was greater than the Net Asset Value per Share and the number of days it was less than the Net Asset Value per Share (i.e., premium or discount) for various time periods is available on the Website. Investors should also read the risk warning headed “**Fluctuation of Net Asset Value**” in the “**Risk Information**” section.

An **INAV** which is an estimate 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 and the INAV should not be viewed as a “real-time” update of the Net Asset Value per Share, which is calculated only once a day. Neither the Funds, nor the Investment Manager or any of their affiliates, nor any third party calculation agents involved in, or responsible for, the calculation or publication of such INAVs makes any warranty as to their accuracy. Details of the INAV for each Fund are available on the Website.

## DETERMINATION OF NET ASSET VALUE

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

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

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

The Net Asset Value per Share in each Fund shall be calculated to the nearest four decimal places in the base currency of the relevant Fund on each Business Day in accordance with the valuation provisions set out in the Articles and summarised below.

In the event that the Shares of any Fund are divided into different classes of Shares, the amount of the Net Asset Value of the Company attributable to a class shall be determined by establishing the number 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 Company 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 Company 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 Company will be calculated at the Valuation Point on each Business Day.

Each asset which is quoted, listed or traded on or under the rules of any Recognised Market shall be valued using the index method of valuations. Accordingly, depending on the terms of the relevant index, such assets will be valued at (a) closing bid price, (b) last bid price, (c) last traded price, (d) closing mid-market price or (e) last mid-market price on the relevant Recognised Market at the close of business on such Recognised Market on each Dealing Day. Prices will be obtained for this purpose by the Administrator from independent sources, such as recognised pricing services or brokers specialising in the relevant markets. If the investment is normally quoted, listed or traded on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be either (a) that which is the main market for the investment or (b) the market which the Directors determine provides the fairest criteria in a value for the security, as the Directors may determine. If prices for an investment quoted, listed or traded on the relevant Recognised Market are not available at the relevant time, or are unrepresentative in the opinion of the Directors, such investment shall be valued at such value as shall be estimated with care and in good faith as the probable realisation value of the investment by a competent professional person, firm or corporation appointed for such purpose by the Directors and approved for the purpose by the Custodian. If the investment is quoted, listed or traded on a Recognised Market but acquired or traded at a premium or discount outside of or off the Recognised Market, the investment shall be valued taking into account the level of premium or discount as of the date of valuation of the instrument and the Custodian must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. Neither the Directors or their delegates nor the Custodian shall be under any liability if a price reasonably believed by them to be the (a) closing bid price, (b) last bid price, (c) last traded price, (d) closing mid-market price or (e) last mid-market price for the time being, may be found not to be such.

The value of any investment which is not normally quoted, listed or traded on or under the rules of a Recognised Market, will be valued at its probable realisation value estimated with care and in good faith by the Directors in consultation with the Administrator or by a competent person, firm or corporation appointed by the Directors and approved for such purpose by the Custodian.

Cash in hand or on deposit shall be valued at face value together with accrued interest where applicable, unless in the opinion of the Directors (in consultation with the Administrator and the Custodian) any adjustment should be made to reflect the fair value thereof.

Derivative instruments including swaps, interest rate futures contracts, exchange traded futures, index futures and other financial futures contracts which are traded on a Recognised Market shall be valued at the settlement price as determined by the relevant Recognised Market at the close of business on such Recognised Market, provided that where it is not the practice of the relevant Recognised Market to quote a settlement price, or if a settlement price is not available for any reason, such instruments shall be valued at their probable realisation value estimated with care and in good faith by the Directors, who shall be approved for the purpose by the Custodian, in consultation with the Administrator.

OTC derivatives will be valued either using the counterparty's valuation or an alternative valuation provided by the Company or by an independent pricing vendor appointed by the Directors and approved for this purpose by the Custodian. OTC derivatives shall be valued at least daily. If using the counterparty's valuation, such valuation must be approved or verified by a party independent of the counterparty and approved by the Custodian (which may include the Company or a party related to the OTC counterparty provided that it is an independent unit within the same group and which does not rely on the same pricing models employed by the counterparty) on a weekly basis. If using an alternative valuation, the Company will follow international best practice and adhere to the principles on valuation of OTC derivatives established by bodies such as International Organisation of Securities Commissions and Alternative Investment Management Association. In the event that the Company opts to use an alternative valuation, the Company will use a competent person appointed by the Directors, approved for this purpose by the Custodian, or will use a valuation by any other means provided that the value is approved by the Custodian. All alternative valuations will be reconciled with the counterparty's valuation on at least a monthly basis. Any significant differences to the counterparty valuation will be promptly investigated and explained.

Forward foreign exchange and interest rate swap contracts may be valued by reference to freely available market quotations or, if such quotations are not available, in accordance with the provisions in respect of OTC Derivatives.

In calculating the Net Asset Value of each Fund and the Net Asset Value per Share in each 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 Company or any Shareholder 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 Company or any Shareholder 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 Investment Manager 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 Company or any Shareholder by reason of any error in the calculation of the Net Asset Value of the Fund and the Net Asset Value per Share in each Fund resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries.

Certificates of deposit shall be valued by reference to the latest available sale price for certificates of deposit of like maturity, amount and credit risk on each Dealing Day or, if such price is not available, at the latest bid price or, if such price is not available or is unrepresentative of the value of such certificate of deposit in the opinion of the Directors, at probable realisation value estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Custodian. Treasury bills and bills of exchange shall be valued with reference to prices ruling in the relevant markets for such instruments of like maturity, amount and credit risk at close of business on such markets on the relevant Dealing Day.

Units or Shares in collective investment schemes shall be valued on the basis of the latest available net asset value per unit or Share as published by the collective investment scheme. If units or Shares in such collective investment schemes are quoted, listed or traded on or under the rules of any Recognised Market then such units or Shares will be valued in accordance with the rules set out above for the valuation of assets which are quoted, listed or traded on or under the rules of any Recognised Market. If such prices are unavailable, the units or Shares will be valued at their probable realisation value

estimated with care and in good faith by the Directors in consultation with the Administrator or by a competent person, firm or corporation appointed for such purpose by the Directors and approved for the purpose by the Custodian.

Notwithstanding the above provisions the Directors may, with the approval of the Custodian (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 Custodian to be used if they deem it necessary.

In determining the Company's Net Asset Value per Share, all assets and liabilities initially expressed in foreign currencies will be converted into the Base Currency of the Company 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.

Save where the determination of the Net Asset Value per Share in respect of any Fund has been temporarily suspended in the circumstances described under "**Temporary Suspension of Dealings**" below, the Net Asset Value per Share shall be made public after the Valuation Point on the business day following the relevant Dealing Day. Following calculation at the registered office of the Investment Manager and 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 to any Listing Stock Exchange in accordance with the rules of the relevant Listing Stock Exchange.

**TEMPORARY SUSPENSION OF DEALINGS.** The Directors may at any time, with prior notification to the Custodian, temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of Shares of any Fund, or the payment of redemption proceeds, during:

- a) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the Company 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) any period when, 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 Company cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interests of Shareholders;
- c) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the Company or during any period when for any other reason the value of investments for the time being comprised in the Company cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- d) any period when the Company 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 Company, 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) any period when, 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 Company or the remaining Shareholders in the Company; and
- f) any period when the Directors determine that it is in the best interests of the Shareholders to do so.

Notice of any such suspension shall be published by the Company at its registered office and in such newspapers and through such other media as the Directors may from time to time determine and shall be transmitted immediately to the Central Bank (without delay) and the Shareholders. Shareholders who have requested the issue or redemption of Shares of any series or class will have their subscription or redemption request 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.



## DISTRIBUTIONS

### **DIVIDENDS AND CAPITAL GAINS.**

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

Each Fund may have accumulating Shares, where income and capital gains are reflected in the Net Asset Value per Share, or distributing Shares, where, at the discretion of the Directors, any combination of income and capital gains are distributed to shareholders on a periodic basis, or both. The distribution policies applicable to Shares of any Fund will be specified in the Relevant Supplement. The distribution policy of any Fund or of any class of Shares may be changed by the Directors upon reasonable notice to Shareholders of that Fund or class of Shares as the case may be and, in such circumstances, the distribution policies will be disclosed in an updated Prospectus and/or Supplement.

Dividends will be declared in the Base Currency of the applicable Fund. Any dividend paid on a Share of any Fund that has not been claimed within six years of its declaration shall be forfeited and shall be retained for the benefit of the relevant Fund. No interest shall be paid on any dividend.



## FEES AND EXPENSES

All of the fees and expenses payable in respect of a Fund are paid as one single fee. This is referred to as the total expense ratio or “**TER**”. The TER does not include extraordinary costs and certain ongoing costs and expenses as outlined below.

After deduction and payment of Directors’ fees and expenses and the Auditors’ fees and expenses, (both of which are included in the TER), the balance of the TER is paid to the Investment Manager, and the Investment Manager is then responsible for the payment of all operational expenses of the Company. This includes, but is not limited to, fees and expenses of the Investment Manager, Custodian, Administrator, and Company Secretary. The Investment Manager may pay part or all of its fees to any person that invests in or provides services to the Company or in respect of any Fund.

The Investment Manager will also be responsible for the payment of the following fees and expenses:

- the cost of 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 Shareholders;
- 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 Company;
- the costs and expenses of any investment adviser appointed by the Investment Manager;
- all establishment costs of the Company and the Funds not otherwise referred to above; 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 Company or of any Fund.

The TER does not include extraordinary costs and certain ongoing costs and expenses (including but not limited to transaction charges, stamp duty or other taxes on the investments of the Company, including duty charges for portfolio re-balancing, withholding taxes, commissions and brokerage fees incurred with respect to the Company’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 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 the Company, all of which will be paid separately out of the assets of the relevant Fund).

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

## TAX INFORMATION

*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 (other than dealers in securities). 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).*

**Whilst, in general, Shareholders who are not resident in Ireland for Irish tax purposes will have no liability to Irish tax in respect of their Shares, investors should be aware that depending on the laws and practices of the country where the Shares are purchased, sold, held or redeemed and subject to the country of tax residence or nationality of the Shareholder, they may suffer income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Fund, capital gains within the Fund whether realised or unrealised, income received or accrued or deemed received within the Fund.**

**In addition, while taxes may be calculated based on income received and/or deemed to be received and/or accrued in the Fund in relation to the assets of a Fund; the performance of the Fund, and subsequently the return investors received after redemption of the Shares, might partially or fully depend on the performance of a reference index or reference asset.**

### **Taxation of the Company**

The Company intends to conduct its affairs so that it is resident in Ireland for tax purposes. On that basis, the Company qualifies as an 'investment undertaking' for Irish tax purposes and is exempt from Irish corporation tax on its income and gains. Provided the Shares remain held in a recognised clearing system (which includes the Crest clearing system), the Company will not account for any Irish tax in respect of the Shares. If the Shares cease to be held in a recognised clearing system, the Company would be obliged to account for Irish tax to the Irish Revenue Commissioners in certain circumstances.

### **Taxation of Non-Irish Shareholders**

Shareholders who are not resident (or ordinarily resident) in Ireland for Irish tax purposes will have no liability to Irish tax in respect of their Shares. There is one exception; 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 (on a self-assessment basis) in respect of the Shares. Explanations of the terms '*resident*' and '*ordinarily resident*' are set out at the end of this summary.

### **Taxation of Irish Shareholders**

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. For Shareholders who are individuals, the applicable Irish tax rates are currently 33% (for yearly or more frequent distributions) and 36% (for distributions made less frequently than once a year and for gains on redemptions, disposals and deemed disposals, assuming correct tax returns are made). For Shareholders who are companies, the applicable Irish tax rate is currently 25%.

### **Irish 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 Company, a charge to Irish stamp duty could potentially arise.

## Irish Gift & Inheritance Tax

Irish capital acquisitions tax (at a rate of 33%) could apply to gifts or inheritances of the Shares (irrespective of the residence or domicile of the donor or donee) because the Shares could be treated as Irish situate assets. However, any gift or inheritance of Shares will be exempt from Irish capital acquisitions tax once:

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

## Reporting of Information under the Savings Directive

Ireland has transposed the EU Directive on the taxation of savings income in the form of interest payments (Directive 2003/48/EC) into Irish law. In certain circumstances, the Company (or an Irish paying agent) may be obliged to report information to the Irish Revenue Commissioners relating to Shareholders who are individuals resident in the EU (other than in Ireland) or in certain other territories. A reporting obligation may also arise with respect to Shareholders established in these jurisdictions who are not legal persons, persons subject to corporate taxation or UCITS. Any information reported to the Irish Revenue Commissioners would be communicated to the authorities in the jurisdiction of residence (or establishment) of the relevant Shareholders. However, no reporting obligation should arise in Ireland once (broadly) the Company, or the relevant sub-fund of the Company, invests less than 15% of its total assets (directly or indirectly) in debt claims or other specified assets.

## 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 is incorporated in Ireland is tax 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 EU member states or 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.

### *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 2007 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2010.

## **UNITED KINGDOM**

### **General**

The statements on United Kingdom taxation below are intended to be a general guide to the anticipated tax treatment in the United Kingdom of its Shareholders. This is not a comprehensive summary of United Kingdom taxation in respect of all classes of investors and is not intended to constitute legal or tax advice to investors. Prospective investors should consult their own professional advisers on the overall tax consequences of investing in the Company.

The statements below relate to Shareholders holding Shares as an investment (as opposed to dealers in securities, insurance companies and certain trusts) and are based on the law and published practice in force at the date of this Prospectus, both of which are subject to change at any time, possibly with retrospective effect. The statements do not cover United Kingdom Shareholders which are tax exempt or subject to special taxation regimes (including pension funds). As is the case with any investment, there can be no guarantee that the tax position prevailing at the time an investment in the Company is made will continue indefinitely. The statements below only relate to the UK tax implications of UK resident, ordinarily resident and domiciled individuals and UK resident companies investing in Shares in the Company.

### **The Company**

Provided that the Directors ensure that central management and control of the Company remains outside of the United Kingdom, the Company should not be subject to United Kingdom corporation tax on its income and capital gains.

#### *The Offshore Funds Regulations*

The Taxation (International and Other Provisions) Act 2010 and The Offshore Funds (Tax) Regulations 2009 (as amended) (the "Regulations"), contain provisions which may affect United Kingdom tax resident investors in offshore funds which are not approved by HM Revenue & Customs as UK 'reporting funds' during the investor's entire period of ownership.

The Regulations provide that if an investor resident or ordinarily resident in the United Kingdom for taxation purposes holds an interest in an offshore fund and that offshore fund is a 'non-reporting fund', any gain accruing to that investor upon the sale or other disposal of that interest will be charged to United Kingdom tax as income and not as a capital gain (or corporation tax on chargeable gains in the case of investors within the charge to United Kingdom corporation tax).

Alternatively, where an investor resident or ordinarily resident in the United Kingdom for taxation purposes holds an interest in an offshore fund (unless the offshore fund fails the 'non-qualifying investment test') that has been a 'reporting fund' for all periods of account for which they hold their interest, any gain accruing upon sale or other disposal of the interest will be subject to capital gains tax (or corporation tax on chargeable gains in the case of investors within the charge to United Kingdom corporation tax) rather than tax on income.

Where an offshore fund may have been a non-reporting fund for part of the time during which the United Kingdom shareholder held their interest and a reporting fund for the remainder of that time, there are elections which can potentially be made by the shareholder in order to pro-rate any gain made upon disposal; the impact being that the portion of the

gain made during the time when the offshore fund was a reporting fund would be taxed as a capital gain. In these circumstances, from the date the offshore fund changes status such elections have specified time limits in which they can be made.

It should be noted that a 'disposal' for United Kingdom tax purposes would generally include a switching of interest between Funds within the Company and might in some circumstances also include a switching of interests between Classes in the same Fund of the Company.

In broad terms, a 'reporting fund' is an offshore fund that meets certain upfront and annual reporting requirements to HM Revenue & Customs and its shareholders. To obtain reporting fund status for a particular Class of Shares, the Directors of the Company must apply to HM Revenue & Customs for a particular Class of Shares to constitute a reporting fund within specified time limits and demonstrate to HM Revenue & Customs that the particular Class of Shares complies with the applicable rules in force for reporting funds status.

In accordance with the Regulations, reporting fund status broadly requires the Company to report to both investors and HM Revenue & Customs the income of the reporting fund for each reporting period. Where the reported income exceeds what has been distributed to Shareholders, the excess is treated as additional distributions to UK investors who will be taxed accordingly (as to which, see below).

Separate classes of Shares of the Company will be regarded separately in determining if they constitute 'offshore funds' for the purposes of the Regulations. Offshore funds that can issue more than one class of share should treat each class of share as a separate offshore fund for the purposes of the legislation and therefore need only obtain reporting fund status for those separate classes that require it.

The Directors intend to manage the affairs of the Company and the Funds so that these upfront and annual duties are met and continue to be met on an ongoing basis. No assurance can be given that the Directors will continue to seek such status in respect of any such Class or that any such class will qualify. Such annual duties will include calculating and reporting the income returns of the offshore fund for each reporting period (as defined for United Kingdom tax purposes) on a per-share basis to all relevant shareholders (as defined for these purposes). United Kingdom tax resident Shareholders which hold their interests at the end of the reporting period to which the reported income relates, will be subject to income tax or corporation tax on the higher of any cash distribution paid and the full reported amount. The reported income will be deemed to arise to United Kingdom Shareholders on the date the report is issued by the Directors.

It is not intended to apply to HM Revenue & Customs for certification for Classes within the Company other than those named above as shares in a 'reporting fund', however, the Directors reserve the right to seek such certification in respect of any Class. No assurance can be given that any Class will qualify. Accordingly, any gains arising to Shareholders resident or ordinarily resident in the United Kingdom on a sale, redemption or other disposal of Classes within the Company other than those named above (including a deemed disposal on death) will be taxed as offshore income gains rather than capital gains.

As at the date of this Prospectus, the Company is seeking reporting fund status for certain Funds from HM Revenue & Customs and it will remain in place permanently for such period as the annual requirements are undertaken. No assurance can be given that the Directors will obtain reporting fund status or will continue to seek such status in respect of any such Funds or that any such Funds will continue to qualify. The Statement of Reportable Income of 'reporting funds' can be found on the Website

#### *Treatment of income received from the Company*

Following the enactment of Finance Act 2009, from 1 July 2009, dividend distributions from an offshore fund made to companies resident in the United Kingdom are likely to fall within one of a number of exemptions from United Kingdom corporation tax. In addition, distributions to non-United Kingdom resident companies carrying on a trade in the United Kingdom through a permanent establishment in the United Kingdom should also fall within the exemption from United Kingdom corporation tax on dividends to the extent that the shares held by that company are used by, or held for, that permanent establishment.

Subject to their personal circumstances, individual Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax in respect of dividends or other distributions of income made by the Company, irrespective of whether such distributions are distributed to Shareholders or reinvested and accumulated in the particular Fund.

To the extent that Classes of Shares satisfy the 'non-qualifying investment test' (which requires that not more than 60 per cent. of an offshore fund's assets must consist of bonds or other interest bearing or economically equivalent assets) distributions or reported income will be treated and taxed in the hands of an individual Shareholder as dividend income. UK tax resident individual Shareholders whose shareholding in the Company is less than 10 per cent. will, subject to certain other conditions also being met, be entitled to a non-payable tax credit of one ninth of the amount of the distribution received from the Company, which is equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the "gross dividend"), and will be subject to income tax on the gross dividend. An individual Shareholder who is subject to income tax at the basic tax rate will be liable to tax on the gross dividend at the rate of 10 per cent.. Therefore, the tax credit will satisfy the income tax liability of such a Shareholder in full. To the extent that a UK resident individual Shareholder does not receive taxable income in excess of £150,000 per annum (a "higher rate taxpayer"), such a Shareholder will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated, broadly speaking, as the top slice of that Shareholders' income, falls above the threshold for higher rate income tax. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend. To the extent that a UK resident individual Shareholder receives taxable income in excess of £150,000 per annum (an "additional rate taxpayer"), he will be subject to a rate of income tax of 50 per cent. with a rate of 42.5 per cent. applying to dividend income, resulting in an effective rate of 36.11 per cent. for additional rate taxpayers. For these purposes, dividend income will generally be treated as the top slice of an individual's income. No repayment of the tax credit in respect of dividends paid by the Company may be claimed by UK resident Shareholders.

To the extent that a Class of Share does not satisfy the 'non-qualifying investment test' (referred to above), distributions or reported income will be taxed in the hands of an individual Shareholder as interest. UK resident Shareholders subject to income tax on interest at the basic rate are taxed a maximum rate of 10 or 20 per cent. The rate of tax on income increases to a maximum rate of 40 per cent. for higher rate taxpayers and 50 per cent. for additional rate taxpayers.

#### *Transfer Taxes: Stamp Duty Reserve Tax and ad valorem Stamp Duty*

The Directors intend that the register of Shareholders will be kept and maintained outside of the United Kingdom. As a result, no United Kingdom stamp duty reserve tax or ad valorem stamp duty will be payable by investors in relation to the acquisition of Shares in the Company. The Company itself may, however, be required to pay stamp duty reserve tax or ad valorem stamp duty in respect of the acquisition of securities constituting investments of the Company. In particular, stamp duty reserve tax will be payable, generally at a rate of 0.5 per cent., on the acquisition of shares in companies which are incorporated in the United Kingdom or which hold and maintain their share register in the United Kingdom. Transfer of assets abroad

The attention of Shareholders who are individuals ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions contained in Chapter 2 of Part 13 of Income Tax Act 2007. These provisions are designed to prevent the avoidance of income tax by individuals through the transfer of assets or income to persons (including companies) resident or domiciled outside the UK. These provisions may render an investor liable to taxation in respect of undistributed amounts which would be treated as UK taxable income and profits of the Company (including, if the Company or any Fund therefore were treated as carrying on a financial trade making profit on the disposition of securities and financial profits) on an annual basis.

There are, however, provisions which provide exemption from a charge to income tax in the above circumstances provided the individual satisfies the Board of HM Revenue & Customs that (i) the avoidance of tax was not the purpose or one of the purposes for which the transfer or associated operations were effected; or (ii) the transfer of associated operations (the Transactions) were genuine commercial Transactions and it would not be reasonable to draw the conclusion from all the circumstances of the case that any one or more of those Transactions was more than incidentally designed for the purposes of avoiding tax.



### *Transactions in Securities*

The attention of Shareholders is drawn to the anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Chapter 1 of Part XVII of the Income Taxes Act 1988 which could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

### **TAXATION CONSIDERATIONS ARISING FROM POOLING ARRANGEMENTS**

A review of the tax impact of the pooling arrangements has been undertaken in Ireland. The proposed pooling arrangements are an administrative device designed to reduce operational and other expenses and do not change the legal rights and obligations of the Company's investors. Accordingly, it is not anticipated that any material Irish tax will arise due to the implementation of the pooling arrangements as described in this Prospectus. There may be a risk of taxation impact in other jurisdictions where securities located in those countries are pooled as described in this Prospectus, though any additional taxes arising may not be material.

**Potential investors who are in any doubt as to their tax position should consult their own independent tax advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant tax authorities' change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.**



## MANAGEMENT

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

- Tom Finlay (Irish). Mr Finlay is a barrister by profession who worked for 26 years (February 1975 to May 2001) for Bank of Ireland Asset Management (formerly the Fund Management division of the Bank of Ireland Group). His most recent role was head of their Irish Business. In the early 1990s, Mr Finlay had a direct involvement in the setting up of the Bank of Ireland Group's fund administration and custodial services to international clients. In 2001, Mr Finlay set up his own consultancy business which to date has concentrated on providing strategic advice in the areas of client service and relationship management. Mr Finlay has also been appointed as a non-executive director to a number of companies operating out of Dublin's IFSC (International Financial Services Centre). Mr Finlay is a past Chairman of the Irish Association of Pension Funds and in 2001 was appointed to the Irish Pension Board (the statutory body responsible for regulating Occupational Pension Schemes in Ireland) where he served a full five year term and chaired the board's policy committee.
- Alan Jeffers (Irish). Mr Jeffers is a chartered accountant and former council member of the Institute of Chartered Accountants in Ireland. He was previously managing director of Avenue Investment Company, a venture capital investor in Ireland and financial controller and assistant managing director of Jefferson Smurfit Group plc from 1968 to 1973. He is chairman of Dipcot Holdings Limited and Banking Automation Limited. He is also a director of several IFSC companies.
- Michael Karpik (U.S. and U.K. Resident). Michael is a Senior Managing Director and Head of EMEA for State Street Global Advisors (SSgA), the investment management arm of State Street Corporation and a global leader in asset management. He is also a member of SSgA's Executive Management Group, Chairman of the Board for SSgA Limited (UK) and is a member of the board for multiple SSgA operating entities and fund companies throughout Europe. Prior to this appointment and since 2009, Michael was Head of Investments for EMEA as well as Head of UK, Middle East and Ireland. Michael moved to London in 1999 and has also had previous management positions in operations, product development and our Global Cash Investment group. He is a 25 year industry veteran and a 14 year veteran of SSgA. Michael has a BS in Finance from Gannon University and is a Chartered Financial Analyst (CFA).
- Patrick J. Riley (U.S.). Mr Riley is a retired Associate Justice of the Superior Court of the Commonwealth of Massachusetts. Mr Riley has been a member of the Board of Trustees of the SSgA Funds in the U.S. from 1988 to present and has served as chairman of the SSgA Funds Board since January 2009. Mr Riley was a senior partner in the Boston law firm of Riley, Burke & Donahue, LLP from 1985 to 2002. He was a trial lawyer with the law firm of Cargill, Masterman & Culbert in Boston from 1982 to 1985 and prior to that served as Assistant District Attorney in the Essex County Superior Court from 1976 to 1982. Mr Riley holds a BA degree from Loyola College, Montreal, Canada and a Juris Doctor degree from Suffolk University Law School in Boston.

The Directors are responsible for managing the business affairs of the Company. The Directors have delegated (a) the administration of the Company's affairs, including responsibility for the preparation and maintenance of the Company's records and accounts and related fund accounting matters including the calculation of the Net Asset Value per Share, to the Administrator; (b) the safe-keeping of the Company's assets to the Custodian; (c) responsibility for the investment management, including the acquisition and disposal of the assets of the Company, to the Investment Manager; and (d) registrar services, including the maintenance of the register of Shareholders, to the Registrar. The Articles do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The Articles provide that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. The Company 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 Company.

The address of the Directors is the registered office of the Company.

**INVESTMENT MANAGER.** State Street Global Advisors Limited serves as the investment manager to each Fund and, subject to the supervision of the Directors, is responsible for the investment management of the Funds pursuant to an investment management agreement dated 30 September 2013 between the Company and the Investment Manager (the “Investment Management Agreement”). The Investment Manager provides an investment management program for each Fund and manages the investment of the Funds’ assets. The Investment Manager and other affiliates of State Street Corporation, including SSgA (defined below) make up the asset management business of State Street Corporation, which as of 31 March 2013 managed over \$2.1 trillion in assets. The promoter of the Company is State Street Bank and Trust Company (“SSBTC”). In fulfilling this role in respect of the company, SSBTC will act through its investment management division, State Street Global Advisors (“SSgA”). SSBTC is a Massachusetts trust bank and a wholly owned subsidiary of State Street Corporation. SSBTC is primarily a custodial bank with approximately \$25.4 trillion in assets under custody and administration (as of March 2013) and also, through SSgA, offers investment management services.

The Investment Manager is a wholly-owned subsidiary of State Street Global Advisors International Holdings Inc., whose ultimate parent entity is State Street Corporation. The Investment Manager is authorised by the Financial Services Authority and its investment management business includes but is not limited to management of other Irish authorised collective investment schemes.

The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party; provided that the Company is not subject to a notice requirement and the Investment Manager must provide three (3) months’ prior written notice (although such prior notice is not required if the Investment Manager is required to terminate the agreement by a competent regulatory authority). The Investment Management Agreement contains provisions regarding the Investment Manager’s legal responsibilities. The Investment Manager is not liable for losses, liabilities, damages or expenses caused to the Company unless resulting from its negligence, wilful default or fraud.

The Investment Manager has the discretion to delegate to sub-investment managers all the powers, duties and discretions exercisable in respect of the management of the relevant percentage of such of the Funds as the Investment Manager and any sub-investment manager may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank. Details of sub-investment managers appointed to any Fund will be available to Shareholders on request and will be disclosed either in the Fund’s Relevant Supplement or in the periodic reports of the Company. Fees payable to any sub-investment manager appointed by the Investment Manager shall be paid by the Investment Manager out of the TER.

**ADMINISTRATOR.** The Company has entered into an Administration Agreement with State Street Fund Services (Ireland) Limited dated 30 September 2013 (the “**Administration Agreement**”) to provide administration services to the Company.

The Administrator is a limited liability company incorporated in Ireland on 23 March, 1992 and is ultimately a wholly-owned subsidiary of the State Street Corporation. The authorised share capital of State Street Fund Services (Ireland) Limited is Stg£5,000,000 with an issued and paid up capital of Stg£350,000.

State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street Corporation is headquartered in Boston, Massachusetts, U.S.A., and trades on the New York Stock Exchange under the symbol “STT”.

The Administration Agreement provides that the appointment of the Administrator will continue in force unless and until terminated by either party giving to the other not less than ninety days’ written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Administration Agreement contains indemnities in favour of the Administrator other than matters arising by reason of its negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties and obligations.

**CUSTODIAN.** The Company has appointed State Street Custodial Services (Ireland) Limited as custodian of its assets pursuant to an agreement dated 30 September 2013 (the “**Custodian Agreement**”). The Custodian provides safe custody for the Company’s assets.



The Custodian is a limited liability company incorporated in Ireland on 22nd May 1991 and is, like the Administrator, ultimately owned by the State Street Corporation. Its authorised share capital is Stg£5,000,000 and its issued and paid up capital is Stg£200,000. As of 31 May 2013, the Custodian held funds under custody in excess of US\$463 billion. The Custodian's principal business is the provision of custodial and trustee services for collective investment schemes and other portfolios.

Under the terms of the Custodian Agreement, the Custodian has full power to delegate the whole or any part of its custodial functions but the liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the investments in its safe-keeping.

The Custodian must exercise due care and diligence in the discharge of its duties and shall be liable to the Company and its Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or its improper performance of them. The Company has agreed to hold harmless and indemnify the Custodian against all actions, proceedings, losses, claims, costs, demands and expenses which may be brought against or suffered or incurred by the Custodian by reason of its performance or non-performance of its obligations or functions pursuant to the Agreement provided that this indemnity shall not extend to any loss arising as a result of the unjustifiable failure of the Custodian to perform its obligations or its improper performance of them.

The Custodian Agreement provides that the appointment of the Custodian will continue in force unless and until terminated by either party giving to the other not less than ninety days' written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other.

**REGISTRAR.** Computershare Investor Services (Ireland) Limited has been appointed by the Company to act as the Registrar in relation to the Shares pursuant to a Registrar Agreement dated 30 September 2013 between the Company, the Administrator and the Registrar.

The Registrar is a private limited company incorporated in Ireland on 10 October 1995 and is ultimately a wholly owned subsidiary of Computershare Limited, an Australian company. It is engaged in the business of share registration services for companies.

The Registrar Agreement provides that the appointment of the Registrar Agreement will continue in force unless and until terminated by either party giving to the other not less than 6 months' written notice (after the expiration of an initial term of three years) although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Registrar Agreement contains indemnities in favour of the Registrar other than matters arising by reason of its negligence, fraud, bad faith or wilful default in the performance of its duties and obligations.

The Registrar shall establish, maintain and update on a timely basis the register of Shareholders of the Funds, which shall remain the property of the Company and hold the same open for inspection by persons entitled to inspect the register. The Registrar shall keep or cause to be kept at its premises in Ireland the register of Shareholders of the Company and all other books and records to give a complete record of all activities carried out by it in relation to the Shares of the Company and such other books, records and statements as may be required by law.

**PAYING AGENT.** Local laws/regulations in certain EEA member states may require (i) the Company to appoint facilities agents/paying agents/representatives/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 Fund held by the Paying Agent prior to the transmission of such monies to the Administrator for the account of the relevant Fund, and (b) the redemption monies and dividend payments held by the Paying Agent (after transmission by the Company) prior to payment to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Company, which will be at normal commercial rates, will be borne by the Company in respect of which a Paying Agent has been appointed. All Shareholders of the



relevant Fund on whose behalf a Paying Agent is appointed may use the services provided by Paying Agents appointed by or on behalf of the Company.

**DISTRIBUTOR.** State Street Global Advisors Limited has also been appointed to act as the distributor of the Company and to promote and market the Shares pursuant to a distribution agreement dated 30 September 2013 between the Company and the Investment Manager (the “**Distribution Agreement**”). The Distribution Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party on ninety (90) days’ prior written notice or otherwise in accordance with its terms. Under the Distribution Agreement, the Investment Manager will not be liable for losses, liabilities, damages or expenses caused to the Company unless resulting from its negligence, wilful default, fraud or bad faith and the Company has agreed to indemnify the Investment Manager against any claims, actions, proceedings, damages, losses, liabilities, costs and expenses which may be made or brought against by the Distributor arising out of the performance of its obligations and duties under the Distribution Agreement in the absence of such negligence, wilful default, fraud, or bad faith.

**COMPANY SECRETARY.** The company secretary of the Company is Chartered Corporate Services.

**AUDITORS.** PricewaterhouseCoopers serve as auditors to the Company.

**LEGAL COUNSEL.** Matheson serve as legal counsel to the Company.

## CORPORATE GOVERNANCE

The Company is incorporated in Ireland and is therefore subject to company law in Ireland and is required to comply with the corporate governance requirements of the UCITS Regulations and company law in Ireland. The Directors have committed to maintain a high standard of corporate governance and will seek to comply with the Irish Companies Acts 1963-2012, the UCITS Regulations and the Central Bank's requirements for UCITS.



## WHERE TO LEARN MORE ABOUT THE FUNDS

Copies of the following documents may be inspected at the registered offices of the Investment Manager as set out in the Directory during normal business hours on any Dealing Day or online at [www.spdrseurope.com](http://www.spdrseurope.com):

- (a) the material contracts referred to above;
- (b) the Articles; and
- (c) the UCITS Regulations and the UCITS Notices issued pursuant thereto.

In addition, the Articles and any yearly or half-yearly reports may be obtained from the Administrator free of charge or may be inspected at the registered office of the Administrator during normal business hours on any Dealing Day.

The most recent audited financial statements for the Company will be available when published at the registered office of the Administrator during normal business hours on any Dealing Day.

Details of each Fund's portfolio and the indicative net asset value per share for each Fund are available on the Website.

**SHAREHOLDER INFORMATION:** Telephone: +44 (0)203 395 6888, Website: [www.spdrseurope.com](http://www.spdrseurope.com)

Shareholder inquiries may be directed to the Funds by calling the Shareholder Information number listed above. Email: [spdrseurope@ssga.com](mailto:spdrseurope@ssga.com).

**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 Fund's Shares, and, if given or made, the information or representations must not be relied upon as having been authorised by the Company. 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.**

## SCHEDULE I – DEFINITIONS

<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 Company in accordance with the requirements of the Central Bank;
<b>Articles</b>	the memorandum and articles of association of the Company for the time being in force and as may be modified from time to time;
<b>Base Currency</b>	the currency in which the Net Asset Value of each Fund is calculated or in which any Class of Shares is denominated;
<b>Business Day</b>	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>Class</b>	Shares of a particular Fund representing an interest in the Fund but designated as a class of Shares within such Fund for the purposes of attributing different proportions of the Net Asset Value of the relevant 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>Company</b>	SSgA SPDR ETFs Europe II plc;
<b>Custodian</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 Company in accordance with the requirements of the Central Bank;
<b>Dealing Day</b>	Unless specified otherwise in the Relevant Supplement for any Fund, every Business Day (excluding, for each Fund, any day on which a market on which securities included in the relevant Index are listed or traded is closed and/or the day preceding any such day provided that a list of such closed market days will be published for each Fund on the Website) 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>Directors</b>	the directors of the Company for the time being and any duly constituted committee thereof;

## **Duties and Charges**

All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian 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 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 Fund, or sold or expected to be sold, in the case of redemptions from the relevant 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 Company 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 Company;

**EEA** European Economic Area;

**ETF Shares** a Share or Shares of an exchange traded Class in the capital of the Company (other than Subscriber Shares) entitling the holders to participate in the profits of the Company attributable to the relevant Fund as described in this Prospectus;

**EU** European Union;

**€ or Euro** the single currency of participating member states of the European Monetary Union introduced on 1 January 1999;

**Fixed Portfolio Basket** a basket of securities and a cash component that is designed by the Investment Manager to be closely aligned with the composition of the relevant Fund (so that the Investment Manager will not be required, following completion of the subscription, to take any further material steps in the form of additional purchases or sales of securities or adjustment(s) of any other positions maintained in respect of the relevant Fund to re-balance the composition of the Fund);

**Fund** a portfolio of assets established by the Directors (with the prior approval of the Custodian 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 Fund;

**Global Supplement** the supplement entitled the "Global Supplement" which is issued with the Prospectus and which lists the current Funds of the Company;

**Index** any financial index which a 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 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>Investment Manager</b>	State Street Global Advisors Limited or such other company as may from time to time be appointed to provide investment management services to the Company in accordance with the requirements of the Central Bank. For the avoidance of doubt, the term "Investment Manager" shall include, where the context permits, any sub-investment manager appointed from time to time by the Investment Manager pursuant to its authority under the Investment Management Agreement;
<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 Fund and specified in the Relevant Supplement, 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 Fund or any Dealing Day, as determined by the Directors in respect of each Fund and specified in the relevant Supplement, which may be expressed as a monetary amount or as a number of Shares;
<b>Negotiated Portfolio Basket</b>	a basket of securities agreed between the investor and the Investment Manager from a list identified by the Investment Manager as appropriate for the Fund in the implementation of its investment policy (but which, in order to enable the Fund to fully achieve its investment objective, may require the Investment Manager to take further steps in the form of additional purchases or sales of securities or adjustment(s) of any other positions maintained in respect of the relevant Fund to re-balance the composition of the Fund) and a cash component;
<b>Net Asset Value</b>	the net asset value of a Fund calculated as described in the " <b>Determination of Net Asset Value</b> " section of this Prospectus;
<b>Net Asset Value per Share</b>	the net asset value of a Share in any Fund, including a Share of any Class of Shares issued in a Fund calculated as described in the " <b>Determination of Net Asset Value</b> " section of this Prospectus;
<b>Non-ETF Shares</b>	a Share or Shares in the capital of the Company (other than the ETF Shares or the Subscriber Shares) entitling the holders to participate in the profits of the Company attributable to the relevant Fund as described in this Prospectus;
<b>OECD</b>	the Organisation for Economic Co-Operation and Development;
<b>Prospectus</b>	this document, the Relevant Supplement for any Fund and any other

supplement or addendum designed to be read and construed together with and to form part of this document;

<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 (" <b>S&amp;P</b> "), Moody's Investors Services (" <b>Moody's</b> "), Fitch IBCA or an equivalent rating agency;
<b>Registrar</b>	Computershare Investor Services (Ireland) Limited or such other company as may from time to time be appointed to provide registration services to the Company in accordance with the requirements of the Central Bank;
<b>Relevant Institution</b>	(a) a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein); (b) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>Relevant Supplement</b>	A document containing information relating to each Fund;
<b>RMP Statement</b>	any risk management process statement adopted by the Company, from time to time, in accordance with the requirements of the Central Bank;
<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 Company (other than Subscriber Shares) entitling the holders to participate in the profits of the Company attributable to the relevant Fund as described in this Prospectus;
<b>Shareholder</b>	a person registered in the register of members of the Company as a holder of Shares;
<b>Subscriber Shares</b>	the two (2) 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 Notices</b>	the notices issued by the Central Bank from time to time pursuant to the UCITS Regulations;
<b>UCITS Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 353 of 2011) and all applicable Central Bank notices issued or conditions imposed or derogations granted thereunder;
<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 a non-UCITS which is eligible for investment by the portfolio in accordance with the requirements of the Central Bank. Such eligible non-UCITS will be, as provided in Guidance

Note 2/03 issued by the Central Bank, (i) schemes established in Guernsey and authorised as Class A Schemes; (ii) schemes established in Jersey as Recognised Funds; (iii) schemes established in the Isle of Man as Authorised Schemes; (iv) regulated non-UCITS retail CIS authorised by the Central Bank provided such CIS comply in all material respects with the provisions of the UCITS Notices; and (v) regulated non-UCITS CIS authorised in a Member State of the EEA, the US, Jersey, Guernsey or the Isle of Man and which comply, in all material respects, with the provisions of the UCITS Notices. The consideration of “all material respects” will include, inter alia, consideration of the following: (a) the existence of an independent trustee/custodian with similar duties and responsibilities in relation to both safekeeping and supervision; (b) requirements for the spreading of investment risk including concentration limits, ownership restrictions, leverage and borrowing restrictions, etc.; (c) availability of pricing information and reporting requirements; (d) redemption facilities and frequency; and (e) restrictions in relation to dealings by related parties;

**U.S. or United States**

means the United States of America, its territories and possessions including the States and the District of Columbia;

**U.S. Person**

means a “**U.S. Person**” as defined under Regulation S of the Securities Act of 1933, as amended;

**Valuation Point**

means the time specified for each 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.spdrseurope.com](http://www.spdrseurope.com), on which the Net Asset Value per Share, the portfolio holdings and any other relevant information relating to any Fund will be published and on which this Prospectus and any other information in respect of the Company, including various shareholder communications, may be published.



## SCHEDULE II – RECOGNISED MARKETS

- (i) Any stock exchange or market in any EU Member State or in any of the following member countries of the OECD:  
Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland and the United States of America.
- (ii) Any of the following exchanges or markets:
 

Argentina	Buenos Aires Stock Exchange Cordoba Stock Exchange La Plata Stock Exchange Mendoza Stock Exchange Mercado Abierto Electronico Rosario Stock Exchange Mercado A Termino de Buenos Aires S.A.
Bangladesh	Dhaka Stock Exchange
Bahrain	Bahrain Stock Exchange Manama Stock Exchange
Botswana	Botswana Stock Exchange Serowe Stock Exchange
Brazil	Bahia-Sergipe-Alagoas Stock Exchange Bolso de Mercadorias e Futuros Extremo Sul Stock Exchange, Porto Alegre Mina Esperito Santo Brasilia Stock Exchange Parana Stock Exchange, Stock Exchange Santos Stock Exchange Sao Paulo Stock Exchange Sociedade Operadora do Mecado de Ativos S.A.
Chile	Santiago Stock Exchange Valparaiso Stock Exchange La Bolsa Electronica de Chile
China	Shanghai Stock Exchange Shenzhen Stock Exchange
China Interbank	Bond Market
Colombia	Bogota Stock Exchange Medellin Stock Exchange Bolsa de Occidente Cali Stock Exchanges
Costa Rica	San Jose Stock Exchange
Croatia	Zagreb Stock Exchange
Ecuador	Quito Stock Exchange Guayaquil Stock Exchange
Egypt	Cairo Stock Exchange Alexandria Stock Exchange
Hong Kong	Stock Exchange of Hong Kong
India	The National Stock Exchange of India Limited Madras Stock Exchange Delhi Stock Exchange Ahmedabad Stock Exchange Bangalore Stock Exchange Cochin Stock Exchange Gauhari Stock Exchange Magadh Stock Exchange The Bombay Stock Exchange Pune Stock Exchange Hyderabad Stock Exchange Ludhiana Stock Exchange Uttar Pradesh Stock Exchange

Indonesia	Calcutta Stock Exchange Jakarta Stock Exchange Surabaya Stock Exchange
Israel	Tel Aviv Stock Exchange
Jordan	Amman Stock Exchange
Kazakhstan	Central Asian Stock Exchange Kazakhstan Stock Exchange
Kenya	Nairobi Stock Exchange
Kuwait	Kuwait Stock Exchange
Lebanon	Beirut Stock Exchange
Malaysia	The Bursa Malaysia Berhad, Bumipatra Stock Exchange
Mauritius	Stock Exchange of Mauritius
Mexico	Mexico Stock Exchange
Morocco	Casablanca Stock Exchange
Nigeria	Kaduna Stock Exchange Lagos Stock Exchange Nigeria Stock Exchange Port Harcourt Stock Exchange
Oman	Oman Stock Exchange
Pakistan	Karachi Stock Exchange (Guarantee) Ltd Lahore Stock Exchange Islamabad Stock Exchange
Peru	Lima Stock Exchange
Philippines	Philippines Stock Exchange Inc. Philippine Bond Market
Qatar	Doha Securities Market
Russia	RTS Stock Exchange Moscow Interbank Currency Exchange
Saudi Arabia	Saudi Stock Exchange (Tadawul)
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange Limited
South Africa	Johannesburg Stock Exchange
South Korea	Korea Stock Exchange
Sri Lanka	Colombo Stock Exchange
Swaziland	Mbaene Stock Exchange
Taiwan	Taiwan Stock Exchange Corporation Gretai Securities Market
Thailand	Stock Exchange of Thailand, Bangkok
Tunisia	Bourse de Tunis
Turkey	Istanbul Stock Exchange
Ukraine	PFTS Stock Exchange, Kiev Stock Exchange
United Arab Emirates	Abu Dhabi Stock Exchange Dubai Financial Market Dubai International Financial Exchange
Uruguay	Bolsa de Valores de Montivideo
Venezuela	Caracas Stock Exchange Maracaibo Stock Exchange Venezuela Electronic Stock Exchange Vietnam

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 Services Authority (FSA) and subject to the Inter-Professional Conduct provisions of the FSA'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 FSA 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)

#### Financial Derivative Instruments

Nasdaq, 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, Hong Kong Futures Exchange, Singapore International Monetary Exchange, Singapore Commodity Exchange, Tokyo International Futures Exchange, New Zealand Futures and Options 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 an EU Member State or a Member State of the

#### European Economic Area.

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.