

If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or the suitability for you of investment in the ICAV, you should consult a stock broker or other financial adviser. Prices of Shares in the ICAV may fall as well as rise.

# REDHEDGE UCITS ICAV

(an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds registered with and authorised by the Central Bank of Ireland to carry on business as an ICAV, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2016 (S.I. No. 143 of 2016).

## PROSPECTUS

### Investment Manager

Redhedge Asset Management LLP

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The Directors of the ICAV whose names appear under the heading “**Management and Administration**” in this Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The date of this Prospectus is 9 March, 2021

## IMPORTANT INFORMATION

This Prospectus should be read in conjunction with the section entitled “**Definitions**”.

### **The Prospectus**

This Prospectus describes Redhedge UCITS ICAV (the “**ICAV**”), an umbrella type Irish collective asset-management vehicle registered with and authorised by the Central Bank of Ireland to carry on business as an ICAV, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2016, with segregated liability between its Funds. The ICAV is structured as an umbrella fund and may comprise several Funds each representing a separate portfolio of assets. The share capital of the ICAV may be divided into different Classes of Shares to denote differing characteristics attributable to particular Classes of Shares.

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. Details relating to Classes may be dealt with in the relevant Fund Supplement or in separate Supplements for each Class. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail.

The KIID for each Fund provides 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 relevant Fund. Before subscribing for Shares in a Fund, each investor will be required to confirm that they have received the relevant KIID.

The latest published annual and half yearly reports of the ICAV will be made available to Shareholders as further described in the section of the Prospectus headed “**Reports and Accounts**”.

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

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

### **Redemption Fee**

**Shares of each Fund may be liable for a Redemption Fee of up to 3% of the relevant Net Asset Value per Share of each Share redeemed. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.**

**The difference at any one time between the sale price (the Net Asset Value per Share to which may be added a Subscription Fee or commission) and the redemption price of Shares (the Net Asset Value per Share from which may be deducted a Redemption Fee) means an investment should be viewed as medium to long term.**

### **Restrictions on Distribution and Sale of Shares**

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

The Directors, in consultation with the Investment Manager, may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the ICAV or may in the opinion of the Directors, in consultation with the Investment Manager, result in the ICAV incurring any liability to taxation or suffering any tax, legal, fiscal, pecuniary or regulatory liability or disadvantage or material administrative disadvantage which the ICAV or its Members or any of them might not otherwise have incurred or suffered. Shares in the Fund will not be available directly or indirectly to any US Person as defined herein. Any additional restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of their competent jurisdiction shall indemnify the ICAV, the Directors, the Manager, any Investment Manager, any Distributor (if any), the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the ICAV.

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

**Investors should note that where disclosed in the relevant Supplement, a Fund may provide for the payment of some or all of its dividends out of capital, for the purpose of seeking to maintain, so far as is reasonable, a stable payment per Share of the relevant Class, which will have the effect of eroding capital. In such circumstances, the maximising of income will be achieved by foregoing the potential for future capital growth. This cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distribution of income and therefore investors should seek independent advice in this regard. Distributions out of capital made during the life of a Fund must be understood as a type of capital reimbursement.**

### **United States of America**

There will be no public offering of Shares in the United States. The Shares will not generally be available

to US Persons, unless they are, among other things, “**accredited investors**” (as defined in Rule 501(a) of Regulation D under the US Securities Act of 1933, as amended (the “**1933 Act**”)) and “**qualified purchasers**” (as defined in Section 2(a) (51) of the US Investment Company Act of 1940, as amended (the “**1940 Act**”)).

The Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the states of the United States, nor is such registration contemplated. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law.

There is no public market for the Shares in the United States and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Instrument, the 1933 Act and applicable state securities law pursuant to registration or exemption therefrom. The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

The ICAV has not been and will not be registered under the 1940 Act pursuant to the provisions of Section 3(c)(7) of the 1940 Act. Under Section 3(c)(7), a privately offered fund is excepted from the definition of “**investment company**” if US Person security holders consist exclusively of “**qualified purchasers**” and the Shares are only offered in the US on a private placement basis.

### **Reliance on this Prospectus**

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

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. You should consult a stockbroker or other financial adviser.

### **Risk Factors**

Investors should read and consider the section entitled “**Risk Factors**” in this Prospectus and any Supplement before investing in the ICAV.

## **Financial Derivative Instruments**

The ICAV may engage in transactions in financial derivative instruments (“FDI”) on behalf of a Fund either for investment purposes (i.e. exposure and/ or hedging) and/or for the purposes of efficient portfolio management as more particularly disclosed in this Prospectus and the Supplement for the relevant Fund. The ICAV employs a risk management process which enables it to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The ICAV will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been prepared and submitted to the Central Bank in accordance with the Central Bank requirements. The ICAV will provide to Shareholders on request supplementary information relating to the risk management methods employed by the ICAV including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments. The expected effect of transactions in FDI is described in the Supplement for the relevant Fund.

## **Translations**

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

**DIRECTORY**  
**REDHEDGE UCITS ICAV**

**Directors**

Eloise Lipkin  
Stephen Finn  
Orlin Mladenov

**Registered Office of the ICAV**

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**Manager**

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5 George's Dock  
IFSC  
Dublin 1  
Ireland

**Investment Manager and Promoter**

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United Kingdom

**Administrator**

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Ireland

**Depositary**

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**Auditors**

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**Legal Advisers**

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**Secretary**

Clifton Fund Consulting Limited  
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## TABLE OF CONTENTS

<b>IMPORTANT INFORMATION .....</b>	<b>2</b>
<i>The Prospectus .....</i>	<i>2</i>
<i>Authorisation by the Central Bank .....</i>	<i>2</i>
<i>Redemption Fee .....</i>	<i>2</i>
<i>Restrictions on Distribution and Sale of Shares .....</i>	<i>3</i>
<i>United States of America .....</i>	<i>3</i>
<i>Reliance on this Prospectus .....</i>	<i>4</i>
<i>Risk Factors .....</i>	<i>4</i>
<i>Financial Derivative Instruments.....</i>	<i>5</i>
<i>Translations.....</i>	<i>5</i>
<b>DIRECTORY .....</b>	<b>6</b>
<b>DEFINITIONS .....</b>	<b>12</b>
<b>1. THE ICAV .....</b>	<b>25</b>
<i>General.....</i>	<i>25</i>
<i>Investment Objectives and Policies .....</i>	<i>25</i>
<i>Eligible Assets and Investment Restrictions.....</i>	<i>26</i>
<i>Borrowing Powers.....</i>	<i>26</i>
<i>Efficient Portfolio Management.....</i>	<i>27</i>
<i>Repurchase / Reverse Repurchase and Stock-Lending Arrangements for the Purposes of Efficient Portfolio Management .....</i>	<i>27</i>
<i>Financial Derivative Instruments .....</i>	<i>29</i>
<i>Eligible Counterparties to OTC Derivative Contracts and Securities Financing Transactions.....</i>	<i>36</i>
<i>Hedged Classes.....</i>	<i>37</i>
<i>Dividend Policy.....</i>	<i>38</i>
<i>Risk Factors .....</i>	<i>39</i>
<i>General .....</i>	<i>39</i>
<i>Lack of Operating History .....</i>	<i>39</i>
<i>Regulatory Risk .....</i>	<i>40</i>
<i>Operational Risk .....</i>	<i>40</i>
<i>Cross-Liability for Other Funds.....</i>	<i>40</i>
<i>Limitation on liability of Shareholders .....</i>	<i>40</i>

<i>Risks associated with derivative transactions used for hedging and/or efficient portfolio management purposes</i> .....	41
<i>Additional risks associated with investments in financial derivative instruments (FDI) are summarised below:</i>	41
<i>Net Asset Value Considerations</i> .....	44
<i>Currency Risk</i> .....	44
<i>Share Currency Designation Risk</i> .....	45
<i>No Right to Control the Operation of the ICAV</i> .....	45
<i>Controlling Shareholder</i> .....	45
<i>Conflicts of Interest</i> .....	45
<i>Reliance on the Investment Manager and Key Persons</i> .....	45
<i>Profit Sharing</i> .....	46
<i>Investment Objective Risk</i> .....	46
<i>Active Investment Management</i> .....	46
<i>Investment in Other Collective Investment Schemes</i> .....	46
<i>Taxation</i> .....	47
<i>Cyber Security Risk</i> .....	47
<i>Depositary Risk</i> .....	48
<i>Operation of Cash Accounts</i> .....	48
<i>Reverse Repurchase Agreements</i> .....	49
<i>Securities Lending</i> .....	49
<i>Collateral reuse risk</i> .....	49
<i>Central Clearing</i> .....	50
<i>Risk Factors Not Exhaustive</i> .....	50
<b>2. MANAGEMENT AND ADMINISTRATION</b> .....	<b>51</b>
<i>Directors</i> .....	51
<i>The Manager</i> .....	52
<i>The Investment Manager</i> .....	54
<i>Depositary</i> .....	55
<i>Administrator</i> .....	57
<i>Secretary</i> .....	58
<i>Paying Agents / Representatives / Sub-Distributors</i> .....	58
<i>Conflicts of Interest</i> .....	59
<b>3. FEES, CHARGES AND EXPENSES</b> .....	<b>62</b>
<i>Establishment Expenses</i> .....	62
<i>Operating Expenses and Fees</i> .....	62
<i>Depositary's Fees</i> .....	62

<i>Manager's Fees</i> .....	63
<i>Investment Manager's Fees</i> .....	63
<i>Performance Fee</i> .....	63
<i>Paying Agents' Fees</i> .....	63
<i>Conversion Fee</i> .....	64
<i>Anti-Dilution Levy</i> .....	64
<i>Swing Pricing</i> .....	64
<i>Directors' Fees</i> .....	64
<i>Allocation of Fees and Expenses</i> .....	64
<i>Fee Increases</i> .....	65
<b>4. THE SHARES</b> .....	<b>66</b>
<i>General</i> .....	66
<i>Abusive Trading Practices/Market Timing</i> .....	67
<i>Application for Shares</i> .....	68
<i>Withdrawal of Subscription Requests</i> .....	69
<i>Issue of Shares</i> .....	69
<i>Fractions</i> .....	69
<i>Method of Payment</i> .....	70
<i>Currency of Payment</i> .....	70
<i>Timing of Payment</i> .....	70
<i>Confirmation of Ownership</i> .....	70
<i>Subscriptions in Specie</i> .....	70
<i>Anti-Money Laundering and Countering Terrorist Financing Measures</i> .....	71
<i>Data Protection</i> .....	73
<i>Ineligible Applicants</i> .....	74
<i>Foreign Account Tax Compliance Act</i> .....	75
<b>Common Reporting Standard</b> .....	<b>75</b>
<i>Joint Shareholders</i> .....	76
<i>Redemption of Shares</i> .....	76
<i>Method of Payment</i> .....	76
<i>Currency of Payment</i> .....	76
<i>Redemptions in Specie</i> .....	76
<i>Compulsory Redemption of Shares / Deduction of Tax</i> .....	77

<i>Total Redemption of Shares</i> .....	78
<i>Conversion of Shares</i> .....	79
<i>Withdrawal of Conversion Requests</i> .....	80
<i>Net Asset Value and Valuation of Assets</i> .....	80
<i>Swing pricing</i> .....	82
<i>Anti-Dilution Levy</i> .....	83
<i>Publication of Net Asset Value per Share</i> .....	83
<i>Suspension of Valuation of Assets</i> .....	84
<i>Distributions</i> .....	85
<b>5. TAXATION</b> .....	<b>87</b>
<i>General</i> .....	87
<i>Irish Taxation</i> .....	87
<i>Specific Definitions in relation to Irish Taxation matters</i> .....	87
<i>“Exempt Irish Investor” means;-</i> .....	87
<i>Taxation of the ICAV</i> .....	90
<i>Reporting</i> .....	95
<i>Capital Acquisitions Tax</i> .....	96
<i>Taxation of Investment Vehicles incorporated in Ireland</i> .....	96
<i>Common Reporting Standards</i> .....	96
<i>Compliance with US reporting and withholding requirements</i> .....	98
<i>Mandatory Disclosure Rules – (DAC6)</i> .....	99
<i>Other Jurisdictions</i> .....	99
<b>6. GENERAL INFORMATION</b> .....	<b>100</b>
<b>1. Registration, Registered Office and Share Capital</b> .....	100
<b>2. Variation of Share Rights and Pre-Emption Rights</b> .....	101
<b>3. Voting Rights</b> .....	101
<b>4. Meetings</b> .....	102
<b>5. Reports and Accounts</b> .....	103
<b>6. Communications and Notices to Shareholders</b> .....	103
<b>7. Transfer of Shares</b> .....	104

<b>8. Directors</b> .....	<b>105</b>
<b>9. Directors' Interests</b> .....	<b>107</b>
<b>10. Winding Up of ICAV</b> .....	<b>107</b>
<b>11. Termination of a Fund</b> .....	<b>108</b>
<b>12. Indemnities and Insurance</b> .....	<b>109</b>
<b>13. General</b> .....	<b>109</b>
<b>14. Material Contracts</b> .....	<b>110</b>
<b>15. Documents Available for Inspection</b> .....	<b>112</b>
<b>APPENDIX I</b> .....	<b>113</b>
<i>Permitted Investments and Investment Restrictions</i> .....	<i>113</i>
1. <i>Permitted Investments</i> .....	<i>113</i>
2. <i>Investment Restrictions</i> .....	<i>113</i>
3. <i>Investment in Collective Investment Schemes ("CIS")</i> .....	<i>115</i>
4. <i>Index Tracking UCITS</i> .....	<i>116</i>
5. <i>General Provisions</i> .....	<i>116</i>
6. <i>Financial Derivative Instruments ('FDIs')</i> .....	<i>117</i>
<b>APPENDIX II</b> .....	<b>119</b>
<i>Regulated Markets</i> .....	<i>119</i>
<b>APPENDIX III</b> .....	<b>123</b>
<i>Collateral Policy</i> .....	<i>123</i>
<b>APPENDIX IV</b> .....	<b>126</b>
<i>List of the Depositary's sub-custodians</i> .....	<i>126</i>

## DEFINITIONS

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

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

- “Accounting Period”** means, in respect of each Fund, a period ending on the Annual Accounting Date and commencing, in the case of the first Fund, on the date the ICAV’s registration and, in subsequent such periods, on the day following expiry of the last Accounting Period and, in the case of subsequent Funds, on the date of the Fund’s approval by the Central Bank.
- “Act”** means the Irish Collective Asset-management Vehicles Act, 2015 and every amendment or re-enactment of the same.
- “Administration Agreement”** means the Administration Agreement made between the Manager, the ICAV and the Administrator dated 21 December 2020 as may be amended and / or supplemented from time to time.
- “Administrator”** means BNY Mellon Fund Services (Ireland) DAC or such other party appointed for the time being to provide administration, accounting and related services on behalf of the ICAV, with the prior approval of the Central Bank.
- “AIF(s)”** means Alternative Investment Fund(s) as defined in Directive 2011/61/EU.
- “Annual Accounting Date”** means in the case of each Fund, as set out in the relevant Supplement or such other date as the Directors may from time to time decide and notify in advance to the Central Bank.
- “Application Form”** means any application form to be completed by subscribers for Shares as prescribed by the ICAV or its delegate from time to time and attached to the Supplement of the relevant Fund.
- “Approved Credit Institution”** means a credit institution authorised:

- (i) in the EEA;
- (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988; or
- (iii) a credit institution in a third country deemed equivalent pursuant to Article 107(4) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

**“Auditors”** means Deloitte, Ireland or any successor entity appointed as auditor to the ICAV in accordance with the requirements of the Central Bank.

**“Base Currency”** means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.

**“Beneficial Owner”** a natural person(s) who ultimately owns or controls the ICAV through either a direct or indirect ownership of a sufficient percentage of shares or voting rights or ownership interest in the ICAV (as a whole). Where a natural person holds more than 25% of the shares of the ICAV or has an ownership interest of more than 25%, then that shall be an indication of direct ownership by that person. Where a corporate, or multiple corporates, hold more than 25% of the shares or other ownership interest exceeding 25% in the ICAV and those holdings are controlled by the same natural person(s) that shall be an indication of indirect ownership.

**“Beneficial Ownership Regulations”** means the European Union (Anti-Money Laundering Beneficial Ownership of Corporate Entities) Regulations 2016 as may be amended or replaced from time to time.

**“Business Day”** means, in relation to a Fund, such day or days as shall

be so specified in the relevant Supplement for that Fund.

**“Cash Account”**

means a singular cash account designated in a particular currency opened in the name of the ICAV on behalf of a Fund into which (i) subscription monies received from investors who have subscribed for Shares are deposited and held until Shares are issued as of the relevant Dealing Day; and (ii) redemption monies due to investors who have redeemed Shares are deposited and held until paid to the relevant investors; and (iii) dividend payments owing to Shareholders are deposited and held until paid to such Shareholders.

**“Central Bank”**

means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the ICAV.

**“Central Bank Regulations”**

means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 and every amendment or re-enactment of the same.

**“Class”**

means a particular division of Shares in a Fund.

**“Clearing System”**

a third-party clearing system or a fund distribution platform approved by the ICAV through which Shares in the ICAV may be acquired or redeemed.

**“Country Supplement”**

means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the ICAV or a Fund or Class in a particular jurisdiction or jurisdictions.

**“Dealing Day”**

means, in relation to a Fund, such day or days as shall be specified in the relevant Supplement for that Fund provided that there shall be at least two Dealing Days in every month occurring at regular intervals.

**“Dealing Deadline”**

means, in relation to a Fund, such time on any Dealing Day as shall be specified in the relevant Supplement for the Fund.

**“Depositary”**

means The Bank of New York Mellon SA/NV, Dublin Branch or such other party appointed for the time being

to provide depositary services with the prior approval of the Central Bank.

**“Depositary Agreement”**

means the Depositary Agreement made between the ICAV and the Depositary dated 21 December 2020 as may be amended and/or supplemented from time to time in accordance with the requirements of the Central Bank.

**“Directors”**

means the directors of the ICAV or any duly authorised committee thereof or delegate thereof.

**“Duties and Charges”**

means in relation to Subscription Price and Redemption Price, all stamp and other duties, taxes, governmental charges, valuation fees, agents fees, brokerage fees, bank charges, transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale purchase or transfer of shares or the purchase or sale or proposed purchase or sale of investments or otherwise which may have become or will become payable in respect of, or prior to, or upon, the occasion of any transaction, dealing or valuation, but not including commission payable on the issue of Shares.

**“EEA”**

means the countries for the time being comprising the European Economic Area (being at the date of this Prospectus, European Union Member States, Norway, Iceland and Liechtenstein).

**“Eligible Assets”**

means assets eligible for inclusion in a UCITS portfolio as described in the UCITS Regulations.

**“Eligible CIS”**

means UCITS collective investment schemes (including money market schemes) and eligible AIFs as described in the UCITS Regulations and Central Bank guidance. These include:

- (a) (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 and (iv) retail investor AIFs authorised by the Central Bank provided such collective investment schemes comply in all material respects with the

provisions of the UCITS Regulations and the Central Bank Regulations; and

(b) AIFs authorised in any EEA member state, the United States, Jersey, Guernsey or the Isle of Man which comply in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations. The consideration of “all material respects” will include, inter alia, consideration of the following: the existence of an independent depositary with similar duties and responsibilities in relation to both safekeeping and supervision, requirements for the spreading of investment risk including concentration limits, ownership restrictions, leverage and borrowing restrictions, availability of pricing information and reporting requirements, redemption facilities and frequency and restrictions in relation to dealings by related parties.

Other jurisdictions and types of AIF may be considered by the Central Bank on the basis of submissions made for that purpose.

To be an Eligible CIS, the scheme may not invest more than 10% of its net asset value in underlying collective investment schemes.

**“Eligible Counterparty”**

means (a) a credit institution authorised:

- (iv) in the EEA;
- (v) within a signatory state, other than a member state of the EEA, to the Basle Capital, Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- (vi) in Jersey, Guernsey, the Isle of Man, Australia or New Zealand; or

(b) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive (2014/65/EU) in an EEA member state; or

(c) a group company of an entity issued with a bank

holding company license from the Federal Reserve of the United States of America (the “**Federal Reserve**”) where that group company is subject to bank holding company consolidated supervision by the Federal Reserve.

“euro” or “€”

means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated March 25, 1957 (as amended by the Maastricht Treaty dated February 7, 1992).

“**Financial Instruments**”

means the transferable securities, financial derivative instruments (“**FDIs**”) and all other investments as outlined in the Appendix entitled “**Permitted Investments and Investment Restrictions**”, including any cash balances and liabilities of the relevant Fund.

“**Fund**”

means a sub-fund of the ICAV, the proceeds of the issue of Shares of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank.

“**GDPR**”

means Regulation (EU) 2016/679 of the European Parliament and of the Council.

“**ICAV**”

means Redhedge UCITS ICAV.

“**Ineligible Applicant**”

means an ineligible applicant as described in the section entitled “**The Shares**”.

“**Initial Offer Period**” / “**Subscription Period**”

means the period as specified in the relevant Supplement, during which Shares in a Fund or Class are initially offered.

“**Initial Offer Price**”

means the initial price payable for the initial subscription of a Share as specified in the relevant Supplement for each Fund.

“**IFRS**”

means the International Financial Reporting Standards.

“**Instrument**”

means the Instrument of Incorporation of the ICAV as

amended from time to time in accordance with the requirements of the Central Bank.

**“Investment Management Agreement”**

means the investment management agreement made between the Manager, the Investment Manager and the ICAV dated 21 December 2020 as may be amended and/or supplemented from time to time.

**“Investment Management Fee”**

means the fee defined in the section entitled **“Investment Management Fee”** in the relevant Supplement.

**“Investment Manager”**

means Redhedge Asset Management LLP.

**“Ireland”**

means the Republic of Ireland.

**“KIID”**

means a Key Investor Information Document.

**“Management Agreement”**

means the management agreement made between the ICAV and the Manager dated 21 December 2020 as may be amended and/or supplemented from time to time.

**“Management Shares”**

means a management share in the capital of the ICAV which shall have the right to receive an amount not to exceed the consideration paid for such Management Share.

**“Manager”**

means KBA Consulting Management Limited or such other party appointed for the time being to provide management services with the prior approval of the Central Bank.

**“Member”**

means a Shareholder or a person who is registered as the holder of one or more Management Shares in the ICAV, the prescribed particulars of which have been recorded in the register of the ICAV.

**“Member State”**

means a member state of the European Union.

**“Minimum Holding”**

means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.

**“Minimum Subscription”**

means the minimum initial subscription required for

Shares as specified in the relevant Supplement.

**“Money Market Instruments”**

means instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time and which comply with the requirements of the Central Bank (including, but not limited to, certificates of deposit and commercial paper).

**“Net Asset Value”**

means the net asset value of the ICAV, a Fund or attributable to a Class (as appropriate) calculated as referred to herein.

**“Net Asset Value per Share”**

means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class rounded to two decimal places.

**“OECD”**

means the Organisation for Economic Co-Operation and Development

**“OECD Governments”**

means governments of Australia, Austria, Belgium, Canada, Chile, Czech Republic (Czechia), Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States or other such other members as may be admitted to the OECD from time to time.

**“Ordinary Resolution”**

means a resolution of the Members of the ICAV or of the Shareholders of a particular Fund or Class passed by (i) a simple majority of the votes cast in person or proxy at a general meeting of the ICAV, Fund or Class of Shares or (ii) by a resolution in writing signed by all of the Members of the ICAV, the relevant Fund or Class for the time being entitled to attend and vote on such resolution at a general meeting or such other majority of Members as set down in the Act.

**“OTC”**

means Over-the-Counter.

<b>“Paying Agent”</b>	means one or more paying agents / representatives / facilities agents, appointed by the Manager and/or the ICAV in certain jurisdictions as detailed in the relevant Country Supplement.
<b>“Performance Fee”</b>	means the fee, if any, defined in the relevant Supplement.
<b>“Prospectus”</b>	means the prospectus of the ICAV and any Supplements and addenda thereto issued by the ICAV in accordance with the requirements of the UCITS Regulations.
<b>“Redemption Fee”</b>	means unless specified otherwise in the relevant Supplement, a fee of up to 3% of the Net Asset Value of Shares being redeemed. The Redemption Fee is charged at the absolute discretion of the Directors, in consultation with the Investment Manager. The party or parties entitled to such fee shall be described in the relevant Supplement.
<b>“Redemption Form”</b>	means any form to be completed by a Shareholder requesting redemption of any or all of their Shares, as prescribed by the ICAV or its delegate from time to time.
<b>“Redemption Price”</b>	means, in respect of each Share being redeemed, the value payable to the investor of each Share based on the Net Asset Value per Share, and any Duties and Charges, each calculated as at the Valuation Day related to the Dealing Day upon which such Share is to be redeemed.
<b>“Redemption Settlement Cut-Off”</b>	means the time by which payment for redemptions must be received in the bank account as specified on the Application Form and in the relevant Supplement for the Fund to permit processing as at the relevant Dealing Day.
<b>“Regulated Market”</b>	means the stock exchanges or markets set out in Appendix II.
<b>“Secretary”</b>	means Clifton Fund Consulting Limited.
<b>“Semi-Annual Accounting Date”</b>	means in respect of each Fund such date as shall be specified in the relevant Supplement.

“SFTR”	means Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as amended or substituted from time to time.
“Share”	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the ICAV referable to a particular Fund.
“Shareholder”	means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the ICAV.
“Special Resolution”	means a special resolution of the Members of the ICAV or the Shareholders of a particular Fund or Class in general meeting passed by (i) 75% of the votes cast in person or proxy at a general meeting of the ICAV, Fund or Class of Shares or (ii) by a resolution in writing signed by all of the Members of the ICAV, the relevant Fund or Class for the time being entitled to attend and vote on such resolution at a general meeting or such other majority of Members as set down in the Act.
“Specified US Person”	means (i) a US citizen or resident individual, (ii) a partnership or corporation organised in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States; <b>excluding</b> (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political

subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organisation exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.

**“Subscription Fee”**

means, unless otherwise specified in the relevant Supplement, a fee, of up to 5 per cent of the aggregate investment amount subscribed. The Subscription Fee is charged at the absolute discretion of the Directors, in consultation with the Investment Manager. The party or parties entitled to such fee shall be described in the relevant Supplement.

**“Subscription Price”**

means, in respect of each Share applied for, the cost to the investor of each Share based on the Net Asset Value per Share adjusted for any Duties and Charges, each calculated as at the Valuation Day related to the Dealing Day upon which such Share is to be issued.

**“Subscription Settlement Cut-Off”**

means the time by which payment for subscriptions must be received in the bank account as specified on the Application Form and in the relevant Supplement for the Fund to permit processing as at the relevant Dealing

Day.

**“Supplement”**

means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.

**“Sterling” or “£”**

means the lawful currency for the time being of the United Kingdom.

**“UCITS”**

means an Undertaking for Collective Investment in Transferable Securities established pursuant to the UCITS Directive.

**“UCITS Directive”**

means EC Council Directive 2009/65/EC of July 13, 2009 as amended by way of EC Council Directive 2014/91/EU, as may be amended, consolidated or substituted from time to time.

**“UCITS Regulations”**

means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2016) (as amended, consolidated or substituted from time to time).

**“UK”**

means the United Kingdom of Great Britain and Northern Ireland.

**“United States” or “US”**

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

**“US Dollar”, “USD” or “US\$”**

means United States Dollars, the lawful currency for the time being of the United States of America.

**“US Person”**

means a person described in one or more of the following:

- (a) with respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act;
- (b) with respect to individuals, any US citizen or “**resident alien**” within the meaning of US

income tax laws as in effect from time to time; or

- (c) with respect to persons other than individuals:
  - (i) a corporation or partnership created or organised in the United States or under the laws of the United States or any state;
  - (ii) a trust where (x) a US court is able to exercise primary supervision over the administration of the trust and (y) one or more US persons have the authority to control all substantial decisions of the trust; and
  - (iii) an estate which is subject to US tax on its worldwide income from all sources.

**“Valuation Day”**

means in relation to a Fund such day or days as shall be specified in the relevant Supplement for that Fund.

**“Valuation Point”**

means such time on each Valuation Day as shall be specified in the relevant Supplement for each Fund.

**“1933 Act”**

means the United States Securities Act of 1933, as amended.

**“1940 Act”**

means the US Investment Company Act of 1940, as amended.

## 1. THE ICAV

### General

The ICAV is an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds, registered with registration number C191780 by the Central Bank on 9 April 2019 to carry on business as an ICAV pursuant to the UCITS Regulations. The ICAV has been authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

The ICAV is structured as an umbrella type Irish collective asset-management vehicle which may consist of different Funds, each comprising one or more Classes.

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

The Base Currency of each Fund is specified in the relevant Supplement. Additional Funds, in respect of which a Supplement or Supplements will be issued, may be established by the Directors with the prior approval of the Central Bank. Additional Classes in respect of which a Supplement or Supplements will be issued may be established by the Directors and notified to and cleared in advance with the Central Bank or otherwise must be created in accordance with the requirements of the Central Bank.

### Investment Objectives and Policies

The specific investment objective and policy of each Fund will be set out in the relevant Supplement to this Prospectus and will be formulated by the Directors in consultation with the Manager and the Investment Manager at the time of creation of the relevant Fund.

A change to the investment objective, or any material change to the investment policy of a Fund, as disclosed in the relevant Supplement, may only be made in each case with either the prior written approval of all Shareholders of the relevant Fund or on the basis of a majority of votes cast at general meeting of the relevant Fund duly convened and held. In accordance with the requirements of the Central Bank, “**material**” shall be taken to mean, although not exclusively, changes which would significantly alter the asset type, credit quality, borrowing limits or risk profile of a Fund. In the event of a change to the investment objective and/or a material change to the investment policy of a Fund, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them to redeem their Shares prior to implementation of such a change.

The list of Regulated Markets on which a Fund’s investments in securities and financial derivative

instruments, other than permitted investments in unlisted securities and OTC derivative instruments, will be listed or traded is set out in Appendix II.

### **Eligible Assets and Investment Restrictions**

Investment of the assets of each Fund must comply with the UCITS Regulations. The Directors may impose further restrictions in respect of any Fund (which will be disclosed in the relevant Fund Supplement). The investment and borrowing restrictions applying to the ICAV and each Fund imposed under the UCITS Regulations are set out in Appendix I. Each Fund may also hold ancillary liquid assets.

### **Borrowing Powers**

The ICAV may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit, the Directors may exercise all borrowing powers on behalf of the ICAV. In accordance with the provisions of the UCITS Regulations, the Directors may instruct the Depositary to give a charge over the assets of the ICAV as security for such borrowings. A Fund may acquire foreign currency by means of a “**back-to-back**” loan agreement. Foreign currency obtained in this manner which exceeds the value of the back-to-back deposit will be classified as borrowing for the purposes of Regulation 103(1) of the Regulations. Currency risk, as described in the section of the Risk Factors section of this Prospectus entitled “Currency Risk” may arise where the offsetting balance is not maintained in the base currency of the relevant Fund.

### **The Sustainable Finance Disclosure Regulation**

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (known as the Disclosure Regulation, ESG Regulation or “**SFDR**”), which is part of a broader legislative package under the European Commission’s sustainable action plan, comes into effect on 10 March 2021. To meet the SFDR disclosure requirements, the Investment Manager has assessed each Fund’s requirement for the integration of sustainability risk consideration and implemented additional disclosures on this integration in the investment process as appropriate for each Fund. Where a Fund applies an enhanced level of integration of sustainability risk or specific investment approaches, the disclosures for that Fund include further specific details as applicable to the relevant Fund.

Details for each Fund’s compliance with SFDR are set out in the relevant Supplement.

The ESG policy of the Investment Manager includes a description about how material environmental, social and governance (ESG) factors are integrated into investment decision making and the ongoing monitoring of assets. For further details on the implementation of SFDR by the Investment Manager and for a copy of the ESG policy (as amended from time to time) please refer to [www.redhedge.com](http://www.redhedge.com).

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

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

in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

### **Efficient Portfolio Management**

Where specified in the relevant Supplement, the Investment Manager may, on behalf of a Fund, engage in techniques and instruments relating to transferable securities and Money Market Instruments for efficient portfolio management purposes within the conditions and limits laid down by the Central Bank from time to time.

Efficient portfolio management transactions relating to the assets of the Fund may be entered into by the Investment Manager with one or more of the following aims;

- (a) a reduction of risk (including currency exposure risk);
- (b) a reduction of cost; and
- (c) generation of additional capital or income for a Fund with a level of risk consistent with the risk profile of a Fund and the risk diversification requirements in accordance with the requirements of the Central Bank set down in the Central Bank Regulations.

In relation to efficient portfolio management operations, the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost-effective way.

Such transactions may include financial derivative instruments and/or stock-lending and repurchase and reverse repurchase agreements as described below and/or in the relevant Supplement.

#### *Repurchase / Reverse Repurchase and Stock-Lending Arrangements for the Purposes of Efficient Portfolio Management*

Subject to the conditions and limits set out in the Central Bank Regulations, a Fund may use repurchase agreements, reverse repurchase agreements and/or stock-lending agreements for efficient portfolio management purposes only in accordance with the limits and conditions set down in the Central Bank Regulations and the SFTR.

For the purpose of providing margin or collateral in respect of transactions, the ICAV may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund in accordance with normal market practice and in accordance with the requirements of the Central Bank.

A repurchase agreement is an agreement pursuant to which one party sells securities to another party subject to a commitment to repurchase the securities at a specified price on a specified future date. A reverse repurchase agreement is an agreement whereby one party purchases securities from another party subject to a commitment to re-sell the relevant securities to the other party at a specified price on a specified future date. A securities lending arrangement is one where one party transfers securities to another party

subject to a commitment from that party that they will return equivalent securities on a specified future date or when requested to do so by the party transferring the securities. Securities lending arrangements aim to generate additional income with an acceptably low level of risk. Under such agreement, the borrower pays the lender (being the Fund) a fee for the use of the securities during the period that they are on loan and provides cash collateral as security for the relevant securities lending transaction. Each Fund may lend its portfolio securities via a securities lending programme through an appointed securities lending agent including any affiliate of the Depositary to brokers, dealers and other financial institutions wishing to borrow securities to complete transactions and for other purposes in exchange for collateral. Investors should read the risk warning entitled "Conflicts of Interest" in the section of the Prospectus entitled "RISK FACTORS" for further information regarding the risks associated with the use of affiliates of the Depositary to provide security lending agency services to the ICAV.

Where a Fund enters into a repurchase agreement under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty. Cash collateral received by a Fund under a repurchase agreement is typically reinvested in order to generate a return greater than the financing costs incurred by the Fund. In such circumstances, the Fund will be exposed to market risk and to the risk of failure or default of the issuer of the relevant security in which the cash collateral has been invested and therefore any exposure resulting from reinvestment of cash collateral must be taken into account in the global exposure calculations for the relevant Fund. Furthermore, the Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore it is exposed to market risk in the event that it repurchases such securities from the counterparty at the pre-determined price which is higher than the value of the securities.

There is no global exposure generated by a Fund as a result of entering into reverse repurchase arrangements, nor do any such arrangements result in any incremental market risk unless the additional income which is generated through finance charges imposed by the Fund on the counterparty is reinvested, in which case the Fund will assume market risk in respect of such investments.

Finance charges received by a Fund under a securities-lending agreement may be reinvested in order to generate additional income. Similarly, cash collateral received by a Fund under a securities lending agreement may also be reinvested in order to generate additional income. In both circumstances, the Fund will be exposed to market risk in respect of any such investments and should be taken into account when calculating global exposure.

The Manager will ensure that all revenues from securities financing transactions and total return swaps, net of direct and indirect operational costs, will be returned to the relevant Fund, in accordance with Regulation 23(2) of the Central Bank Regulations. The Manager may enter into efficient portfolio management techniques with certain brokers, stock lending agents, derivative counterparties and financial institutions. There may be direct and indirect operational costs or fees arising from such transactions, but these will at all times be paid at normal commercial rates and there will be no hidden fees or revenue payable to any of these entities.

Information on the revenues generated under such transactions shall be disclosed in the annual and semi-annual reports of the ICAV, along with entities to whom direct and indirect operational costs and fees

relating to such transactions are paid. Such entities may include the Manager, the Depositary or entities related to the Manager or Depositary.

The use of the techniques described above may expose a Fund to the risks disclosed in the section entitled “*Risk Factors*”-“*Risks associated with Securities Financing Transactions*”.

### **Financial Derivative Instruments**

Where specified in the relevant Supplement, a Fund may invest in FDI dealt in on a Regulated Market and/or in OTC derivative instruments in each case under and in accordance with the Central Bank Requirements. A Fund may only enter into OTC derivative contracts with an Eligible Counterparty. Further information in relation to this requirement may be found in the section entitled “Eligible Counterparties”.

A Fund may use FDIs for investment purposes and/or for efficient portfolio management where specified in the relevant Supplement. A Fund’s ability to invest in and use these instruments and strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objective and investment policies of the relevant Fund. Any use of an FDI must comply with the regulatory investment restrictions applicable to FDI, further information in relation to which is set out in Appendix I hereto. The relevant reference item of a derivative must comprise of transferable securities, money market instruments, Eligible CIS, deposits, financial indices, interest rates, foreign exchange rates or currencies and the underlying asset classes of any such FDI shall be comprised of asset classes as disclosed in the investment policy of the relevant Fund, where relevant.

The FDI which the Investment Manager may invest in on behalf of each Fund, the purpose of such instruments and the expected effect of use of such FDI on the risk profile of a Fund are set out in the relevant Supplement. The extent to which a Fund may be leveraged through the use of FDIs will also be disclosed in the relevant Supplement. In addition, the attention of investors is drawn to the section of the Prospectus entitled “Risk Factors” and, if applicable to a particular Fund, the section of the relevant Supplement entitled “Risk Factors”. If FDI other than those described below are used by a Fund, such FDI shall be disclosed in the relevant Supplement.

Under the Regulations, “uncovered” positions in derivatives are not permitted. Across the range of FDIs that the ICAV may use, its policy is to satisfy cover requirements by holding the underlying assets or by holding sufficient liquid assets in order to adequately cover its exposure to meet all payment and delivery obligations arising under the FDI. In this regard, a Fund may enter into an FDI which requires the Fund to physically deliver the underlying assets to the counterparty. In such circumstances, instead of holding the underlying asset for the duration of the FDI contract, the Fund may cover the exposure with sufficient liquid assets provided that, save in circumstances where the underlying asset comprises of highly liquid fixed income securities, the Investment Manager is satisfied that the exposure can be adequately covered without the need to hold the underlying assets. Where this approach is adopted, the relevant Fund is exposed to the risk that the price of the underlying asset could theoretically increase without limit, thus increasing the cost of buying those securities in order to meet the Fund’s delivery obligations under the FDI which may result in a cost being borne by the relevant Fund which would not arise had the underlying asset been held by the Fund for the duration of the FDI contract. There may also be a risk that the underlying assets which

must be delivered under the terms of the FDI will not be available for purchase by the relevant Fund.

### *Risk Management*

The Central Bank requires that the ICAV employs a risk management process which enables it to accurately measure, monitor and manage various risks associated with the use of FDI.

Exposure arising from the use of FDI by a Fund will be measured and monitored using either (i) the “commitment approach” or (ii) a sophisticated risk measurement technique known as “value at risk” (VaR). In determining the appropriate methodology, the ICAV shall take into account the investment strategy pursued by the relevant Fund, the types and complexities of the FDI used and the proportion of the Fund’s portfolio which comprises of FDI. The specific risk management methodology chosen for a specific Fund is set out in the relevant Supplement. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

Where a Fund uses the commitment approach to measure its global exposure, each FDI position shall be converted into the market value of an equivalent position in the underlying asset of that derivative.

VaR is a statistical methodology that predicts under normal market conditions using historical data, the likely maximum daily loss that a Fund could lose calculated to a specific confidence level. Where the VaR methodology is used, a Fund will use either (i) the Relative VaR model where the VaR of the Fund’s portfolio will not exceed twice the VaR on a comparable benchmark portfolio or reference portfolio (i.e. a similar portfolio with no derivatives) which will reflect the Fund’s intended investment style or (ii) the Absolute VaR model where the VaR of the Fund is capped as a percentage of Net Asset Value of the Fund. The Absolute VaR of a Fund cannot be greater than 20% of the Net Asset Value of that Fund save where otherwise disclosed in the relevant Supplement. The Absolute VaR or Relative VaR of a Fund is carried out in accordance with the following parameters:- (a) one tailed confidence interval of 99%; (b) holding period equivalent to one month (20 Business Days); (c) effective observation period of at least one year (265 Business Days) unless a shorter observation period is justified by a significant increase in price volatility (e.g. extreme market conditions); (d) at least daily calculation; which means that statistically there is a 1% chance that the losses actually incurred over any one month period could exceed 20% of the Fund’s Net Asset Value. The maximum parameter for daily calculation is 5%. The holding period, the historical observation period or the confidence level may be changed, provided always that they are in accordance with the requirements of the Central Bank.

It should be noted that VaR methods rely on a number of assumptions about the forecasting of investment markets and the ability to draw inferences about the future behaviour of market prices from historical movements. If those assumptions are incorrect by any significant degree, the size and frequency of losses actually incurred in the investment portfolio may considerably exceed those predicted by a VaR model. VaR does enable a comparison of risks across asset classes and serves as an indicator to a portfolio manager of the investment risk in a portfolio. If used in this way, and having regard to the limitations of VaR methods and the particular model chosen, it can act as a signal to the Investment Manager of an increase in the general level of risk in a portfolio and as a trigger for corrective action by the Investment Manager.

Where a Fund uses VaR to measure its global exposure arising from the use of FDI, it must also monitor the leverage of the Fund. The expected level of leverage which may be incurred by a Fund using VaR shall be disclosed in the relevant Supplement. It should be noted that the expected level of leverage disclosed for each Fund which uses VaR is an indicative level and is not a regulatory limit. The Fund's actual level of leverage might significantly exceed the expected level from time to time however the use of financial derivatives instruments will remain consistent with the Fund's investment objective and risk profile and comply with its VaR limit as outlined above, or if altered, as outlined in the relevant Supplement. The creation of leveraged exposure to an index by a Fund via FDI shall be taken into account in assessing compliance with the leverage disclosure set out in the Supplement in compliance with Regulation 53(4) of the Central Bank Regulations.

Details of the risk management process relating to the use of FDI implemented by the ICAV have been provided to the Central Bank. The ICAV will not utilise FDIs which have not been included in the risk management process until such time as a revised risk management process has been prepared and submitted to the Central Bank in accordance with Central Bank Requirements. The ICAV will provide, upon request by Shareholders, supplementary information relating to the risk management methods employed by the ICAV including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

### ***Types and Description of FDI***

The following is a general description of the types of FDI which may be used for investment purposes or for efficient portfolio management by a Fund, together with a description of the commercial purposes of their use. The specific FDI which may be used by a Fund and whether such FDI will be used for investment purposes or efficient portfolio management purposes shall be set out in the relevant Supplement:

#### ***Futures***

Futures are contracts to buy or sell a stated amount of a security, currency or other asset at a specific future date and a pre-agreed price, but with delivery and payment to be made at a point in the future. Futures may also be cash settled. Futures contracts allow the relevant Fund to hedge against risk or to gain exposure to the underlying asset. The exposure generated through a futures contract is to the market value of the underlying asset. Futures may be used where its market access is easier, more liquid or more cost-efficient than direct exposure to the underlying asset itself. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying prior to the contract's expiry date. Futures can be used to express both positive and negative views on the underlying. Therefore, where permitted by the investment policy of a Fund, they can be used to create a synthetic short position. They are exchange traded instruments and their dealing is subject to the rules of the exchanges on which they are traded. A Fund may also purchase and write call and put options on any such futures contracts.

Futures contracts which may be entered into by a Fund include foreign exchange futures, index futures (being a futures contract on a financial index), interest rate futures, bond futures, equity futures, which in each case may be used to hedge against certain risks arising within the portfolio or in order to take a long

or short position on the underlying of the future. Foreign exchange futures specify the price at which a specified currency can be bought or sold at a future date. A bond future is a contractual obligation for the contract holder to purchase or sell a bond on a specified date at a predetermined date. An interest rate future is a contract between the buyer and the seller locking in the price of an interest rate at a future date.

### *Forwards*

Where specified in the relevant Supplement, a Fund may also enter into forward contracts which lock in the price at which the underlying may be purchased or sold at a future date. In a forward the contract holders are obliged to buy or sell a particular underlying at a specified price in a specified quantity and on a specified future date. One party to the forward is the buyer (long) who agrees to pay the forward price on settlement date, the other party is the seller (short) who agrees to receive the forward price on settlement date. Forwards may also be cash settled. In contrast to futures, forwards are not traded on an exchange, but in the OTC market. Forward contracts may be used to hedge or generate exposure. Where permitted by the relevant investment policy of a Fund, they can be used to express both positive and negative views on the underlying assets, hence they can create a synthetic short position.

Forward contracts which may be entered into by a Fund include foreign exchange forwards, non-deliverable forward foreign exchange contracts, interest rate forwards, index forwards, bond forwards, equity forwards, which in each case may be used to hedge against certain risks arising within the portfolio or in order to take a long or short position on the underlying of the forward.

### *Options*

An option is an agreement that gives the buyer, who pays a fee known as a premium, the right, but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (strike or exercise price) on or until the expiry of the contract. There are two basic forms of options, put and call options. A call option is an option to buy, and a put option is an option to sell. Options may also be cash settled. Exercise or payoff features may vary. A Fund may be a seller (or writer) or buyer of put and call options. A Fund may purchase or sell options either individually or in combinations. Where specified in the relevant Supplement, a Fund may purchase or sell options to hedge against an increase in the price of a security, index, currency or other asset which the Fund intends to purchase or generate exposure to or hedge against a decrease in the price of any such asset or in the market generally. Where permitted by the investment policy of a Fund, options can be used to express both positive and negative views on the underlying, hence they can be used to create a synthetic short position. The Fund may trade options on an exchange or on OTC markets.

Options contracts which may be entered into by a Fund include foreign exchange options, index options (being a call or put option on a financial index), bond options and equity options, which in each case may be used to hedge against certain risks arising within the portfolio or in order to take a long or short position on the underlying of the option. Equity options and bond options are contracts pursuant to which the buyer has the right but not the obligation to buy the referenced equity or bond at an agreed-upon price during a certain period of time or on a specific date.

Where specified in the relevant Supplement, swaptions may be used to give a Fund the option to enter into

a swap agreement (typically an interest rate swap agreement) on a specified future date in exchange for an option premium. Swaptions are typically used in order to protect against exposure to specific interest rates as the buyer has the right to enter into a swap where he would receive the fixed swap rate and pay the specified floating rate such as LIBOR or vice versa over the life of the swap. Credit default swaptions may also be used and provide the buyer with the right to enter into a credit default swap on a specific reference entity with a specific maturity.

### *Warrants*

Warrants which may be acquired by a Fund entitle the Fund to buy a specific amount of securities, usually above the current market price at the time of issuance for a specified or unspecified period. If the price of the security rises to above the warrant's exercise price, then the investor can buy the security at the warrant's exercise price and resell it for a profit. Otherwise, the warrant will simply expire or remain unused.

### *Contracts for Differences*

A contract for difference is an agreement between two parties—the investor and the CFD provider—to pay the other the change in the price of an underlying asset between the starting price and the price when the contract is closed. Depending on the way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends. Exposure is to the market value of the underlying asset. A Fund may use contracts for differences in order to gain exposure to the economic performance of a security without the need for taking or making physical delivery of the security. Consequently, no rights are acquired or obligations incurred relating to the underlying share. Contracts for difference are highly leveraged instruments and for a small deposit (margin) it is possible for a Fund to hold a position much greater than would be possible with a traditional investment. This means that gains and losses are, therefore, magnified. In the case of substantial and adverse market movements, the potential exists to lose all of the money originally deposited and to remain liable to pay additional funds immediately to maintain the margin requirement.

### *Swaps*

A swap is an agreement negotiated between two parties, whereby the parties agree to exchange the cash flows or proceeds (including or excluding capital gains/losses) of a reference asset such as one or more securities, a currency, an index or an interest rate against the proceeds of another reference asset. Typically, the cash flow streams are computed with reference to a specific underlying and on specified notionals. They can be used to express both positive and negative views on the underlying assets, hence where specified in the relevant Supplement, they can also be used to create a synthetic short position. Generally swaps are traded in the OTC market.

Swap contracts which may be entered into by a Fund include interest rate swaps, currency swaps, credit default swaps, index swaps, inflation swaps and total return swaps.

An interest rate swap is an agreement negotiated between two parties to exchange interest rate cash flow calculated on notional principal amounts at specified intervals (payment dates) during the life of the swap.

Each party's payment obligation is computed using a different interest rate based on the notional exposures. The use of interest rate swaps may allow the interest rate sensitivity of a Fund to be changed faster or more cheaply than through the use of physical cash markets or more precisely than through exchange traded derivative markets. Interest rate swaps include "basis swaps" which are interest rate swaps negotiated between two parties to exchange floating interest rate cash flows against other floating interest cash flow streams, at specified dates during the life of the swap. There may be a final, interim or initial exchange of the notional amounts.

An inflation swap is a contract under which a fixed payment is exchanged for a variable payment linked to a measure of inflation.

A currency swap is an agreement negotiated between two parties to exchange different currencies, at specified dates during the life of the swap. There may be a final, interim or initial exchange of the notional amounts. Currency swaps are generally used to manage a Fund's currency exposure and may also be used as a means of gaining desired currency exposure.

A credit default swap is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity defaults or suffers a credit event. In return the seller of the credit default swap receives from the buyer a regular fee, called the spread. It is used to transfer third party credit risk from one counterparty to another. The "buyer" in a credit default swap contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. A Fund may be either the buyer or seller in a credit default swap transaction. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. However, if an event of default occurs, the Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

In an index swap one or both of the cash flow streams are related to the return of an index or indices, calculated on a notional amount, at specified dates during the life of the swap. Index swaps can either serve as a substitute for purchasing a group of bonds, in order to hedge specific index exposure, gain or reduce exposure to an index or be associated to the performance of one or more relevant underlying indices that are linked directly or indirectly to certain securities.

A recovery swap is an agreement negotiated between two parties to swap a pre-agreed fixed recovery rate instead of the recovery rate which will be determined in the market upon an occurrence of a credit event. For example, if the Investment Manager suspects that a credit event such as a default might occur in respect of a specific bond in a Fund's portfolio, the Investment Manager may choose to fix the recovery rate of that bond with a trading counterparty ahead of time and before a default has actually occurred. The counterparty will quote a certain anticipated recovery rate for the bond which it deems likely under current market conditions and such rate may significantly differ from the recovery rate which will be determined in case of

a default at a later stage. In the event that the default occurs, the ICAV will receive from the counterparty the fixed recovery rate that was pre-agreed with the counterparty in the recovery swap instead of the recovery rate determined for other general market participants.

*Total Return Swaps:* Where specified in the relevant Supplement, a Fund may enter into total return swaps for investment purposes in order to generate income or profits in accordance with the investment objective and policies of the relevant Fund, in order to reduce expenses or in order to hedge against risks faced by the Fund.

A total return swap is an OTC derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty generally in return for a fixed or floating cash payment. The reference obligation of a total return swap may be any securities or other investments in which the relevant Fund is permitted to invest or gain exposure to in accordance with its investment objective and policies. Where applicable, information on the underlying strategy or index and the composition of the investment portfolio or index shall be disclosed in the relevant Supplement. The terms of a total return swap may provide for acceleration of its termination date upon the occurrence of one or more referenced events with respect to a reference obligation. Where a Fund enters into a total return swap on a net basis, the two payment streams are netted out, with the relevant Fund receiving or paying, as the case may be, only the net amount of the two payments.

Save where otherwise disclosed in the relevant Supplement, the counterparty to any total return swap entered into by the Fund shall not assume any discretion over the composition or management of the investment portfolio of the Fund or of the underlying of the total return swap and the approval of the counterparty is not required in relation to any investment portfolio transaction of the Fund. The use of total return swaps may expose a Fund to the risks disclosed under the heading "*Risk Factors*"-"*Risks associated with Total Return Swaps*".

#### *Embedded Derivatives*

Where specified in the relevant Supplement, a Fund may invest in instruments which are deemed to embed a derivative. Such instruments must respect the principles of the Regulations and the Central Bank Regulations. Where an instrument is deemed to embed a derivative, it shall be included in the risk management process of the ICAV relating to the use of derivatives.

#### **Investment in Financial Indices**

##### *Use of financial indices for investment purposes*

Where a Fund intends to gain exposure to one or more financial indices for investment purposes, this intention shall be stated in the relevant Supplement together with sufficient disclosure to allow a prospective investor to understand the market that the index is representing, why the index is being used as part of the investment strategy of the Fund, whether the investment will be made directly, through investment in the constituents of the index, or indirectly, through an FDI and where additional information on the index may

be obtained. Such financial indices may or may not comprise of Eligible Assets and will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank for example on a quarterly, semi-annual or annual basis. The costs associated with gaining exposure to any such index will be impacted by the frequency with which the relevant index is rebalanced. When the weighting of any particular component exceeds the permitted investment restrictions set down in the Regulations, the Investment Manager will, as a priority objective, look to remedy the situation taking into account the interests of Shareholders of the relevant Fund.

It should be noted that where a financial index comprised of Eligible Assets does not comply with the risk diversification rules set down in Regulation 71 of the UCITS Regulations, investment in such an index by the ICAV on behalf of a Fund through the use of a derivative is not considered a derivative on a financial index but is regarded as a derivative on the combination of assets comprised in the index. A Fund may only gain exposure to such a financial index where on a “look through” basis, the Fund is in a position to comply with the risk spreading rules set down in the Regulations taking into account both direct and indirect exposure of the Fund to the constituents of the relevant index.

It may not be possible to comprehensively list the actual financial indices to which exposure may be taken by a Fund for investment purposes as they may change from time to time. A list of the indices to which a Fund takes exposure will be set out in the annual financial statements of the relevant Fund. Details of any financial indices (including their name, classification, rebalancing frequency and the markets that they represent) used by any Fund will also be provided to Shareholders of that Fund by the Investment Manager on request.

#### *Use of financial indices for efficient portfolio management*

Where a Fund intends to use a financial index for efficient portfolio management purposes only, this shall be disclosed in the relevant Supplement.

#### *Application of the Benchmarks Regulation*

Where specified in the relevant Supplement, a Fund’s use of a benchmark may bring that Fund within the scope of the Benchmarks Regulation. As required under the Benchmarks Regulation, the Investment Manager has put in place appropriate contingency arrangements setting out the actions which will be taken in the event that a benchmark which is used by a Fund which is subject to the Benchmarks Regulation materially changes or ceases to be provided. A copy of the Manager’s policy on cessation or material change to a benchmark is available upon request from the Manager.

### **Eligible Counterparties to OTC Derivative Contracts and Securities Financing Transactions**

Any counterparty to an OTC derivative contract must constitute an Eligible Counterparty:

The counterparty to any over the counter (“**OTC**”) financial derivative instruments entered into by a Fund shall be an entity selected in accordance with the provisions of the counterparty authorisation policy adopted by the Investment Manager, which shall include amongst other considerations, external credit

ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty (“**Counterparty Authorisation Policy**”). While there are no predetermined legal status or geographical criteria applied in the selection of counterparties, these elements are taken into account in the selection process. Any such counterparty to an OTC derivative contract or securities financing transaction entered into by the ICAV will typically be a credit institution or corporate entity based in the OECD with a minimum external credit rating of at least BBB.

Save where the counterparty to the relevant securities financing transaction or OTC derivative contract is an Approved Credit Institution, where such counterparty (a) is subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager or its delegate in the credit assessment process; and (b) where a counterparty is downgraded to BBB or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Investment Manager or its delegate without delay.

Information relating to collateral management employed by the ICAV is set out in Appendix III to this Prospectus.

### **Hedged Classes**

The ICAV may (but is not obliged to) enter into certain currency related transactions in order to mitigate the exchange rate risk between the Base Currency of a Fund or a currency or currencies in which assets of a Fund are denominated and the currency in which Shares in a class of the relevant Fund is designated, where that designated currency is different to the Base Currency or currency of denomination of the assets.

Any Financial Instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of a Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant Financial Instruments will accrue solely to the relevant Class.

Where a Class of Shares is to be hedged this will be disclosed in the Supplement for the Fund in which such Class is issued. Transactions will be clearly attributable to a specific Class, therefore any currency exposure of a Class may not be combined with, or offset against, that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes.

Where there is more than one hedged Class in a Fund denominated in the same currency and it is intended to hedge the foreign currency exposure of such Classes into another currency, the Fund may aggregate the foreign exchange transactions entered into on behalf of such hedged Classes and apportion the gains/loss on and the costs of the relevant Financial Instruments pro rata to each such hedged Class in the relevant Fund.

Where the ICAV seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the ICAV. However, over-hedged positions will not exceed 105% and under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk of the Net Asset Value of

the Class taking into account net subscriptions and redemptions applicable to the relevant Dealing Day. Hedged positions will be kept under review to ensure that over-hedged and/or under-hedged positions do not exceed the permitted levels. This review will also incorporate a procedure to ensure that positions materially in excess of 100% of Net Asset Value of the Class will not be carried forward from month to month. Over-hedged or under-hedged positions shall not be carried forward from month to month.

To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the Base Currency and/or the currency in which the assets of the particular Fund are denominated.

The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the relevant Fund. Investors' attention is drawn to the risk factor below entitled "**Share Currency Designation Risk**".

### **Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. Any dividend unclaimed after six years from the date when it first became payable or on the winding up of the ICAV, if earlier, shall be forfeited automatically and shall revert to the relevant Fund without the necessity for any declaration or other action by the ICAV. No interest shall be paid on any dividend.

## **Risk Factors**

### *General*

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the ICAV carries with it a degree of risk. Different risks may apply to different Funds and/or Classes.

Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Potential investors should also pay attention to the applicable fees, charges and expenses of a Fund.

Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their own financial, tax, accounting, legal and other appropriate advisers before making an application for Shares.

Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the ICAV or any Fund should not be relied upon as an indicator of future performance.

The attention of potential investors is drawn to the taxation risks associated with investing in the ICAV. Please refer to the Section of the Prospectus entitled "Taxation". The Financial Instruments in which the ICAV invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

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

### *Lack of Operating History*

The ICAV is a recently formed entity and has no operating history upon which prospective investors can evaluate the likely performance of a Fund. The past investment performance of the Investment Manager may not be construed as an indication of the future results of an investment in the Fund. There can be no assurance that:

- (i) the Fund's investment policy will prove successful; or
- (ii) investors will not lose all or a portion of their investment in the Fund.

### *Regulatory Risk*

Legal, tax, and regulatory changes are likely to occur during the term of the ICAV and some of these changes may adversely affect the ICAV.

### *Operational Risk*

The ICAV is reliant upon the performance of third-party service providers for their executive functions. In particular, the Manager, the Investment Manager, the Depositary and the Administrator will be performing services which are integral to the operation of the ICAV. Failure by any service provider to carry out its obligations to the ICAV in accordance with the terms of its appointment, including in circumstances where the service provider has breached the terms of its contract, could have a materially detrimental impact upon the operations of the ICAV.

A Fund's investments may be adversely affected due to the operational process of the ICAV or its service providers. A Fund may be subject to losses arising from inadequate or failed internal controls, processes and systems, or from human or external events.

### *Cross-Liability for Other Funds*

The ICAV is established as an umbrella type Irish collective asset-management vehicle with segregated liability between Funds. Pursuant to the Act, the assets of one Fund are not available to satisfy the liabilities of, or attributable to, another Fund. Any liability incurred or attributable to any one Fund may only be discharged solely out of the assets of that Fund. However, the ICAV may operate or have assets in countries other than Ireland which may not recognise segregation between Funds and there is no guarantee that creditors of one Fund will not seek to enforce one Fund's obligations against another Fund.

### *Limitation on liability of Shareholders*

The liability of Shareholders is limited to any unpaid amount on their Shares and all Shares in the ICAV will only be issued on a fully paid basis. However, under the Application Form and the Instrument, investors will be required to indemnify the ICAV and other parties as stated therein for certain matters including inter alia losses incurred as a result of the holding or acquisition of Shares by an Ineligible Applicant, any liabilities arising due to any tax the ICAV is required to account for on an investor's behalf, including any penalties and interest thereon, any losses incurred as a result of a misrepresentation by an investor, etc.

However, Shareholders should note that payment in respect of subscriptions must be received in cleared funds by the Administrator prior to the Subscription Settlement Cut-Off. In the event of the non-clearance of subscription monies, any allotment in respect of an application may be cancelled and Shareholders may be charged for any expense incurred by the relevant Fund or for any loss to the relevant Fund arising out of such non-receipt or non-clearance. Whilst the defaulting Shareholder will be liable for any costs incurred by the Fund in so doing, Investors should note that there is a risk that the Fund may not be able to recover such costs from such Shareholder and the Fund may therefore suffer a loss.

*Risks associated with derivative transactions used for hedging and/or efficient portfolio management purposes*

General

A Fund may engage in derivatives transactions as part of its investment strategy for hedging risks associated with its portfolio and/ or efficient portfolio management purpose in order to aim at achieving its investment objective. These strategies include the use of listed and/or OTC derivatives, including but not limited to futures, forward contracts, swaps and options. Prices of derivatives are highly volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks.

Furthermore, there may be an imperfect correlation between derivative instruments used as hedging instruments and the investments or market sectors to be hedged. This might result in an imperfect hedge of these risks and a potential loss of capital.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risks of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Also, the ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected target.

Transactions in over-the-counter derivatives, such as credit derivatives or currency forward contracts for instance, may involve additional risks, as there is no exchange on which to close out an open position. It may be difficult to assess the value of a position and its exposure to risk or to liquidate an existing position.

*Additional risks associated with investments in financial derivative instruments (FDI) are summarised below:*

Correlation Risk

The prices of derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of derivative instruments may be volatile and may also be subject to change due to supply and demand factors. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Fund's Investment Manager expected.

Loss of Favourable Performance

The use of derivative instruments to hedge or protect against market risk may reduce the opportunity to benefit from favourable market movements. Hedging against a decline in the value of portfolio positions

does not eliminate fluctuations in the values of portfolios positions nor does it prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio positions should increase.

#### Liquidity Risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. The ICAV may have to lower the price to effect a secondary market sale which could have a negative effect on fund management or performance. Futures positions may be illiquid or difficult to close out because of limits imposed by the relevant exchange on daily price movements. OTC positions are, by definition, illiquid, but the Investment Manager will only enter into OTC transactions with counterparties which are contractually obliged to close out a position on request.

#### Market Risk

This is a general risk that the value of a particular derivative may change in a way which may be detrimental to a Fund's interests and the use of derivative techniques may not always be an effective means of achieving a Fund's investment objective. When a Fund purchases an option, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps, that Fund's liability may be potentially unlimited until the position is closed. Some of the recognised exchanges on which each Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which each Fund may liquidate positions to meet repurchase requests or other funding requirements.

#### Margin Risk

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

#### Risks associated with derivative used for investment or exposure purposes

##### General

A Fund may engage in derivatives transactions as part of its investment strategy as a tool for exposure and with the aim to achieve its investment objective. These strategies include the use of listed and/or OTC derivatives, including but not limited to futures, forward contracts, swaps, and options. Prices of derivatives are highly volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks.

### Market Risk and leverage

In the event of unfavourable trends involving the derivative strategies put in place, the net asset value may decrease more significantly than the markets on which the Fund is exposed. This leverage can increase expected gains but also strongly emphasises the risks of loss. Certain derivative strategies have risk of loss limited to premium paid while other derivative strategies may have potentially unlimited risk of loss until the position is closed.

However, this risk is mitigated by the fact that the global exposure in relation to the use of derivatives shall not exceed 100% of the Net Asset Value of the relevant Fund in the case of Funds using the net commitment approach. As temporary borrowings may be allowed up to a maximum of 10% of a Fund's Net Asset Value, the global risk exposure using the net commitment methodology in relation to derivatives shall never exceed 110% of the Net Asset Value of the relevant Fund. Furthermore, in case the Fund is using the value-at-risk approach in order to monitor the risk associated with the use of said instruments, the level of value-at-risk shall not exceed the relevant limits set out in the UCITS Regulations and in accordance with the risk management process of the Investment Manager.

### Counterparty Exposure and Legal Risk

The use of OTC derivatives, such as forward contracts and swap agreements will expose the relevant Fund to credit risk with respect to the counterparty involved and the risk that the legal documentation of the contract may not accurately reflect the intention of the parties. In the event of the insolvency, bankruptcy or default of any such counterparty the Fund bears the risk that the counterparty may not settle a transaction in accordance with market practice due to credit or liquidity problems of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Fund to suffer a loss. As some of the derivative instruments in which a Fund may invest may be traded on markets where the trading, settlement and custodial systems are not fully developed, the derivative instruments of a Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Depository will have no liability. Where a Fund delivers collateral to its trading counterparties under the terms of its trading agreements with such parties, a counterparty may be over-collateralised and the Fund will, therefore, be exposed to the creditworthiness of such counterparties to the extent of the over-collateralisation. Collateral provided to a trading counterparty may be subject to counterparty risk. In addition, the Fund may from time to time have uncollateralised exposure to its trading counterparties in relation to its rights to receive securities and cash under contracts governing its trading positions. In the event of the insolvency of a trading counterparty, the Fund will rank as an unsecured creditor in relation to amounts equivalent to both any uncollateralised exposure to such trading counterparties and any such over collateralisation, and in such circumstances it is likely that the Fund will not be able to recover any debt in full, or at all. With respect to exchange traded derivatives and centrally cleared OTC derivatives, the risk is more complex in that it involves the potential default of the exchange, clearing house or the clearing broker. In these circumstances, a Fund may encounter delays and encounter difficulties with respect to court procedures in seeking recovery of the Fund's assets. The Investment Manager may have contractual remedies upon any default pursuant to the agreements related to the transactions. Such remedies could be inadequate, however, to the extent that the collateral or other assets

available are insufficient.

### EMIR Risk

European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or “EMIR”), which applies to the ICAV and the Funds, applies uniform requirements in respect of OTC derivative contracts by requiring certain “eligible” OTC contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of OTC contracts which are not subject to mandatory clearing.

### *Net Asset Value Considerations*

The Net Asset Value per Share in respect of each Class is expected to fluctuate over time with the performance of a Fund’s investments. As a result, an investment should be viewed as long-term. A Shareholder may not fully recover their initial investment when their Shares are redeemed.

Separately, a Fund may invest some of its assets in unquoted Financial Instruments. Such Financial Instruments may be valued at their probable realisation value estimated by a third party selected by the Directors in consultation with the Investment Manager. Such Financial Instruments are inherently difficult to value and may be the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or “close-out” prices of such Financial Instruments.

The Subscription Price or Redemption Price may be different from a Fund’s Net Asset Value due to Duties and Charges and the application of a Subscription Fee, Redemption Fee or a Contingent Deferred Sales Charge. The Net Asset Value will reflect any anti-dilution levy or swing pricing applied, as further described in the section entitled “THE SHARES: Net Asset Value And Valuation of Assets”.

### *Currency Risk*

The investments of a Fund may mainly be denominated in currencies other than the Base Currency of the Fund and, accordingly, any income received by the Fund from such investments will be made in such other currencies. A Fund will compute its Net Asset Value in the Base Currency of that Fund, and in this regard there is a currency exchange risk involved as a result of fluctuations in exchange rates between the Base Currency and such other currency which can be substantial and may occur suddenly. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by that Fund may not correspond with the securities positions held. Where specified in the relevant Supplement, the Investment Manager may, but is not obliged to, mitigate this risk by using currency derivative instruments. The successful execution of a hedging strategy which matches exactly the profile of the investments of the relevant Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange fluctuations at a price sufficient to protect the assets from

the anticipated decline in value of the portfolio positions as a result of such fluctuations. Furthermore it may not be possible or practical to hedge against such exchange rate risk in all circumstances.

#### *Share Currency Designation Risk*

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Redemption proceeds and any distributions to Shareholders will normally be made in the currency of denomination of the relevant Class. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Investment Manager may try but is not obliged to mitigate this risk (see the section “**Hedged Classes**”). Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant assets. Assets used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on, and the costs of, the relevant assets will accrue solely to the relevant Class of Shares of the Fund.

#### *No Right to Control the Operation of the ICAV*

Shareholders will have no right to control the daily operations, including investment and redemption decisions, of the Funds.

#### *Controlling Shareholder*

There is no restriction on the percentage of the ICAV's Shares that may be owned by one person or a number of connected persons. It is possible, therefore, that one person, including a person or entity related to the Investment Manager, or, a collective investment scheme managed by the Investment Manager, may obtain control of the ICAV or of a Fund, subject to the limitations noted above regarding control of the operation of the ICAV.

#### *Conflicts of Interest*

There may be conflicts of interests that could affect an investment in the ICAV; attention is drawn to the section “**Conflicts of Interest**” in “**Management and Administration**” below.

#### *Reliance on the Investment Manager and Key Persons*

A Fund will rely upon the Investment Manager in formulating the investment strategies and its performance is largely dependent on the continuation of an agreement with the Investment Manager and the services and skills of their respective officers and employees. In the case of loss of service of the Investment Manager or any of its key personnel, as well as any significant interruption of the Investment Manager's business operations, or in the extreme case, the insolvency of the Investment Manager, a Fund may not find successor managers quickly and the new appointment may not be on equivalent terms or of similar

quality. Therefore, the occurrence of those events could cause a deterioration in a Fund's performance and investors may lose money in those circumstances.

#### *Profit Sharing*

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share of one or more Classes of a particular Fund. Information regarding any Performance Fee will be disclosed in the relevant Supplement.

The Performance Fee will increase in conjunction with any unrealised appreciation, as well as realised gains and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

#### *Investment Objective Risk*

There can be no assurance that the investment strategy implemented for each Fund will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Fund. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Fund.

There is no guarantee that in any time period, particularly in the short term, a Fund's portfolio will achieve any capital growth or even maintain its current value. Investors should be aware that the value of Shares may fall as well as rise.

#### *Active Investment Management*

Where disclosed in the relevant Supplement, a Fund's Financial Instruments may be actively managed by the Investment Manager, based on the expertise of individual fund managers, who will have discretion (subject to the Fund's investment restrictions, investment policies and strategies) to invest the Fund's assets in Financial Instruments that it considers will enable the Fund to achieve its investment objective. There is no guarantee that a Fund's investment objective will be achieved based on the Financial Instruments selected.

#### *Investment in Other Collective Investment Schemes*

A Fund may invest in other collective investment schemes. By investing in the relevant collective investment scheme, an investor will indirectly bear fees and expenses charged by the underlying collective investment schemes in addition to a Fund's direct fees and expenses. Investments in other collective investment schemes shall be valued at the latest available net asset value per unit as published by the scheme; the latest bid prices as published by the scheme or if the scheme is listed on a Market, the latest market prices. A Fund investing in other collective investment schemes may be subject to the risk that (i) the valuations of such Fund may not reflect the true value of the underlying collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation may not be available as at the relevant Valuation Point for such Fund. In such circumstances, the Investment Manager, with the consent of the Depositary, may adjust the value of any such investment or permit such

other method of valuation if the Investment Manager considers that such adjustment or other method of valuation is required to reflect more fairly the value of the underlying collective investment scheme.

### *Exchange Traded Funds*

A Fund may invest in the securities of Exchange Traded Funds (ETFs). Shares or units in ETFs represent interests in (i) fixed Funds of equity shares or debt securities designed to track the price and dividend yield performance of broad-based securities indices; (ii) "baskets" of industry-specific securities; or (iii) commodities. Shares or units in ETFs are traded on an exchange and the value of such shares or units fluctuate in relation to changes in the value of the underlying asset of the ETF. However, the market price of shares or units in ETFs may not be equivalent to the pro rata value of the underlying asset of the ETF. Shares and units of ETFs are subject to the risks of an investment in a broad-based Fund of equity shares or to the risks of a concentrated, industry-specific investment in equity shares. Furthermore, certain ETFs in which the Funds may invest may leverage their assets, thereby significantly increasing the potential volatility of such ETFs.

### *Taxation*

Any change in the taxation legislation in Ireland, or elsewhere, could affect the value of investments held by the ICAV and affect the ICAV's ability to provide a return to investors. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein based on current tax law and practice. Potential investors and Shareholders should note that the statements on taxation, which are set out herein are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus. As is the case with any investment, there can be no guarantee that a tax position or proposed tax position prevailing at the time an investment is made in the ICAV will endure indefinitely. The attention of potential investors is drawn to the tax risks associated with investing in the ICAV, particularly the section headed "**TAXATION**".

### *Cyber Security Risk*

The ICAV and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "**hacking**" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Manager, the Investment Manager, the Administrator or the Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Fund's ability to calculate its NAV; impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with the ICAV; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in

which a Fund invests, counterparties with which the ICAV engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

#### *Depository Risk*

If a Fund invests in assets that are Financial Instruments that can be held in custody ("**Custody Assets**"), the Depository is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depository is required to return identical assets to those lost or a corresponding amount to the Fund without undue delay.

If a Fund invests in assets that are not financial instruments that can be held in custody ("**Non-Custody Assets**"), the Depository is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the Depository is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depository will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depository in relation to the respective categories of assets and the corresponding standard of liability of the Depository applicable to such functions differs significantly. The Funds enjoy a strong level of protection in terms of Depository liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. Given the framework of Depository liability under UCITS V, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

#### *Operation of Cash Accounts*

The ICAV has established a cash account through which all subscriptions, redemptions or dividends payable to or from a Fund will be channelled and managed (the "Cash Account").

Investors should note that in the event that subscription monies received and held in a Cash Account are lost prior to the issue of Shares to the relevant investor as of the relevant Dealing Day, the ICAV on the behalf of the relevant Fund may be obliged to make good any losses suffered by the investor (in its capacity

as a general creditor of the Fund), in which case such loss will need to be discharged out of the assets of the relevant Fund and therefore will represent a diminution in the Net Asset Value per Share for existing Shareholders of the relevant Fund.

Furthermore in the event that redemption or dividend monies held in a Cash Account are lost prior to payment to the relevant investor/Shareholder, the ICAV on behalf of the Fund may be obliged to make good any losses suffered by the investor/Shareholder (in its capacity as a general creditor of the Fund), in which case such loss will need to be discharged out of the assets of the relevant Fund and therefore will represent a diminution in the Net Asset Value per Share for existing Shareholders in the Fund.

In the event of an insolvency of the relevant Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Investors who have forwarded subscription monies in advance of a Dealing Day and which are held in a Cash Account and investors/Shareholders due redemption monies or dividend monies which are held in a Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies available to all unsecured creditors by the insolvency practitioner. In such circumstances, the investor subscribing for Shares may not recover all monies originally paid into the Cash Account in relation to the application for Shares and the redeeming investor entitled to redemption monies or Shareholders entitled to a dividend payment may not recover all monies originally paid into the Cash Account for onward transmission to that investor/Shareholder.

#### *Reverse Repurchase Agreements*

A Fund may enter into reverse repurchase agreements with banks or broker-dealers. Reverse repurchase agreements involve a purchase by a Fund of securities concurrently with an agreement by the seller to repurchase the same securities at a later date at a fixed price.

In the event of the bankruptcy or other default of the seller, a Fund could experience both delays in liquidating the underlying securities and losses, including (i) possible decline in the value of the underlying security during the period while it seeks to enforce its rights thereto; (ii) possible lack of access to income on the underlying security during this period; and (iii) expenses of enforcing its rights.

#### *Securities Lending*

Where a Fund enters into securities lending arrangements there are risks in the exposure to market movements on the value of collateral if the counterparty defaults and recourse has to be had to collateral, or if there is fraud or negligence on the part of the Depositary, the Investment Managers or lending agent. In addition there is an operational risk associated with marking to market daily valuations and there are the potential stability risks of providers of collateral. The principal risk in such securities lending arrangements is the insolvency of the counterparty. In this event the ICAV could experience delays in recovering its securities and such event could possibly result in capital losses.

#### *Collateral reuse risk*

Where a Fund reinvests collateral it receives from a counterparty under a trading agreement, there is a risk that such collateral reinvestment could result in a reduction of the value of the collateral capital (because the investment declines in value). This, in turn, may cause losses to a Fund because it is obliged to return collateral to the counterparty. The Funds are limited to how they can reinvest collateral as set out in the section titled “Collateral”.

#### *Central Clearing*

A central clearing counterparty (CCP) stands between over-the-counter (OTC) derivatives counterparties, insulating them from each other’s default. Effective clearing seeks to mitigate systemic risk by lowering the risk that defaults spread from counterparty to counterparty. However, the extent to which CCPs mitigate the likelihood and severity of knock-on defaults that arise from the failure of a large counterparty is unclear.

#### *Sustainability Risk*

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Fund’s investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social and governance (ESG) data which is difficult to obtain and incomplete, estimated, out of date or may be otherwise materially inaccurate. Even when identified, there can be no guarantee that this data will be correctly assessed.

#### *Risk Factors Not Exhaustive*

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the ICAV and any Fund may be exposed to risks of an exceptional nature from time to time. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement.

## **2. MANAGEMENT AND ADMINISTRATION**

The powers of management of the ICAV are vested in the Directors pursuant to the Instrument. The Directors control the affairs of the ICAV and are responsible for the formulation of the investment policy. The Directors have delegated the day to day management of the ICAV and custody of the assets of each Fund to the Manager and Depositary respectively. The Manager has appointed the Investment Manager to act as discretionary investment manager of the ICAV and distributor of the Shares. The Manager has appointed the Administrator to act as administrator of the ICAV.

### **Directors**

The Directors of the ICAV are Eloise Lipkin, Stephen Finn and Orlin Mladenov.

Details on the experience and backgrounds of each of the Directors is outlined below.

#### **Eloise Lipkin (British resident)**

Miss Lipkin is the Chief Operating Officer of the Investment Manager, an investment management company based in the UK and focused on Alternative fund management. Miss Lipkin has been active in the financial industry since 2007, and has extensive experience of both UCITS and alternative funds, having spent time working in Asset Managers, Hedge Funds and a compliance consultancy company. Prior to joining the Investment Manager, Miss Lipkin was Head of Legal and Compliance at Football Radar Limited, a football betting company, where she led the opening and build out of a new operational branch.

Miss Lipkin holds a bachelor's degree in Politics and French from the University of Loughborough, and has passed the CISI Capital Markets Programme (previously known as the FSA exams at the point of taking in 2007), specialising in Securities and Derivatives.

#### **Stephen Finn (Irish national, Irish resident)**

Mr. Finn is a Senior Consultant with KBA Consulting Management Limited, a firm which provides of fund management services to collective investment schemes. Mr Finn has been active in the investment funds industry since 2000. He has extensive experience of both UCITS and alternative investment funds and in assisting funds address their on-going operations and compliance requirements. He has particular experience in the relevant tax reporting requirements to support the distribution of funds in various countries both within the EU and elsewhere. Prior to joining KB Associates Mr Finn spent twelve years at RBC where he was responsible for the delivery of fund accounting services to a number of key clients. Mr Finn commenced his career at BNY Mellon.

Mr Finn holds a Bachelor of Commerce Degree (Hons) from University College Dublin, a Certificate and Diploma in Mutual Funds from the Institute of Bankers in Ireland and is a member of the Association of Chartered Certified Accountants.

### **Orlin Mladenov (Irish Resident)**

Mr. Mladenov has been active in the investment funds industry since 2007. He is a Senior Consultant within KB Associates' AIFMD and UCITS authorised management company, KBA Consulting Management Limited. He has extensive client facing and operational experience in providing a full range of depositary services to both UCITS and AIFs.

Prior joining KB Associates, Mr. Mladenov was a Vice President in Citi Depositary Services Ireland where he was responsible for managing a portfolio of clients including UCITS and AIFs. Previously Mr. Mladenov was a Depositary Manager at Deutsche Bank and Société Générale in Dublin. In both firms he managed the depositary teams and was responsible for effectively providing fiduciary services to a large variety of investment funds domiciled in various jurisdictions.

Mr. Mladenov holds an MSc in Management from Otto von Guericke University, Magdeburg, Germany, a Master of Commerce from UNWE, Sofia, Bulgaria and is a Chartered Financial Analyst Charterholder.

The address of the Directors is the registered address of the ICAV.

### **The Manager**

KBA Consulting Management Limited has been appointed as manager for the ICAV pursuant to the Management Agreement. Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the ICAV's affairs, subject to the overall supervision and control of the Directors. The Board of the ICAV retains the discretion to delegate as determined by the Directors.

The Manager was incorporated as a limited liability company in Ireland under the Companies Act 2014 (as may be amended) under registration number 430897 on 4 December 2006 and is authorised by the Central Bank to act as a management company on behalf of UCITS funds pursuant to the Regulations. The Manager's ultimate parent company is Clifton Directors Limited. The Manager has an authorised share capital of €1,000,000 of which €1,000,000 is paid up. The Manager's main business is the provision of fund management and administration services to collective investment schemes such as the ICAV. The secretary of the Manager is Clifton Fund Consulting Limited.

The Manager has established policies and procedures in relation to remuneration which, in the Manager's opinion, are proportionate and consistent with sound and effective risk management in accordance with applicable UCITS requirements. The Manager's policy on remuneration is intended to discourage specified categories of personnel/staff, to the extent that personnel/staff of the Manager fall within those specified categories, from taking risks deemed to be inconsistent with the ICAV's risk profile or which might impair the Manager in complying with the duty to act in the ICAV's best interests.

Details of the Manager's up-to-date policy in respect of remuneration, including a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding such remuneration/benefits can be accessed from the following website: [www.kbassociates.ie](http://www.kbassociates.ie). A paper copy of the remuneration policy is also available free of charge from the Manager upon request.

The directors of the Manager are:

**Mike Kirby (Irish Resident)**

Mike has been to the forefront in the development of the mutual funds industry in Dublin's International Financial Services Centre since 1989. He was a founder member of the Irish Funds Industry Association.

Prior to establishing KBA, Mike held senior positions at Bank of New York (previously RBS Trust Bank) where he was responsible for the establishment and ongoing management of its Dublin operations. He also served as a Director of Royal Bank of Scotland's global custody operations in Jersey, Guernsey and the Isle of Man. Previously he was Vice President with responsibility for product management at JP Morgan in London. Mike was also responsible for the establishment of Daiwa Securities operations in Ireland.

As managing principal, Mike is responsible for the strategic development of KBA. He is chairman of KBA's management company.

He holds a Bachelor of Commerce Degree (Hons) and a Post Graduate Diploma in Accounting (Hons) from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

**Peadar De Barra (Irish Resident)**

Peadar has been active in the mutual and hedge funds industry since 1998. He has particular expertise in advising asset managers on the establishment of investment funds and providing assistance on a range of risk and compliance matters. He is an executive director of KBA's management company, KBA Consulting Management Limited where he also serves as Chief Operating Officer with responsibility for risk, operations and compliance. In addition, he serves as Director on a number of Irish and Cayman Islands investment fund entities.

Prior to joining KBA in 2008, Peadar was Vice President at Citi Fund Services (Ireland) Ltd (formerly BISYS), where he was responsible for the Financial Administration team. Previously Peadar was with PricewaterhouseCoopers where he specialised in the auditing of a range of mutual and hedge funds.

Peadar holds a Bachelor of Commerce Degree (Hons) from University College Galway and is a Fellow of the Institute of Chartered Accountants in Ireland.

**John Oppermann (Irish Resident)**

John is a non-executive director of KBA's management company. In addition he chairs the firm's risk committee.

John has been involved in the financial services industry since 1987, he has extensive experience with investment funds domiciled in various locations across a variety of asset classes and investment strategies. Since 2008, John acts as a consultant within the hedge fund industry providing fund consultancy, advisory,

non-executive directorships, administration and accounting services to the international investment community.

John served as General Manager of Olympia Capital Ireland Limited from 2004 to July 2008, a fund administration company based in Dublin. Previously he was Accounting Manager at RMB International in Dublin from 2003 to 2004 and a Fund Accounting Manager at International Fund Services in Dublin from 2001-2002. Prior to that role he established Capita's registrars operation in Ireland and was its Senior Country Manager from 1999 to 2001. He was a member of the senior management team at Mellon Fund Administration from 1995 to 1998. He also held a number of senior positions with The Prudential Corporation from 1987 to 1996 in London.

John is a Fellow of the Association of Chartered Certified Accountants and holds a Masters of Business Administration from the Michael Smurfit Graduate Business School, University College Dublin. He has received the accreditation of Certified Investment Fund Director from the Institute of Banking School of Professional Finance. He is also a director for a number of companies.

#### **Samantha McConnell (Irish Resident)**

Samantha is a non-executive director of KBA's management company. In addition she chairs the firm's investment committee.

Samantha is the head of Willis/Towers Watson Ireland and is a member of the executive management team for Employee Benefits and Director of two Willis subsidiaries. Samantha is one of the founding principals of Pensco, a pension consultancy company, which was acquired by IFG Group in 2008.

Samantha is a member of the Taoiseach's committee on asset management. She is also a member of the IAPF investment subcommittee and has written papers and presented strategy papers in relation to investment issues, particularly on topics related to defined contribution investment. Samantha is involved with the CFA education advisory board at global level which sets the curriculum for the global CFA program. She is also a director of CFA Ireland and involved in regulatory and oversight issues and papers pertaining to this topic.

Samantha is a CFA Charterholder and holder of a Diploma in Company Direction.

#### **The Investment Manager**

The Manager has appointed Redhedge Asset Management LLP as the investment manager of the ICAV with discretionary powers pursuant to the Investment Management Agreement.

The Investment Manager was incorporated in England on 12 November 2014 and is an authorised investment manager in United Kingdom. The Investment Manager is regulated by the FCA in the conduct of financial services and investment management activities and has a team of professionals with wide and extensive experience ranging from government bonds to equities with a particular focus on futures and options derivatives.

The Investment Manager may act as investment manager of and/or adviser to other funds or clients established in Ireland or elsewhere or as manager of and/or adviser to other funds or clients in the future any of which may be competing with the ICAV in the same markets. Under the terms of the Investment Management Agreement, the Investment Manager undertakes the day to day portfolio and risk management of the Funds under the supervision and subject to the control of the Manager.

The Investment Manager may delegate the portfolio management of one or more Funds to one or more sub-investment managers with the prior approval of the Central Bank. Details of any sub-investment managers so appointed will be available upon request and will be provided in the relevant Fund's periodic reports.

### **Depositary**

The ICAV has appointed The Bank of New York Mellon SA/NV, Dublin branch to act as the Depositary to the ICAV. The Depositary is a limited liability company established in Belgium on 30 September 2008, whose Dublin branch was established in Ireland on 16 January 2013. The principal activity of the Depositary is to act as the depositary and trustee of the assets of collective investment schemes. The Depositary is regulated and supervised as a significant credit institution by the European Central Bank (ECB) and the National Bank of Belgium (NBB) for prudential matters and under the supervision of the Belgian Financial Services and Markets Authority (FSMA) for conduct of business rules. It is regulated by the Central Bank of Ireland for conduct of business rules.

Both the Administrator and the Depositary are wholly-owned indirect subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team.

The Depositary provides (a) safekeeping of the ICAV's assets (b) oversight duties, (c) asset verification and (d) cash flow monitoring. The main activity of the Depositary is to act as trustee and depositary of collective investment schemes such as the ICAV.

Pursuant to its oversight duties, the Depositary is required to:

- (a) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the ICAV are carried out in accordance with UCITS Regulations as amended from time to time and/or with the ICAV's Instrument;
- (b) ensure that the value of Shares is calculated in accordance with the UCITS Regulations from time to time and the ICAV's Instrument;
- (c) carry out the instructions of ICAV, unless they conflict with the UCITS Regulations as amended

from time to time or the ICAV's Instrument;

- (d) ensure that in transactions involving the ICAV's assets, the consideration is remitted to the ICAV within the usual time limits;
- (e) ensure that the income of the ICAV are allocated in accordance with ICAV's Instrument and Regulation 34 of the UCITS Regulations.

The Depositary has power to delegate its safekeeping duties to delegates and sub-custodians and to open accounts with such sub-custodians. In accordance with the Depositary Agreement, the Depositary proposes to further delegate these responsibilities to sub-custodians, the identities of which are set forth in Appendix III hereto.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- (a) identifying and analysing potential situations of conflicts of interest;
- (b) recording, managing and monitoring the conflict of interest situations either:
  - in relying on the permanent measures in place to address conflicts of interest, such as; maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or
  - by implementing a case-by-case management to; (i) take the appropriate preventive measures such as; drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the ICAV, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

The Depositary has power to delegate the whole or any part of its custodial functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Central Bank considers that in order for the Depositary to discharge its responsibility under the UCITS Regulations, the Depositary must exercise care and diligence in the selection of sub-custodians as safekeeping agents so as to ensure they have and maintain the expertise, competence and standing appropriate to discharge their responsibilities as sub-custodians. The Depositary must maintain an appropriate level of supervision over sub-custodians and make appropriate enquiries, periodically, to confirm that their obligations continue to be competently discharged. This, however, does not purport to be a legal interpretation of the UCITS Regulations.

Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations, (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) it has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the services, and (iv) keeps exercising all due skill, care and diligence

in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, responsibility for the safekeeping of the ICAV's financial instruments and cash.

The Depositary Agreement provides that the Depositary shall be liable (i) in respect of a loss of a financial instruments held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable measures to the contrary, and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

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

### **Administrator**

The Manager and the ICAV have appointed BNY Mellon Fund Services (Ireland) DAC to act as administrator, registrar and transfer agent of the ICAV with responsibility for performing the day to day administration of the ICAV, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Fund. The Administrator is a private limited company incorporated in Ireland on 31st May 1994 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholders services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Administrator is a wholly-owned indirect subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team.

The Administrator is engaged in the business of, inter alia, providing fund administration services to collective investment undertakings. The Administrator has responsibility for the administration of the ICAV's affairs.

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

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

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

### **Secretary**

The ICAV has appointed Clifton Fund Consulting Limited who has their registered office at 5 George's Dock, IFSC, Dublin 1, Ireland as its secretary.

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

Local laws/regulations in EEA Member States may require the appointment of paying agents / information agents / representatives / distributors / correspondent banks ("**Paying Agents**") and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to or from the Depositary (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to

- (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the ICAV or the relevant Fund; and
- (b) redemption monies payable by such intermediate entity to the relevant Shareholder.

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

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

All Shareholders of the ICAV or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the ICAV.

Details of the Paying Agents appointed will be set out in the relevant Country Supplement and will be updated upon the appointment or termination of appointment of Paying Agents.

## Conflicts of Interest

The Directors, the Manager, the Investment Manager, the Depositary, the Administrator and their respective affiliates, officers, directors and shareholders, partners, employees and agents (collectively the “**Connected Person(s)**”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the ICAV and/or their respective roles with respect to the ICAV. These activities may include managing or advising other funds, purchases and sales of Financial Instruments, banking and investment management services, brokerage services, currency hedging services, valuation of unlisted Financial Instruments (in circumstances in which fees payable to the entity valuing such Financial Instruments may increase as the value of the Financial Instruments increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the ICAV may invest. In particular, the Manager and/or the Investment Manager may advise or manage other funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the ICAV or its Funds.

It is anticipated that the Depositary or one of its group companies may provide a currency hedging service to the ICAV in respect of one or more Funds and will have a financial or business interest in such service and will receive remuneration for such services. The Depositary maintains a conflict of interest policy to address this and the Investment Manager monitors such service.

Neither the Investment Manager nor the Manager nor any of their respective affiliates are under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of (or share with the ICAV or inform the ICAV of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities in its absolute discretion between the ICAV and other clients.

The Manager and the Investment Manager and their respective officers, partners and employees will devote as much of their time to the activities of the ICAV as they deem necessary and appropriate. The Manager and the Investment Manager and their respective delegates and affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the ICAV and/or may involve substantial time and resources. These activities could be viewed as creating a conflict of interest in that the time and effort of the Manager, the Investment Manager, their respective delegates and officers and employees will not be devoted exclusively to the business of the ICAV but will be allocated between the business of the ICAV and such other activities. Future activities by the Manager and/or the Investment Manager and their respective delegates and affiliates, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Investment Manager may be consulted by the Administrator in relation to the valuation of investments. There is a conflict of interest between any involvement of the Investment Manager in this valuation process and with the Investment Manager’s entitlement to any proportion of an Investment Management Fee or Performance Fee which are calculated on the basis of the Net Asset Value.

Each of the Connected Persons will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly. The ICAV shall ensure that any transaction between the ICAV and a Connected Person is conducted at arm's length and in the best interests of the Shareholders of the ICAV.

There is no prohibition on transactions with the ICAV by the Manager, the Investment Manager, the Depositary, the Administrator or entities related to any of them including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the ICAV (each a "**Transaction**" together the "**Transactions**") and none of them shall have any obligation to account to the ICAV for any profits or benefits made by or derived from or in connection with any such Transaction provided that such Transactions are conducted at arm's length and are in the best interests of Shareholders and

- (a) the value of the Transaction is certified by a person who has been approved by the Depositary as being independent and competent (or a person who has been approved by the Manager in consultation with the Directors as being independent and competent in the case of Transactions involving the Depositary); or
- (b) execution on best terms on organised investment exchanges under their rules; or
- (c) where (a) and (b) are not practical, execution on terms which the Depositary is (or, in the case of a Transaction entered into by the Depositary, the Manager, in consultation with the Directors, is) satisfied conform with the principle that such Transactions are conducted at arm's length and are in the best interests of Shareholders.

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

The Investment Manager or an associated company of the Investment Manager may invest in Shares so that a Fund or Class may have a viable minimum size (further details as set out in the relevant supplement for each Fund) or is able to operate more efficiently. In such circumstances the Investment Manager or an associated company of the Investment Manager may hold a high proportion of the Shares of a Fund or Class in issue. Details of the proportion of Shares held by the Investment Manager or an associated company of the Investment Manager will be made available to investors and prospective investors upon request.

**"Knowledgeable Persons"** means

- (i) the Manager, the Investment Manager and any affiliate of either of them;
- (ii) any other company appointed to provide investment management or advisory services to the ICAV;

- (iii) a Director or executive of the Manager or the Investment Manager or the ICAV or of another company appointed to provide investment management or advisory services to the ICAV;
- (iv) an employee, executive or partner of the Manager or the Investment Manager or of a company appointed to provide investment management or advisory services to the ICAV, where such person:
  - is directly involved in the investment activities of the ICAV; or
  - is of senior rank and has experience in the provision of investment management services;

Knowledgeable Persons will be permitted to invest in the ICAV. Due to the nature of a Knowledgeable Person, and subject to legislation relating to market abuse, market timing and disclosure rules, in certain market situations a Knowledgeable Person may have access to market information in advance of other Shareholders, thereby affording them certain advantages in respect of an investment in the ICAV.

Details of interests of the Directors are set out in the Section of the Prospectus entitled “**General Information - Directors' Interests**”.

#### **Soft Commissions and Commission Rebates**

In accordance with its obligations under MIFID II, the Investment Manager shall return to the relevant Fund any fees, commissions, or other monetary benefits paid or provided by a third party in relation to the investment management services provided by the Investment Manager to the Fund as soon as reasonably possible after receipt. In particular, where the Investment Manager or its delegates successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for the ICAV or a Fund, the rebated commission shall be paid to the ICAV or the relevant Fund as the case may be. The Investment Manager or its delegates may be reimbursed out of the assets of the ICAV or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard.

The Investment Manager shall however be permitted to retain minor non-monetary benefits received from third parties where the benefits are such that they could not impair the Investment Manager from complying with its obligation to act in the best interests of the relevant Fund. The Investment Manager and/or its delegates may enter into a commission sharing agreement with one or more brokers providing for an “execution only” commission rate to be subtracted from the “full service” commission rate paid to the broker with the balance of the commission held on account with the broker and paid on instruction for research to independent research providers, brokers or other allowable ancillary service vendors. In any such commission sharing arrangement, the Investment Manager and/or its delegates will ensure best execution of all transactions and that details of such arrangements are disclosed in the periodic reports of the relevant Fund.

### **3. FEES, CHARGES AND EXPENSES**

#### **Establishment Expenses**

All fees and expenses relating to the establishment and organisation of the ICAV including the fees of the ICAV's professional advisers and registering the Funds for marketing in various markets will be borne by the Funds in existence. Such fees and expenses are estimated not to exceed €60,000 (excluding VAT) and may be amortised over the first five Accounting Periods of the ICAV.

The fees and expenses relating to the establishment of any additional Funds will be set out in the relevant Supplement.

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

The ICAV will pay all its operating expenses and the fees hereinafter described as being payable by the ICAV. Expenses paid by the ICAV throughout the duration of the ICAV, in addition to fees and expenses payable to the Directors, the Manager, the Investment Manager, the Depositary, the Administrator, the Secretary and any Paying Agent appointed by or on behalf of the ICAV include but are not limited to brokerage and banking commissions and charges, legal and other professional advisory fees, regulatory fees, auditing fees, distribution fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the ICAV, costs and expenses of preparing, translating, printing, updating and distributing the ICAV's Prospectus and Supplements, KIID, annual and semi-annual reports and other documents furnished to current and prospective Shareholders, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the ICAV and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for any Funds or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

An estimated accrual for operating expenses of the ICAV will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the ICAV shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or using other methods that will be fair and equitable to investors, provided that fees and expenses attributable solely to a particular Fund or Class shall be borne solely by the relevant Fund or Class.

#### **Administrator's Fees**

The fees of the Administrator will be paid out of the assets of the relevant Fund, details of which will be set out in the relevant Fund Supplement.

#### **Depositary's Fees**

The fees of the Depositary will be paid out of the assets of the relevant Fund, details of which will be set

out in the relevant Fund Supplement.

The Depositary shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including all reasonable costs, expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

### **Manager's Fees**

The fees which may be charged by the Manager to each Share class of each Fund are set out in the relevant Supplement.

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

The ICAV shall pay the Investment Manager out of the assets of the relevant Fund a fee as disclosed in the relevant Supplement for investment management services and distribution services provided to that Fund. Details of the Performance Fee to be charged (if any) by the Investment Manager can be found in the relevant Supplement.

### **Performance Fee**

Details of the Performance Fee to be charged (if any) can be found in the relevant Supplement.

### **Sub-Distributors' Fees**

The fees of any sub-distributors may be paid out of the assets of the relevant Fund or as may otherwise be disclosed in the relevant Supplement.

### **Paying Agents' Fees**

Reasonable fees and expenses of any Paying Agent appointed by the ICAV which will be at normal commercial rates together with VAT, if any, thereon will be borne by the ICAV or the relevant Fund in respect of which a Paying Agent has been appointed.

All Shareholders of the ICAV or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the ICAV.

### **Subscription Fee**

The Directors in consultation with the Investment Manager are empowered to levy a subscription fee not exceeding 5% of the value of the Shares being acquired. Details of the subscription fee, if any, will be set out in the relevant Supplement.

### **Redemption Fee**

The Directors in consultation with the Investment Manager are empowered to levy a redemption fee based not exceeding 3% of the Net Asset Value of the Shares being redeemed. Details of the redemption fee, if any, will be set out in the relevant Supplement.

### **Conversion Fee**

The Directors in consultation with the Investment Manager may charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund. Details of the conversion fee to be charged (if any) can be found in the relevant Supplement.

### **Anti-Dilution Levy**

Where disclosed in the relevant Supplement, the Directors, in consultation with the Investment Manager, are entitled to implement an anti-dilution levy in respect of a Fund or Class as described in this Prospectus in the section entitled "Net Asset Value and Valuation of Assets".

### **Swing Pricing**

Where disclosed in the relevant Supplement, the Directors, in consultation with the Investment Manager, are entitled to implement swing pricing in respect of a Fund or Class as described in this Prospectus in the section entitled "Net Asset Value and Valuation of Assets".

### **Directors' Fees**

The Instrument authorises the Directors to charge a fee for their services at a rate determined by the Directors. The Directors shall receive a fee for their services which shall in aggregate be up to a maximum of €70,000 per annum. The Directors' fees may vary over time depending on such factors as the number of Funds in the ICAV and the Net Asset Value of the Funds. The actual fee charged by the Directors to the ICAV will be disclosed in the annual reports of the Funds. Each Director may be entitled to special remuneration if called upon to perform any special or extra services to the ICAV, details of which will be set out in the financial statements of the ICAV. All Directors will be entitled to reimbursement by the ICAV of expenses properly incurred in connection with the business of the ICAV or the discharge of their duties.

### **Secretary's Fees**

The ICAV shall pay the Secretary an annual fee for acting as corporate secretary to the ICAV of up to €8,000 per annum plus VAT which shall be payable semi-annually in arrears. The Secretary shall also be entitled to charge the ICAV for its reasonable out-of-pocket expenses.

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

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors in

consultation with the Investment Manager to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or using other methods which will be fair and equitable to investors. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors in consultation with the Investment Manager may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions between all Funds over any period.

### **Fee Increases**

The fees payable to the Manager or Investment Manager (where the fees of the investment manager are discharged directly from the assets of the relevant Fund) or the Redemption Fee shall not be increased beyond the maximum fees stated in the relevant Supplement without requisite approval of Shareholders and advance notice of the intention to implement such increase.

In the event that it is proposed to increase the fee of any other service provider beyond the maximum fees disclosed in the relevant Supplement, advance written notice shall be given to Shareholders in the relevant Fund or Class to enable a Shareholder to redeem some or all of its shareholding prior to the implementation of the proposed increase.

## 4. THE SHARES

### General

Shares may be issued as at any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class.

Where a Class of Shares is denominated in a currency other than the Base Currency of a Fund, that Class may be hedged or unhedged as disclosed in the relevant Supplement for the relevant Class.

Where a Class is to be unhedged, currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates normally obtained from Bloomberg, Reuters or such other data provider as the Investment Manager deems fit. In such circumstances, the value of the Share expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency. Where a Class of Shares is to be hedged, the ICAV shall employ the hedging policy as more particularly set out herein.

Shares will have no par value and will first be issued in relation to the Subscription Period for each Fund or Class as specified in the relevant Supplement. Thereafter, Shares shall be issued at the Net Asset Value per Share. Please see the section entitled “**Application for Shares**” for more information regarding the cost of Shares.

Title to Shares will be evidenced by the entering of the investor's name on the ICAV's register of Members and no certificates will be issued. Amendments to a Shareholder's payment instructions will only be made following receipt by the Administrator of appropriately authorised original (where required) written instructions from the relevant Shareholder to the ICAV.

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

The Directors in consultation with the Investment Manager have the power under the Instrument to

compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of this Prospectus or any law or regulation.

None of the ICAV, the Manager, the Investment Manager, the Administrator, the Depositary or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of instructions from Shareholders reasonably believed to be genuine and shall not be liable for any losses, costs or expenses arising out of or in conjunction with any unauthorised or fraudulent instructions.

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

The Directors in consultation with the Manager generally encourage investors to invest in the Funds as part of a long-term investment strategy and discourages excessive or short term or abusive trading practices. Such activities, sometimes referred to as “**market timing**”, may have a detrimental effect on the Funds and Shareholders. For example, depending upon various factors such as the size of the Fund and the amount of its assets maintained in cash, short-term or excessive trading by Shareholders may interfere with the efficient management of the Fund’s portfolio, increased transaction costs and taxes and may harm the performance of the Fund.

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

- (i) to the extent that there is a delay between a change in the value of a Fund’s portfolio holdings and the time when that change is reflected in the Net Asset Value per Share, a Fund is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming Shares at a Net Asset Value which does not reflect appropriate fair value prices. The Directors seek to deter and prevent this activity, sometimes referred to as “**stale price arbitrage**”, by the appropriate use of its power to adjust the value of any Financial Instrument having regard to relevant considerations in order to reflect the fair value of such Financial Instrument.
- (ii) the Directors may monitor Shareholder account activities in order to detect and prevent excessive and disruptive trading practices and reserves the right to exercise its discretion to reject any subscription or conversion transaction without assigning any reason therefore and without payment of compensation if, in its judgment, the transaction may adversely affect the interest of a Fund or its Shareholders. The Directors may also monitor Shareholder account activities for any patterns of frequent purchases and sales that appear to be made in response to short-term fluctuations in the Net Asset Value per Share and may take such action as it deems appropriate to restrict such activities including, if it so determines, the compulsory redemption of Shares held in that Fund by the respective Shareholder or, where disclosed in the relevant Supplement, the Directors may impose a redemption fee for the benefit of the relevant Fund where the holding period is less than that time period specified in the relevant Supplement.

There can be no assurances that abusive trading practices can be mitigated or eliminated. For example nominee accounts in which purchases and sales of Shares by multiple investors may be aggregated for dealing with the Fund on a net basis, conceal the identity of underlying investors in a Fund which makes it

more difficult for the Directors and their delegates to identify abusive trading practices.

### **Application for Shares**

Applications for Shares in the relevant Fund may be made through the Administrator. Initial subscriptions should be made by all investors using an Application Form obtained from the Administrator and shall be submitted to the Administrator by fax, or pdf attached to an email as agreed with the Administrator with the original, where applicable, to follow promptly by post to the Administrator. Once submitted the Application Form shall, subject to applicable law and regulation, be irrevocable and binding on the Investor.

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

Applications accepted and received by the Administrator prior to the relevant Dealing Deadline for any Dealing Day will normally be processed as at that Dealing Day, subject to the receipt of all required anti-money laundering documentation. Any applications received after the relevant Dealing Deadline for the Fund for a particular Dealing Day will be processed as at the following Dealing Day unless the Directors in their absolute discretion in consultation with the Investment Manager otherwise determine to accept one or more applications received after the relevant Dealing Deadline for processing as at that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Applications for Shares in the Fund received after the relevant Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors in consultation with the Investment Manager.

No redemption proceeds will be paid to a Shareholder in respect of a redemption request (although subsequent subscriptions may be processed) prior to the acceptance of the original initial Application Form (where required) or a copy of the Application Form by the Administrator which is subject to prompt transmission to the Administrator of such papers and supporting documentation (such as documentation relating to money laundering prevention checks) as may be required by the Administrator and completion by the Administrator of all anti-money laundering procedures.

Shares will not be allotted until such time as the Administrator has received and is satisfied with all the information and documentation required to verify the identity, address and source of funds of the applicant. This may result in Shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wished to have Shares issued to him/her. It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of the failure to process a subscription or redemption if information that has been requested by the Administrator has not been provided by the applicant.

Subsequent applications to purchase Shares in the Fund following the initial subscription may be made to

the Administrator by fax, pdf attached to an email or Swift as may be permitted by the Directors in consultation with the Investment Manager and agreed with the Administrator in accordance with the requirements of the Central Bank. Applications by facsimile, pdf attached to an email or such other means as agreed with the Administrator, will be treated as definite orders and no application will be capable of withdrawal after acceptance by the Administrator (save in the event of suspension of calculation of the Net Asset Value of the Fund).

The Directors may, in their absolute discretion, in consultation with the Investment Manager, reject any application for Shares in full or in part. Amounts paid to the ICAV in respect of subscription applications which are rejected (or, in the case of applications which are not accepted in full, the balance of the amount paid) will be returned to the applicant, subject to applicable law, at his/her own risk and expense without interest.

The Directors in consultation with the Investment Manager may at any time determine to temporarily or permanently close any Class of Shares or all Classes of Shares in the ICAV to new subscriptions in their sole discretion and may not give advance notice of such closure to Shareholders though the Directors will endeavour to notify Shareholders as soon as possible.

#### *Withdrawal of Subscription Requests*

Requests for subscription of Shares may not be withdrawn save with the written consent of the ICAV or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Issue of Shares*

Shares will be issued at the Net Asset Value per Share calculated as at the relevant Dealing Day, except in respect of Shares issued during the Initial Offer Period (or Shares of a Class issued for the first time) which will be issued at the Initial Offer Price. This price could be less than the Subscription Price per Share for that Dealing Day due to the effect of Duties and Charges and other fees and levies. Potential Shareholders should note therefore that the cost paid for Shares issued could exceed their value on the day of issue.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be rounded to greater than two decimal places of a Share.

Subscription monies, representing an amount less than the value of a Share rounded to two decimal places will not be returned to the investor but will be retained by the ICAV in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by electronic transfer to the bank account specified in the Application Form. No interest will be paid in respect of payments received in circumstances where the receipt of payment is in advance of the relevant Subscription Settlement Cut-Off or the application is held over until a subsequent Dealing Day.

In addition, where subscription monies are paid in advance of the relevant Subscription Settlement Cut-Off, and the Fund incurs banking charges as a result (whether as a result of negative interest rates or otherwise) and the relevant Shareholder has not made the Fund whole in respect of such charges, the ICAV reserves the right to compulsorily redeem such number of Shares of the relevant Shareholder as equates to the value of the said charges.

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator prior to the Subscription Settlement Cut-Off. The ICAV reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the Subscription Settlement Cut-Off, any allotment of Shares made in respect of such application may be cancelled and subject to the requirements of the Act, make any alteration in the register of Members. In the event of the non-clearance of subscription monies, any allotment in respect of an application may be cancelled. In either event and notwithstanding cancellation of the application, the ICAV may charge the applicant for any expense incurred by it or the Fund or for any loss to the Fund arising out of such non-receipt or non-clearance. In addition, the ICAV will have the right to sell all or part of the applicant's holding of Shares in the relevant Class in order to meet those charges and may be required to liquidate assets to repay any shortfall between the redemption proceeds and any amounts borrowed. Whilst the defaulting Shareholder will be liable for any costs incurred by the Fund in so doing, there is a risk that the Fund may not be able to recover such costs from such Shareholder.

### *Confirmation of Ownership*

Written confirmation of each purchase of Shares in the Fund will normally be sent by the Administrator to Shareholders within 10 Business Days of the Net Asset Value being published (or such other period of time as may be set out in the Supplement). Title to Shares will be evidenced by the entering of the investor's name on the ICAV's register of Members and no certificates will be issued.

### *Subscriptions in Specie*

In accordance with the provisions of the Instrument, the ICAV may at the discretion of the Directors in consultation with the Investment Manager accept in specie applications for Shares provided that the nature

of the assets to be transferred into the Fund qualify as investments of the Fund in accordance with its investment objectives, policies and restrictions. Assets so transferred shall be vested with the Depositary or arrangements shall be made to vest the assets with the Depositary. The Depositary and the Directors shall be satisfied that the terms of any exchange will not be such as are likely to result in any material prejudice to the existing Shareholders of the Fund.

The cost of such subscription in specie shall be borne by the relevant Shareholder.

The value of assets being transferred, (the "**In Specie Net Asset Value**") shall be calculated by the Administrator, having consulted with the Investment Manager, in accordance with the valuation principles governing the ICAV and applicable law.

The Directors will also ensure that the number of Shares issued in respect of any such in specie transfer will be the same amount which would have fallen to be allotted for settlement of the In Specie Net Asset Value in cash.

Any prospective investor wishing to subscribe for Shares by a transfer in specie of assets will be required to comply with any administrative and other arrangements (including any warranties to the ICAV in relation to the title of such assets being passed to the Depositary, if applicable) for the transfer specified by the Directors, the Depositary and the Administrator. In addition, the Directors must ensure that any assets transferred will be vested with the Depositary on behalf of the ICAV.

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

Measures aimed towards the prevention of money laundering and terrorist financing may require a detailed verification of the applicant's identity, the source of the subscription monies and where applicable the beneficial owner of the Shares on a risk sensitive basis. Politically exposed persons ("**PEPs**"), individuals who are, or have been entrusted, or have at any time in the preceding year been entrusted, with prominent public functions, and their immediate family member(s), or persons known to be close associates of such persons, must also be identified. By way of example of the type of due diligence required from investors, an individual may be required to produce a copy of a passport or identification card with evidence of his/her address such as two utility bills or bank statements and proof of tax residence. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors. Additional information may be required at the Manager's or the ICAV's discretion to verify the source of the subscription monies. Amendment to any investor records will only be effected by the Manager upon receipt of original evidencing documentation, where required.

Depending on the circumstances of each application, a detailed verification of an applicant's identity might not be required where the application is made through a recognised intermediary which has introduced the Shareholder to the ICAV. This exception may only apply if the relevant intermediary is located within a country that the Manager has assessed as being a country that has anti-money laundering and counter terrorist financing regulations that are consistent with EU anti-money laundering requirements and the

recognised intermediary produces a letter of undertaking confirming the intermediary has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Manager or the ICAV. The ICAV cannot rely on the recognised intermediary to meet the obligation to monitor the ongoing business relationship with the introduced investor which remains its ultimate responsibility. These exceptions do not affect the right of the Manager or the ICAV to request such information as is necessary to verify the identity of an applicant, the beneficial owner of Shares (where relevant) or the source of the subscription monies.

In so far as an application for Shares is made by a recognised intermediary investing in a nominee capacity on behalf of underlying investors, a detailed verification of the underlying investor may not be required provided that the nominee satisfies certain conditions, including without limitation being located within a country that has anti-money laundering and counter terrorist financing regulations that are consistent with EU anti-money laundering requirements, being effectively supervised for compliance with these requirements and being satisfied that the nominee applies robust and risk-sensitive customer due diligence on its own customers and will provide relevant due diligence documentation on the underlying investors to the ICAV immediately upon request.. Where the nominee does not satisfy these requirements, the ICAV will apply risk sensitive due diligence measures to identify and verify the identity of both the nominee itself and the underlying investor.

The Manager and the ICAV are also obliged to verify the identity of any person acting on behalf of an investor and must verify that such person is authorised to act on behalf of the investor.

The details given above are by way of example only and the Manager and the ICAV each reserves the right to request such information as is necessary to verify the identity of an investor, where applicable the beneficial owner of an investor and in a nominee arrangement, the beneficial owner of the Shares in the relevant Fund. In particular, the Manager and the ICAV each reserves the right to carry out additional procedures in relation to an investor who is classed as a PEP. They also reserve the right to obtain any additional information from investors so that they can monitor the ongoing business relationship with such investors.

Verification of the investor's identity is required to take place before the establishment of the business relationship. Applicants should refer to the Application Form for a more detailed list of requirements for anti-money laundering purposes.

In the event of delay or failure by an investor or applicant to produce any information required for verification purposes (including but not limited to, for anti-money laundering and terrorist financing procedures), the Manager or the ICAV may refuse to accept the application and subscription monies relating thereto and/or refuse to settle redemption payments or dividend payments. In such circumstances and where a redemption request is received, the ICAV may process any redemption request received from an investor, however the proceeds of that redemption will be held in a Cash Account and therefore shall remain an asset of the relevant Fund. The redeeming investor will rank as an unsecured creditor of the ICAV until such time as the ICAV is satisfied that its anti-money laundering and terrorist financing procedures have been fully complied with, following which redemption proceeds will be released. Further information is set out above at the section entitled "**Operation of Cash Accounts**".

Therefore, in such circumstances, the investor may not recover all monies originally paid into a Cash Account for onward transmission to that investor. Furthermore, where the investor fails to supply any documentation requested by the ICAV or the Manager, the Directors of the ICAV may compulsorily redeem any Shares which are held by an investor who fails to supply any information required to verify the identity of that investor, any beneficial owner of such investor, the beneficial owner of the Shares or source of subscription monies within such time frame as may be requested by the Directors in writing.

Therefore investors are advised to ensure that all relevant documentation requested by the ICAV in order to comply with anti-money laundering and terrorist financing procedures is submitted to the ICAV promptly on subscribing for Shares in the ICAV.

Each applicant for Shares acknowledges that the ICAV and its delegates shall be held harmless against any loss arising as a result of a failure to process or a delay in processing his application for Shares or redemption request if such information and documentation as has been requested by the ICAV or its delegates has not been provided by the applicant.

In addition, each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

#### *Beneficial Ownership Regulations*

The ICAV or the Manager may also request such information (including by means of statutory notices) as may be required for the establishment and maintenance of the ICAV's beneficial ownership register in accordance with the Beneficial Ownership Regulations. It should be noted that a Beneficial Owner has, in certain circumstances, obligations to notify the ICAV in writing of relevant information as to his/her status as a Beneficial Owner and any changes thereto (including where a Beneficial Owner has ceased to be a Beneficial Owner).

It should be noted that it is an offence under the Beneficial Ownership Regulations for a Beneficial Owner to (i) fail to comply with the terms of a beneficial ownership notice received from or on behalf of the ICAV or (ii) provide materially false information in response to such a notice or (iii) fail to comply with his/her obligations to provide relevant information to the ICAV as to his/her status as a Beneficial Owner or changes thereto (in circumstances referred to above) or in purporting to comply, provide materially false information.

#### **Data Protection**

Prospective investors should note that by completing the Application Form they are providing information to the ICAV, which may constitute personal data within the meaning of data protection legislation in Ireland. This data will be used for the purposes of client identification, administration, statistical analysis, market research, to comply with any applicable legal or regulatory requirements. Data may be disclosed to third parties including regulatory bodies, tax authorities, delegates, advisers and service providers of the ICAV and their or the ICAV's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) for the purposes specified. By signing the Application Form, investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the Application Form. Investors have a right to obtain a copy of their personal data kept by the ICAV and the right to rectify any inaccuracies in personal data held by the ICAV.

### **Ineligible Applicants**

The ICAV requires each prospective applicant for Shares to represent and warrant to the ICAV that, among other things, it is able to acquire and hold Shares without violating applicable laws.

In particular, the Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, in consultation with the Investment Manager, might result in the ICAV, the Shareholders as a whole or the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the ICAV might not otherwise incur or suffer, or would result in the ICAV, the Shareholders as a whole or the Fund being required to register under any applicable US securities laws.

Unless otherwise disclosed in the Supplement, Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such US Person certifies that it is an "**accredited investor**" and a "**qualified purchaser**", in each case as defined under applicable US federal securities laws;
- (b) such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the states of the United States;
- (c) such issue or transfer will not require the ICAV to register under the 1940 Act or to file a prospectus with the US Commodity Futures Trading Commission or the US National Futures Association pursuant to regulations under the US Commodity Exchange Act;
- (d) such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of ERISA; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such

representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the Application Form.

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

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

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial institutions (such as the ICAV) should generally not be required to apply 30% withholding tax. To the extent the ICAV however suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Administrator acting on behalf of the ICAV may take any action in relation to a Shareholder’s investment in the ICAV to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant Shareholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Shareholder’s holding of shares in the ICAV.

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

### **Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (“**CRS**”) to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2020. Ireland has legislated to implement the CRS. As a result the ICAV will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Shareholders may be required to provide additional information to the ICAV to enable the ICAV to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of their Shares in the relevant Fund.

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

### **Joint Shareholders**

In the case of joint holdings, and unless specifically stated in writing at the time of the application and unless authorisation to the contrary has been received from the other joint Shareholders, all registered joint Shareholders must sign any and all documents or give instructions in connection with that holding.

### **Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator and may be submitted by facsimile or pdf attached to an email or such other means as agreed with the Administrator in accordance with the Central Bank's requirements. Redemption requests should be made by submitting a completed Redemption Form to the ICAV care of the Administrator. Redemption Forms may be submitted by fax or pdf attached to an email. Redemption Forms received prior to the Fund's Dealing Deadline for any Dealing Day will be processed as at that Dealing Day. Any Redemption Forms received after the Fund's Dealing Deadline for a Dealing Day will normally be processed on the next Dealing Day. Redemption Forms received after the Fund's Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors in consultation with the Investment Manager.

Please note the restrictions on payment of redemption proceeds as described in the section "**Application for Shares**" in relation to receipt of documentation and completion of all AML procedures.

Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of all documentation required by the Administrator for anti-money laundering purposes) the original redemption request may be required prior to payment of redemption proceeds.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator appropriately authorised in writing. Redemption payments will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares.

#### *Redemptions in Specie*

The ICAV may, at the discretion of the Directors in consultation with the Investment Manager and with the

consent of the relevant Shareholders, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the Fund having a value equal to the value of the Shares redeemed as if the redemption proceeds were paid in cash less any Redemption Fee and other expenses of the transfer as the Directors may determine.

A determination to provide redemption in specie is solely at the discretion of the ICAV where the redeeming Shareholder requests a redemption that represents 5% or more of the Net Asset Value of the Fund.

If the ICAV determines to satisfy a redemption request with an in specie transfer of assets, the Shareholder requesting redemption shall be entitled to request, in lieu of the transfer, the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale, less the costs of such sale which shall be borne by the relevant Shareholder.

The nature and type of assets to be transferred in specie to each Shareholder shall be determined by the Directors or their delegate (subject to the approval of the Depositary as to the allocation of assets) on such basis as the Directors or their delegate in their discretion shall deem equitable. The redemption of Shares on an in specie basis may only be accepted if the Depositary is satisfied that the terms of the exchange will not be such as are likely to result in any material prejudice to the Shareholders in the Fund.

#### *Redemption Limit*

Unless otherwise disclosed in the Supplement, the limitations on redemptions set out below shall be applicable to the relevant Fund.

Where in respect of any Fund to which these redemption limits apply, the total requests for redemption on any Dealing Day exceed at least 10% of the total number of Shares in the Fund or at least 10% of the Net Asset Value of the Fund and the Directors, in consultation with the Investment Manager, decide to refuse to redeem any Shares in excess of 10% of the total number of Shares in the Fund or 10% of the Net Asset Value of the Fund or such higher percentage that the Directors may determine, the ICAV shall reduce pro rata any request for redemption on that Dealing Day and shall treat the redemption requests as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed.

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

Shareholders are required to notify the Administrator immediately if they become an Ineligible Applicant (as described above) or persons who are otherwise subject to restrictions on ownership as set out herein in which Shareholders may be required to redeem or transfer their Shares.

The Directors in consultation with the Investment Manager may compulsorily redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares in the following circumstances:

- (i) any person in breach of the law or requirements of any country or governmental authority by virtue

of which such person is not qualified to hold Shares including without limitation any exchange control regulations;

- (ii) a person who is, or any person who has acquired such Shares on behalf of, or for the benefit of US Person in contravention of applicable laws and regulations;
- (iii) any person, whose holding would cause or be likely to cause the ICAV to be required to register as an "investment company" under the United States Investment Company Act of 1940 or to register any class of its securities under the Securities Act or similar statute;
- (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the ICAV or any Fund or Shareholders of the ICAV or Fund as a whole incurring any liability to taxation or suffering any tax, legal, pecuniary, regulatory liability or material administrative disadvantage which the ICAV, the Fund or the Shareholders or any of them might not otherwise have incurred or suffered;
- (v) any person who does not supply any information or declarations required by the Directors within seven days of a request to do so by the Directors;
- (vi) any person who, otherwise than as a result of depreciation in the value of his holding, holds less than the Minimum Holding for a particular Fund or Class of Participating Shares; or
- (vii) any person who is an Ineligible Applicant.

In all cases of compulsory redemption, the Directors retain the right to determine the Dealing Day for the redemption.

The ICAV may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising to the ICAV as a result of the holding or beneficial ownership of Shares by a Shareholder who has become an Ineligible Applicant including any interest or penalties payable thereon.

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

### **Total Redemption of Shares**

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

- (a) if the ICAV gives not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or
- (b) if the Shareholders of 75% in value of the relevant Class or Fund resolve at a meeting of the

Shareholders duly convened and held that such Shares should be redeemed.

The Directors in consultation with the Investment Manager may resolve in their absolute discretion to retain sufficient monies prior to effecting a total redemption of Shares to cover the costs associated with the subsequent termination of a Fund or the liquidation of the ICAV.

### **Conversion of Shares**

Subject to the Minimum Subscription and Minimum Holding requirements of the relevant Fund or Classes and any other restrictions set down in the relevant Supplement, Shareholders may request conversion of some or all of their Shares in one Fund or Class (the “**Original Fund**”) to Shares in another Fund or Class or another Class in the same Fund (the “**New Fund**”) in accordance with the formula and procedures specified below.

Requests for conversion of Shares should be made to the ICAV care of the Administrator by facsimile or written communication (in such format or method as shall be permitted by the Directors in consultation with the Investment Manager and agreed in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) and should include such information as may be specified from time to time by the Directors or their delegate.

Requests for conversion should be received prior to the earlier of the relevant Dealing Deadline for redemptions in the Original Fund and the relevant Dealing Deadline for subscriptions in the New Fund.

Conversion requests received after the relevant Dealing Deadline will only be accepted in exceptional circumstances as determined and agreed by the Directors and having regard to the equitable treatment of Shareholders.

Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

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

Fractions of Shares to two decimal places of a Share may be issued by the ICAV on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than a fraction of a Share to two decimal places will be retained by the ICAV.

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

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

SP

where

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

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

“RP” is the Redemption Price per Share of the Original Fund for the relevant Dealing Day.

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

“F” is the conversion charge (if any) of up to 1% of the Net Asset Value of the Shares in the Original Fund.

“SP” is the Subscription Price per Share of the New Fund for the relevant Dealing Day.

The relevant Supplement may disclose the power of the Directors to compulsorily switch Shares of one Class into Shares of another Class under certain circumstances.

#### **Withdrawal of Conversion Requests**

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

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

Unless otherwise provided in a particular Supplement, the methodology used to determine the Net Asset Value of each Fund and Class and Share of each Fund shall be as set out below.

The Net Asset Value of the Fund and each Class will be calculated by the Administrator as at the Valuation Point with respect to each Valuation Day in accordance with the Instrument. The Net Asset Value of the Fund shall be determined as at the Valuation Point for the relevant Valuation Day by valuing the assets of the Fund (including income accrued but not collected) and deducting the liabilities of the Fund (including a provision for Duties and Charges, accrued expenses and fees, including those to be incurred in the event of a subsequent termination of the Fund or liquidation of the ICAV and all other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Valuation Day by calculating that portion of the Net Asset Value of the Fund attributable to the relevant Class as at the Valuation Point subject to adjustment to take account of assets and/or liabilities attributable to the Class. The Net Asset Value of the Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case, in consultation with the Investment Manager.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each

Valuation Day by dividing the Net Asset Value of the Fund or attributable to a Class by the total number of Shares in issue, or deemed to be in issue, in the Fund or Class at the relevant Valuation Point and rounding the resulting total to two decimal places.

In determining the Net Asset Value of the Fund:

- (a) Securities which are listed or traded on a Regulated Market save as hereinafter provided at (g) will be valued at the closing (bid, offer or mid, as appropriate to each Fund and as disclosed in the relevant Supplement) or, if no closing price is available, at the last known market prices. Where a security is listed or traded on more than one Regulated Market the relevant exchange or market shall be the one that constitutes the main market or the one which the Directors (in consultation with the Investment Manager) determines provides the fairest criteria in determining a value for the relevant securities. Securities listed or traded on a Regulated Market, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point.
- (b) Securities which are listed or traded on a Regulated Market where the market price is unrepresentative or not available, and unlisted securities, shall be valued at the probable realisation value estimated with care and good faith by;
  - (i) the Directors; or
  - (ii) a competent person appointed by the Directors and approved for the purpose by the Depositary; or
  - (iii) by any other means provided the value is approved by the Depositary.

Fixed income securities may be valued by any of the persons listed in (i), (ii) or (iii) immediately above using matrix pricing (i.e. valuing securities by reference to the valuation of other securities which are considered comparable in rating, yield, due date and other characteristics) where reliable market quotations are not available.
- (c) Cash in hand or on deposit will be valued at its face/nominal value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Exchange traded futures and options contracts (including futures and options on indices) which are dealt in on a Regulated Market shall be valued based on the settlement price as determined by the market where the exchange traded future/option contract is traded. If the settlement price is not available, the contract shall be valued at the probable realisation value estimated with care and in good faith by (i) the Directors; or (ii) a competent person appointed by the Directors and approved for the purpose by the Depositary; or (iii) any other means provided that the valuation methodology used for such purpose is approved by the Depositary.
- (e) OTC derivative contracts which are not traded on a Regulated Market and are not cleared by a clearing counterparty shall be valued on the basis of the mark to market value of the derivative contract or, if market conditions prevent marking to market, reliable and prudent marking to model

may be used. OTC derivative contracts which are not traded on a Regulated Market and which are cleared by a clearing counterparty shall be valued on the basis of a quotation provided at least as frequently as the relevant Fund calculates its Net Asset Value by the relevant counterparty and verified at least monthly by a party independent of the counterparty, including the Investment Manager, or another independent party which is approved for such purpose by the Depositary.

- (f) Forward foreign exchange contracts shall be valued in the same manner as derivative contracts which are not traded in a Regulated Market or by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken.
- (g) Notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or the latest bid price as published by the investment fund. Valuation on a mid price or offer price is acceptable if consistent with the valuation policy. The Directors may in accordance with (a) above undertake a valuation based on market prices where the investment fund in which the investment is made is listed on a Regulated Market.
- (h) Where it is not the intention or objective of the Directors to apply amortised cost valuation to the portfolio of a Fund as a whole, a Money Market Instrument within such a portfolio shall only be valued on an amortised basis if the Money Market Instrument has a residual maturity of less than three months and does not have any specific sensitivity to market parameters, including credit risk.
- (i) The value of any asset may be adjusted by the Directors where an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant.
- (j) Any value expressed otherwise than in the Base Currency of the Fund shall be converted into the Base Currency of the Fund at the prevailing exchange rate as of the Valuation Point which is available to the Administrator and which is normally obtained from Bloomberg or Reuters or an equivalent data provider.
- (k) A particular asset valuation may be carried out using an alternative method of valuation if the Directors deem it necessary and the alternative method must be approved by the Depositary and the rationale/methodologies shall be clearly documented.

### **Swing pricing**

Subscriptions or redemptions in a Fund or Share Class can create dilution of the Fund's or the Share Class's assets if Shareholders subscribe or redeem at a price that does not necessarily reflect the real dealing and other costs that arise when the Investment Manager buys or sells assets to accommodate net subscriptions or net redemptions. In order to protect the interests of the existing Shareholders of a Fund or a Share Class, a swing pricing mechanism may be adopted as appropriate if disclosed, and as further described, in the Supplement of the Fund. If the net subscriptions and redemptions based on the last available Net Asset Value on any Valuation Day exceed a certain threshold of the value of a Fund or a

Share Class on that Valuation Day, as determined and reviewed on a periodic basis by the Manager in consultation with the Investment Manager, the asset value may be adjusted respectively upwards or downwards to reflect the dealing and other costs that may be deemed to be incurred in buying or selling assets to satisfy net daily transactions. The Directors may, in consultation with the Investment Manager, apply a swing pricing mechanism across any Fund or Share Class as described in the Supplement of the relevant Fund. The extent of the price adjustment will be set by the Directors, in consultation with the Investment Manager, to reflect estimated dealing and other costs.

### **Anti-Dilution Levy**

Where a Fund buys/enters or sells/exits Financial Instruments in response to a request for the issue or redemption of Shares, it will generally incur a reduction in value, made up of dealing costs and any spread between the bid and offer prices of the investments concerned when compared to their valuation within the Net Asset Value per Share. The Net Asset Value per Share generally does not reflect such costs.

The aim of the anti-dilution levy is to reduce the impact of such costs (which, if material, disadvantage existing Shareholders of the relevant Fund) so as to preserve the value of the relevant Fund. Where disclosed in the relevant Supplement, in calculating the Subscription Price or Redemption Price of the Shares, the Directors, in consultation with the Investment Manager, may on any Dealing Day when there are net subscriptions or redemptions, adjust the asset value of the Fund by adding or deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of a Fund.

The need to charge an anti-dilution levy will depend inter alia on general market liquidity of the Fund's Financial Instruments and on the net transactional activity of Shares on any given Dealing Day, and this will be evaluated by the Investment Manager and implemented, following the approval of the Directors, in consultation with the Investment Manager, by the Administrator without prior notification to the relevant Shareholder. Net transactional activity of Shares is determined with reference to the cumulative subscription and redemption requests (including subscriptions and/or redemptions which would be affected as a result of conversions from one Fund into another Fund) processed in respect of any given Dealing Day.

The anti-dilution levy may vary according to the prevailing market conditions and the implementation of the valuation policy with respect to the determination of the Net Asset Value on any given Valuation Day.

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

Except where the determination of the Net Asset Value of the Fund, the Net Asset Value per Share and/or the issue and repurchase prices have been temporarily suspended in the circumstances described in the section of the Prospectus headed "**Suspension of Valuation of Assets**", the Net Asset Value per Share of each Class of the Fund and the issue and repurchase prices of the Shares on each Subscription Day and Redemption Day will be available from the Administrator on each Dealing Day during normal business hours or such other public information source(s) that the ICAV may notify to Shareholders from time to time and will be updated following each calculation of Net Asset Value per Share. The Net Asset Value per Share published on <https://redhedge.uk/> will be up to date.

## **Suspension of Valuation of Assets**

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

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Regulated Market on which the relevant Fund's Financial Instruments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (b) during the whole or part of any period when circumstances outside the control of the Directors in consultation with the Investment Manager exist as a result of which any disposal or valuation of Financial Instruments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of Financial Instruments to or from the relevant account of the ICAV; or
- (c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's Financial Instruments; or
- (d) during the whole or any part of any period when for any reason the value of any of the Fund's Financial Instruments cannot be reasonably, promptly or accurately ascertained; or
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the ICAV is unable to repatriate funds required for making redemption payments (for example in the event of the imposition of exchange controls in an emerging economy in which a Fund is invested) or when such payments cannot, in the opinion of the Directors in consultation with the Investment Manager, be carried out at normal rates of exchange; or
- (f) upon mutual agreement between the ICAV and the Depositary for the purpose of winding up the ICAV or terminating any Fund or Class; or
- (g) during any period when, as a result of political, economic, military or monetary events or any circumstances outside of the control, responsibility and power of the ICAV, disposal or valuation of a substantial portion of the Investments of the relevant Fund is not reasonably practicable without being seriously detrimental to the interests of the Shareholders of the relevant Fund or if, in the opinion of the Directors in consultation with the Investment Manager, the Net Asset Value of the Fund cannot be fairly calculated; or
- (h) if any other reason makes it impossible or impracticable to determine the value of, or to liquidate, a substantial portion of the Financial Instruments or the ICAV or any Fund where the imposition of

a deferred redemption schedule (as described in the section entitled “THE SHARES”, under the sub-heading “Redemption of Shares”, under the paragraph headed “Redemption Limit”) is not considered by the Directors to be an appropriate measure to take in the circumstances to protect the best interests of the Shareholders.

Any suspension of valuation shall be notified immediately to the Central Bank and in any event within the working day on which such suspension took effect and shall be communicated to Shareholders. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

### **Distributions**

The ICAV can issue accumulating Classes and distributing Classes. Please see the relevant Supplement to determine the shares available for each Fund.

Dividends may be paid out of the capital of each Fund or out of the net investment income and/or net realised and unrealised capital gains (i.e. realised and unrealised gains net of realised and unrealised losses) of the Fund. The payment of dividends out of capital may result in the erosion of capital notwithstanding the performance of the ICAV. As a result, distributions may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distributions of income - investors should seek advice from their professional advisers in this regard. The rationale for providing for the payment of dividends out of capital is to allow each Fund the ability to maximise the amount distributable to investors who are seeking a higher dividend paying Share Class.

The distribution policy of each Share Classes and Fund is described in the relevant Supplement.

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

Prospective investors and Shareholders should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Fund, capital gains within a Fund, whether or not realised, income received or accrued or deemed received within a Fund. The requirement to pay such taxes will be according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of residence or nationality of the Shareholder and such laws and practices may change from time to time.

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

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

Prospective investors and Shareholders should consult their tax advisors with respect to their particular tax situations and the tax consequences of an investment in a particular Fund.

## 5. TAXATION

### General

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

The information given is not exhaustive and does not constitute legal or tax advice. It does not purport to deal with all of the tax consequences applicable to the ICAV or its current or future Funds or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of the ICAV or its current or future Funds if one or more were to be considered an IREF. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.

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

### Irish Taxation

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

### Specific Definitions in relation to Irish Taxation matters

For the purposes of this section, the following definitions shall apply.

**“Exempt Irish Investor” means;-**

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;

- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the ICAV; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the ICAV or jeopardising tax exemptions associated with the ICAV giving rise to a charge to tax in the ICAV;

provided that they have correctly completed the Relevant Declaration.

**“IREF”**

means an Irish non-UCITS regulated fund or, where that non-UCITS regulated fund is an umbrella fund, a sub-fund of the regulated fund—

- (a) in which 25% or more of the value of the assets at the end of the immediately preceding accounting period is derived directly or indirectly from certain Irish real estate type assets (“IREF assets”), or
- (b) where paragraph (a) above does not apply, it would be reasonable to consider that the main purpose, or one of the main purposes, of the fund or the sub-fund, as the case may be, was to acquire IREF assets or to carry on activities involving IREF assets, the profits or gains of which, apart from the specific exemption set out in the legislation dealing with regulated funds, would be chargeable to income tax, corporation tax or capital gains tax, including, but without limitation to the generality of the preceding words, activities which would be regarded as (i) dealing in or developing land, or (ii) a property rental business;

and where this applies to a sub-fund of an umbrella fund, for the purposes of the calculation, assessment and collection of any tax due, each sub-fund of such umbrella scheme shall be treated as a separate legal person;

**“Irish Resident”** in the case of:-

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

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

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

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

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country. This exception does not apply where it would result in an Irish incorporated company that is managed and controlled in a relevant territory (other than Ireland), but would not be resident in that relevant territory as it is not incorporated there, not being resident for tax purposes in any territory.

or

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

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

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

**“Ordinarily Resident in Ireland”** in the case of:-

- an individual, means an individual who is ordinarily resident in Ireland for tax purposes.
- a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2019 to 31 December 2019 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2022 to 31 December 2022.

The concept of a trust’s ordinary residence is somewhat obscure and linked to its tax residence.

**“Intermediary”** means a person who:-

- carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- holds shares in an investment undertaking on behalf of other persons.

**“Ireland”** means the Republic of Ireland

**“Recognised Clearing System”** means any clearing system listed in Section 246A of the Taxes Act (including, but not limited to, Euroclear, Clearstream Banking AG, Clearstream Banking SA and CREST) or any other system for clearing shares which is designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners, as a recognised clearing system.

**“Relevant Declaration”** means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.

**“Relevant Period”** means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding Relevant Period.

**“Taxes Act”**, means the Taxes Consolidation Act, 1997 (of Ireland) as amended.

## **Taxation of the ICAV**

The Directors have been advised that, under current Irish law and practice, the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Act., so long as the ICAV is resident in Ireland. Accordingly the ICAV is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the ICAV. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the ICAV for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the ICAV in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the ICAV satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

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

If the ICAV becomes liable to account for tax in any jurisdiction, including any interest or penalties thereon, if a chargeable event occurs as a result of the act or omission of a Shareholder, the ICAV shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax from the Shareholder(s) concerned and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax and any interests and penalties thereon. The relevant Shareholder, in respect of whose holding of Shares the chargeable event has arisen, shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event but only to the extent that no such deduction, appropriation or cancellation has been made and the chargeable event arises as a result of the act or omission of the relevant Shareholder.

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

### **Stamp Duty**

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

No Irish stamp duty will be payable by the ICAV on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act (that is not an IREF) or a “qualifying company” within the meaning of Section 110 of the Taxes Act) which is registered in Ireland.

## **Shareholders Tax**

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

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

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

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

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the ICAV on the occasion of a chargeable event provided that either (i) the ICAV satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the

ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

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

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

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

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

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

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

chargeable event is greater than that which arose on the preceding deemed disposal, the ICAV will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the ICAV will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

#### *10% Threshold*

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

#### *15 % Threshold*

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

#### *Other*

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

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

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

### *Equivalent Measures*

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

### *Personal Portfolio Investment Undertaking*

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

### **Reporting**

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are;

- Exempt Irish Investors (as defined above);

- Shareholders who are neither Irish Resident nor Ordinarily Resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system.

### **Capital Acquisitions Tax**

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

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

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

### **Taxation of Investment Vehicles incorporated in Ireland**

Investment Vehicles incorporated in Ireland will be liable to Irish tax on their income and gains but will be structured in a way to ensure that only nominal taxable profits arise in Ireland within each such Investment Vehicle and, instead, that such profits arise at the level of the ICAV, where they will be tax exempt. This is achieved by the Investment Vehicle/Subsidiary\* transmitting such profits via a profit participating note to the ICAV. Provided it satisfies various Irish tax conditions, the Investment Vehicle will be able to offset all expenses (including amounts payable on the profit participating note) against income and gains, leaving only nominal taxable profits within the Investment Vehicle.

### **Common Reporting Standards**

On 14 July 2014, the OECD issued the Standard for Automatic Exchange of Financial Account Information (“the Standard”) which therein contains the Common Reporting Standard. This has been applied in Ireland by means of the relevant international legal framework and Irish tax legislation. Additionally, on 9 December 2014, the European Union adopted EU Council Directive 2014/107/EU, amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (“DAC2”) which, in turn, has been applied in Ireland by means of the relevant Irish tax legislation.

The main objective of the Common Reporting Standard and DAC2 (collectively referred to herein as “CRS”) is to provide for the annual automatic exchange of certain financial account information between relevant tax authorities of participating jurisdictions or EU Member States.

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

Broadly speaking, CRS will require Irish Financial Institutions to identify Account Holders (and, in particular situations, Controlling Persons of such Account Holders) resident in other participating jurisdictions or EU Member States and to report specific information in relation to these Account Holders (and, in particular situations, specific information in relation to identified Controlling Persons) to the Irish Revenue Commissioners on an annual basis (which, in turn, will provide this information to the relevant tax authorities where the Account Holder is resident). In this regard, please note that the ICAV will be considered an Irish Financial Institution for the purposes of CRS.

For further information on CRS requirements of the ICAV, please refer to the below “CRS Data Protection Information Notice”.

#### *CRS Data Protection Information Notice*

The ICAV hereby confirms that it intends to take such steps as may be required to satisfy any obligations imposed by (i) the Standard and, specifically, the Common Reporting Standard therein, as applied in Ireland by means of the relevant international legal framework and Irish tax legislation and (ii) DAC2, as applied in Ireland by means of the relevant Irish tax legislation, so as to ensure compliance or deemed compliance (as the case may be) with CRS from 1 January 2016.

In this regard, the ICAV is obliged under Section 891F and Section 891G of the Taxes Act and regulations made pursuant to those sections to collect certain information about each Shareholder’s tax arrangements (and also collect information in relation to relevant Controlling Persons of specific Shareholders).

In certain circumstances, the ICAV may be legally obliged to share this information and other financial information with respect to a Shareholder’s interests in the ICAV with the Irish Revenue Commissioners (and, in particular situations, also share information in relation to relevant Controlling Persons of specific Shareholders). In turn, and to the extent the account has been identified as a Reportable Account, the Irish Revenue Commissioners will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, information that may be reported in respect of a Shareholder (and relevant Controlling Persons, if applicable) includes name, address, date of birth, place of birth, account number, account balance or value at year end (or, if the account was closed during such year, the balance or value at the date of closure of the account), any payments (including redemption and dividend/interest payments) made with respect to the account during the calendar year, tax residency(ies) and tax identification number(s).

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

All capitalised terms above, unless otherwise defined above, shall have the same meaning as they have in the Standard or DAC2 (as applicable).

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

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

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement ("**Irish IGA**") on the 21<sup>st</sup> December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting Guidance Notes (which will be updated on an ad-hoc basis) were first issued by the Irish Revenue Commissioners on 1 October 2014 with the most recent version being issued in May 2018.

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

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

### **Mandatory Disclosure Rules – (DAC6)**

The DAC6 Directive, which is effective from 25 June 2018, requires Member States to introduce a common mandatory disclosure regime by 1 January 2020 and to share all reports received with each other. DAC6 imposes mandatory reporting requirements on EU-based tax advisors, accountants, lawyers, banks, financial advisors and other intermediaries who design, market, organise, make available for implementation or manage the implementation of potentially aggressive cross-border tax-planning schemes. It also covers persons who provide aid, assistance or advice in relation to potentially aggressive cross-border tax-planning schemes, where they can be reasonably expected to know that they have performed that function. If the intermediary is located outside the EU or is bound by legal professional privilege, the obligation to report passes to the taxpayer.

The transactions contemplated under the prospectus may fall within the scope of mandatory disclosure rules under EU Directive 2018/822 or an equivalent provision under Irish law and thus may qualify as reportable (cross-border) arrangement within the meaning of such provisions. If that were the case Dillon Eustace, the Investment Manager, the Manager or any other person that falls within the definition of an “intermediary” may have to report the transactions to fiscal authorities under these provisions. As the EU Directive 2018/822 still needs to be implemented in the domestic laws of the respective EU member states the actual scope of the mandatory disclosure rules remains currently unclear.

### **Other Jurisdictions**

The tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore, the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares relating to a Fund and any investment returns from those Shares.

## 6. GENERAL INFORMATION

### 1. Registration, Registered Office and Share Capital

- (a) The ICAV was registered in Ireland on 9 April 2019 as an umbrella type Irish collective asset-management vehicle with segregated liability between funds registered with and authorised by the Central Bank with registration number C191780 pursuant to the UCITS Regulations. The ICAV has no subsidiaries.
- (b) The registered office of the ICAV is as stated in the Directory at the front of the Prospectus.
- (c) Clause 2 of the Instrument of the ICAV provides that the ICAV's sole object is the collective investment of its funds in property and giving members the benefit of the results of the management of its funds.
- (d) The Instrument provides that the share capital of the ICAV shall be equal to the value for the time being of the issued share capital of the ICAV. The actual value of the paid up share capital of the ICAV shall at all times be equal to the value of the assets of the ICAV after deduction of its liabilities.
- (e) The Instrument provides that shares of the ICAV shall be divided into 10,000,000 (ten million) ordinary participating shares of no nominal value ("**Shares**") and 2 (two) ordinary management shares of no nominal value ("**Management Shares**") which may be issued and redeemed at 1 (one) euro each. The ICAV may issue shares as fully paid up in accordance with the Instrument, the requirements of the Central Bank, the Central Bank Regulations, the UCITS Regulations and the Act. The liability of Members in respect of payment on their shares shall be limited to the amount, if any, unpaid, on the shares respectively held by them.
- (f) Subject to the provisions of the Instrument, Shareholders have the right to participate in or receive profits or income arising from the acquisition, holding, management or disposal of investments of the relevant Fund, to vote at any general meeting of the ICAV or at any meeting of the relevant Fund or Class of Shares in respect of which such Shares have been issued and such other rights as may be provided in respect of Shares of a particular Fund or Class in each case as more particularly described in the Prospectus and/or relevant Supplement subject always to the requirements of the Central Bank, the Central Bank Regulations, the UCITS Regulations and the Act. Holders of Management Shares shall have the right to receive an amount not to exceed the consideration paid for such Management Shares and to vote at any general meeting of the ICAV in accordance with the provisions of the Instrument.
- (g) The Directors are authorised to exercise all the powers of the ICAV to issue shares in the ICAV on such terms and in such manner as they may think fit.
- (h) No share capital of the ICAV has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

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

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the ICAV is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-fourths of the issued Shares of that Class or Fund, or with the sanction of a special resolution passed at a general meeting of the Shareholders of that Class or Fund.
- (b) A resolution in writing signed by all the Members of the ICAV, Fund or Class for the time being entitled to attend and vote on such resolution at a general meeting shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the ICAV, Fund or Class duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members.
- (c) Subject to the Central Bank's requirements, notwithstanding anything to the contrary in the Instrument, a resolution in writing that is described as being an Ordinary Resolution or a Special Resolution which is signed by a Member or Members who, at the time of the signing of the resolution concerned, represent more than 50%, in the case of an Ordinary Resolution or 75%, in the case of a Special Resolution, of the total voting rights of all the Members who, at that time, would have the right to attend and vote at a general meeting of the ICAV or relevant Fund or Class and in respect of which all Members of the ICAV or relevant Fund or Class (as the case may be) concerned entitled to attend and vote on the resolution have been circulated by the Directors (or other person proposing it) with the proposed text of the resolution, shall be as valid and effective for all purposes as if the Ordinary Resolution or Special Resolution, as the case may be, had been passed at a general meeting of the ICAV or relevant Fund or Class duly convened and held.
- (d) The rights conferred upon the holders of the shares of any Class of the ICAV issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that Class of the ICAV, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or by the liquidation of the ICAV or of any Fund and distribution of its assets to its Members in accordance with their rights or the vesting of assets in trustees for its Members in specie.
- (e) There are no rights of pre-emption upon the issue of Shares in the ICAV.

## **3. Voting Rights**

The following rules relating to voting rights apply:

- (a) Fractions of Shares do not carry voting rights.
- (b) On a show of hands every Shareholder (with applicable voting rights) present in person or by proxy shall be entitled to one vote and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares.

- (c) The chairman of a general meeting of the ICAV or at least two Members present in person or by proxy or any Member or Members present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Member or not) may be appointed to act as a proxy; a Member may appoint more than one proxy to attend on the same occasion.
- (g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office or at such other place as is specified for that purpose in the notice of meeting or in the instrument of proxy issued by the ICAV not less than such minimum time specified before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. The Directors may at the expense of the ICAV send, by post or otherwise, to the Members instruments of proxy (with or without prepaid postage for their return) for use at any general meeting or at any meeting of any Class of Members, either in blank or nominating in the alternative any one or more of the Directors or any other persons.

#### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the ICAV at any time.
- (b) The Directors, in accordance with the provisions of the Instrument, may elect to dispense with the holding of an annual general meeting by giving 60 days' written notice to all of the ICAV's Members.
- (c) One or more Members of the ICAV holding, or together holding, at any time not less than 50 per cent of the voting rights in the ICAV may convene an extraordinary general meeting of the ICAV. The Directors of the ICAV shall, at the request of one or more Members holding, or together holding, at the date of the making of the request, not less than 50 per cent of the voting rights in the ICAV, proceed to convene an extraordinary general meeting of the ICAV. The request shall state the objects of the meeting and shall be signed by those making the request and deposited at the registered office of the ICAV and may consist of several documents in like form each signed by one or more of those making the request. If the Directors do not within 21 days after the date of the deposit of the request proceed to convene a meeting to be held within 2 months after that date, those making the request, or any of them representing more than 50 per cent of the total voting

rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held more than 3 months after the date the request was first made.

- (d) Not less than fourteen clear days' notice of every annual general meeting and any extraordinary meeting and any convened for the passing of a special resolution must be given to the Members.
- (e) Two Members present either in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Member(s) present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (f) The foregoing provisions with respect to the convening and conduct of meetings shall save to the extent expressly provided in the Instrument with respect to meetings of a Fund or Class, apply mutatis mutandis to separate meetings of each Fund or Class of Members.

## **5. Reports and Accounts**

The ICAV will prepare an annual report and audited accounts as of March 31 in each year commencing **2021** and a half-yearly report and unaudited accounts as of September 30 in each year commencing **2021** in respect all Funds unless otherwise stated in a particular Fund's Supplement. The dates of the annual and semi-annual reports of future Funds shall be as set out in the relevant Supplement or in an update to this Prospectus. The first annual audited accounts for the period relating to the first 18 months following registration of the ICAV will be prepared for the period ended 9 October, 2020.

The audited annual report and accounts will be prepared in accordance with IFRS and will be published within four months of the relevant Fund's financial year end and its semi-annual report will be published within two months of the end of the half year period and, in each case, will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge upon request and may also be obtained at the office of the Administrator. The Instrument may also be obtained free of charge from the office of the Administrator.

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

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

Delivery by Hand	The day of delivery or next following working day if delivered outside usual business hours.
Post	48 hours after posting.
Facsimile	The day on which a positive transmission receipt is received.
Electronically	The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	The day of publication in a daily national newspaper circulating in the country or countries where Shares are marketed.

## 7. Transfer of Shares

- (a) Transfer of shares may be effected by transfer in writing or such other form as determined by the Directors accompanied by such evidence of ownership as the Directors may reasonably require to show the right of the transferor to make the transfer ("Instrument of Transfer"), signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may, before the end of the period of two months commencing with the date of receipt of the Instrument of Transfer, decline to register the transfer in the following circumstances:
- (i) if in consequence of such transfer, the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
  - (ii) if all applicable taxes and/or stamp duties have not been paid in respect of the Instrument of Transfer and unless the Instrument of Transfer is deposited at the registered office or such other place as the Directors may reasonably require, accompanied by such relevant information and declarations as the Directors may reasonably require from the transferee including without limitation, information and declarations of the type which may be requested from an applicant for shares in the ICAV and such fee as may from time to time be specified by the Directors for the registration of any Instrument of Transfer;
  - (iii) where the Directors are aware or reasonably believe the transfer would result in the beneficial ownership of Shares by a person in contravention of any restrictions on ownership imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the ICAV, a Fund, a Class of Shares or Shareholders as a whole;
  - (iv) unless the Instrument of Transfer is deposited with the Administrator together with such evidence as is required by the Administrator to satisfy the Administrator as to its or the ICAV's requirements to prevent money laundering; or

- (v) if the registration of such transfer would result in a contravention of any provision of law.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days in any year.

## **8. Directors**

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

- (a) The number of Directors shall not be less than two.
- (b) A Director need not be a Member.
- (c) The Instrument contains no provisions requiring Directors to retire on attaining a particular age.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the ICAV or any company in which the ICAV is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the ICAV for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in this Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the ICAV or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the ICAV.
- (f) The provisions of the Act relating to restrictions on directors of an insolvent company or disqualifying persons from being appointed or acting as a director or other officer, statutory auditor, receiver or liquidator, or being in any way (directly or indirectly) concerned or taking part in the promotion, formation or management of a company apply to the ICAV.
- (g) Save as provided in the Instrument, a Director shall not vote in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the ICAV. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A Director shall in the absence of some material interest other than that indicated below, be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters, namely:-
  - (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the ICAV or any of its subsidiaries or associated companies;

- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the ICAV or any of its subsidiaries or associated companies for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning an offer of shares or other securities of or by the ICAV or any of its subsidiaries or associated companies for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever PROVIDED THAT he is not the holder of or beneficially interested in five per cent or more of the issued shares of any class of such company, or of any third company through which his interest is derived, or of any of the voting rights available to shareholders of the relevant company (any such interest being deemed for the purposes of Clause 24.04 of the Instrument to be a material interest in all circumstances); or
  - (v) any proposal concerning the purchase of any policy of insurance against directors' and officers' liability.
- (h) The office of a Director must be vacated in any of the following events namely:-
- (i) if he resigns his office by notice in writing signed by him and left at the registered office of the ICAV;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
  - (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
  - (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
  - (vii) if he is removed from office by Ordinary Resolution of the ICAV;

- (viii) if he ceases to be approved to act as a director by the Central Bank.
- (j) The ICAV may by Ordinary Resolution remove a Director before the end of that Director's period of office despite anything in the Instrument or in any contract between the ICAV and the Director, in accordance with the provisions of the Act.

## **9. Directors' Interests**

Except as outlined below, none of the Directors has or has had any direct interest in the promotion of the ICAV or in any transaction effected by the ICAV which is unusual in its nature or conditions or is significant to the business of the ICAV up to the date of this Prospectus or in any contracts or arrangements of the ICAV subsisting at the date hereof other than:

Stephen Finn and Orlin Mladenov shall be deemed to be interested in any contract entered into by the ICAV with KBA Consulting Management Limited, acting as the Manager to the ICAV; and Eloise Lipkin shall be deemed to be interested in any contract entered into by the ICAV with the Investment Manager.

No present Director or any connected person has any interests beneficial or non-beneficial in the share capital of the ICAV.

## **10. Winding Up of ICAV**

- (a) The ICAV may be wound up:
  - (i) if within a period of twelve months or such other period as agreed under the terms of the Depositary Agreement from the date on which (a) the Depositary notifies the ICAV of its desire to retire in accordance with the terms of the Depositary Agreement and has not withdrawn notice of its intention to so retire; (b) the appointment of the Depositary is terminated by the ICAV in accordance with the terms of the Depositary Agreement; or (c) the Depositary ceases to be approved by the Central Bank to act as depositary, no new Depositary has been appointed. In such cases, the Directors shall instruct the secretary of the ICAV to convene an extraordinary general meeting of the ICAV at which there shall be proposed an Ordinary Resolution to wind up the ICAV. Notwithstanding anything set out above, the Depositary's appointment shall only terminate on revocation of the ICAV's authorisation by the Central Bank; or
  - (ii) when it becomes illegal or in the opinion of the Directors of the ICAV impracticable or inadvisable to continue operating the ICAV.
- (b) In all cases other than those set out above, the Members may resolve to wind up the ICAV by Special Resolution in accordance with the summary approval procedure as provided for in the Act.
- (c) In the event of a winding up the liquidator shall firstly apply the assets of the ICAV in satisfaction of creditors' claims in such manner and order as he thinks fit. The liquidator shall in relation to the

assets available for distribution among Members make such transfers thereof to and from the Classes as may be necessary in order that the effective burden of creditors' claims may be shared between the Members of different Classes in such proportions as the liquidator in his discretion deems equitable.

- (d) The assets available for distribution among the Members shall be applied in the following priority:
- (i) Firstly, in the payment to the holders of the Shares of each Class or Fund of a sum in the Base Currency (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such Class or Fund held by such Shareholders respectively as at the date of commencement of winding up.
  - (ii) Secondly, in the payment to the holders of the Management Shares of sums up to the consideration paid therefor out of the assets of the ICAV not comprised within any Funds provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised in any of the Funds.
  - (iii) Thirdly, in the payment to the holders of Shares of each Class or Fund of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares of the relevant Class or Fund held.
  - (iv) Fourthly, any balance then remaining and not attributable to any Fund or Class of Shares shall be apportioned between the Funds and Classes of Shares pro-rata to the Net Asset Value of each Fund or Class of Shares immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.
- (e) The liquidator may with the authority of an Ordinary Resolution of the ICAV divide among the Shareholders (pro rata to the value of their respective shareholdings in the ICAV) in specie the whole or any part of the assets of the ICAV, and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder.
- (f) Notwithstanding any other provision contained in the Instrument, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the ICAV, then any such winding up shall be commenced in accordance with the summary approval procedure as provided for in the Act. Any liquidator appointed to wind up the ICAV shall distribute the assets of the ICAV in accordance with the provisions of the Instrument.

## **11. Termination of a Fund**

The ICAV may terminate a Fund:

- (a) by giving not less than two nor more than twelve weeks' notice to the Shareholders of such Fund or Class, expiring on a Dealing Day, and redeeming, at the Redemption Price on such Dealing Day, all of the Shares of the Fund or Class not previously redeemed;
- (b) and redeem, at the redemption price on such Dealing Day, all of the Shares in such Fund or Class not previously redeemed if the Shareholders of 75% in value of the Shares in issue of the Fund or Class resolve at a meeting of the Shareholders of the Fund or Class, duly convened and held, that such Shares should be redeemed.

If a particular Fund or Class is to be terminated and all of the Shares in such Fund or Class are to be redeemed as aforesaid, the Directors, with the sanction of an Ordinary Resolution of the relevant Fund or Class, may divide amongst the Shareholders in specie all or part of the assets of the relevant Fund or Class according to the Net Asset Value of the Shares then held by each Shareholder in the relevant Fund or Class provided that any Shareholder shall be entitled to request, at the expense of such Shareholder, the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale.

## **12. Indemnities and Insurance**

Every person or body corporate who is or has been a Director or secretary of the ICAV or any person or body corporate who is or has acted as auditor of the ICAV and such person's heirs, administrators and executors, shall be indemnified and secured harmless out of the assets and profits of the ICAV from and against all actions, costs, charges, losses, damages and expenses, which they may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own negligence, default, breach of duty or breach of trust.

The Directors have the power to purchase and maintain for the benefit of any persons who are or were at any time Directors, secretary or Auditors of the ICAV insurance against any liability incurred by such persons in respect of any act or omission in the execution or discharge of their duties or in the exercise of their powers.

## **13. General**

- (a) As at the date of this Prospectus,
  - i. the ICAV has no loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.

- ii. No share or loan capital of the ICAV is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- iii. The ICAV does not have, nor has it had since registration, any employees.
- iv. The ICAV does not intend to purchase or acquire nor agree to purchase or acquire any property.
- v. The rights conferred on Shareholders by virtue of their shareholdings are governed by the Instrument, the general law of Ireland and the Act.
- vi. The ICAV is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the ICAV.
- vii. The ICAV has no subsidiaries.
- viii. No person has any preferential right to subscribe for any authorised but unissued capital of the ICAV.

#### **14. Material Contracts**

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

- (a) Management Agreement between the ICAV and the Manager dated 21 December 2020 under which the Manager was appointed as manager of the ICAV's assets and distributor of the ICAV's Shares and to provide certain related services to the ICAV. The Management Agreement may be terminated by either party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Manager has the power to delegate its duties in accordance with the Central Bank's requirements. The Manager shall not in the absence of negligence, fraud or wilful default on the part of the Manager be liable to the ICAV or any Shareholder for any act or omission in the course of or in connection with its services rendered under the Management Agreement. In no circumstances shall the Manager be liable for consequential or indirect loss or damage. The Agreement provides that the ICAV shall out of the assets of the relevant Fund indemnify the Manager against and hold it harmless from any actions, proceedings, claims, demands, losses, liabilities, damages and reasonable costs or expenses (including legal and professional fees and expenses) brought against or suffered or incurred by the Manager in the performance of its duties other than due to the negligence, fraud or wilful default of the Manager in the performance of its obligations or duties under the Management Agreement.
- (b) Investment Management Agreement between the Manager, the Investment Manager and the ICAV dated 21 December 2020 under which the Manager has appointed the Investment Manager as

investment manager of the ICAV's assets and distributor of the ICAV's Shares and to provide certain related services to the ICAV. The Investment Management Agreement may be terminated by any party on 90 days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of any party or unremedied breach after notice. The Investment Manager shall not in the absence of negligence, fraud or wilful default on the part of the Investment Manager be liable to the Manager or the ICAV for any act or omission (including error of judgement) in the course of or in connection with its services rendered under the Investment Management Agreement. The Agreement provides that the ICAV shall out of the assets of the relevant Fund fully and effectively indemnify the Investment Manager and its directors, agents, delegates and employees against all costs, charges, liabilities and expenses whatsoever incurred by them pursuant to or in connection with the Investment Management Agreement other than due to their negligence, fraud or wilful default.

- (c) Administration Agreement between the Manager, the ICAV and the Administrator dated 21 December 2020 under which the latter was appointed as Administrator to provide certain administration and related services in respect of the ICAV, subject to the terms and conditions of the Administration Agreement and subject to overall supervision of the Directors and/or the Manager. The responsibilities of the Administrator include registration and transfer agency services, valuation of the ICAV's assets and calculation of the Net Asset Value per Share and the preparation of each Fund's semi-annual and annual reports. The Administration Agreement may be terminated by any party on giving ninety days prior written notice to the other parties and forthwith on written notice to the other parties in certain circumstances such as the insolvency of any party or unremedied breach after notice. The Administration Agreement provides that in the absence of negligence, recklessness, fraud, bad faith, wilful default or breach of the Administration Agreement by the Administrator (including its officers, directors, employees and agents) in connection with the performance of its duties and obligations under the Administration Agreement, the Administrator (including officers, directors, employees and agents) shall not be under any liability (including liability for consequential or indirect damages) to the Shareholders, the ICAV, the Manager, or any other person on account of anything done, omitted or suffered by the Administrator pursuant to the Administration Agreement or in the furtherance of the interests of the ICAV or in accordance with or in pursuance of any request or advice of the ICAV or its duly authorised agent(s) or such other of its delegate(s) of any of them. The ICAV has undertaken to hold harmless and indemnify the Administrator out of the assets of the relevant Fund against all actions or claims which may be brought against, suffered or incurred by the Administrator, its delegates, directors, officers, employees, servants or agents in the proper performance of its obligations and duties under the Administration Agreement and from and against all taxes on profits or gains of the ICAV which may be assessed upon or become payable by the Administrator or its delegates, directors, officers, employees, servants or agents provided that such indemnity shall only be given in the absence of negligence, recklessness, bad faith, fraud or wilful default or material breach of the Administration Agreement on the part of the Administrator or on the part of any of its delegates, directors, officers, employees, servants or agents in connection with the performance of the Administrator's duties and obligations under the Administration Agreement.
- (d) Depositary Agreement between the ICAV and the Depositary dated 21 December 2020 under which

the Depositary was appointed as depositary of the ICAV's assets subject to the overall supervision of the Directors. The Depositary Agreement provides that the Depositary shall act honestly, fairly, professionally and independently and in the interests of the ICAV and the Shareholders and shall exercise due care and diligence in the discharge of its duties and shall be responsible to the ICAV and the Shareholders for the performance of its duties. The Depositary shall be liable to the ICAV for the loss of financial instruments held in custody by the Depositary or by one of its delegates and for all other losses suffered by it as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations. The Depositary Agreement may be terminated forthwith by either party on not less than three months' written notice to the other and forthwith upon written notice in certain circumstances such as the insolvency of either party or unremedied breach after notice provided that the Depositary shall continue to act as depositary until a successor depositary approved by the Central Bank is appointed by the ICAV or the ICAV's authorisation by the Central Bank is revoked. The Depositary has the power to delegate its duties but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Agreement provides that the ICAV shall indemnify the Depositary against all damages, costs, liabilities and expenses save where any such damages, costs, liabilities and expenses arise in circumstances where the Depositary would be liable pursuant to the terms of the Depositary Agreement.

#### **15. Documents Available for Inspection**

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

- (a) The Instrument (copies may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations.
- (c) Once published, the latest annual and half yearly reports of the ICAV (copies of which may be obtained from the Investment Manager or the Administrator free of charge).

Copies of the Prospectus and Key Investor Information Documents may also be obtained by Shareholders from the Administrator or the Investment Manager.

## APPENDIX I

### Permitted Investments and Investment Restrictions

#### 1. Permitted Investments

Investments of a UCITS are confined to:

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

#### 2. Investment Restrictions

- 2.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 *Recently Issued Transferable Securities*

Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the Regulations apply.

Paragraph 1 does not apply in relation to investment by a responsible person in US securities known as Rule 144A securities provided that:

- (a) the relevant securities have been issued with an undertaking to register the securities with the US Securities and Exchanges Commission within one year of issue; and
- (b) the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.

- 2.3 A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of a UCITS.
- 2.5 Subject to the prior approval of the Central Bank, 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 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of the UCITS.
- 2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; 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:
- investments in transferable securities or money market instruments;
  - deposits, and/or
  - counterparty 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 net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9.

However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

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

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

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

### **3. Investment in Collective Investment Schemes ("CIS")**

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

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

- 4.1 A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank 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 An investment company, ICAV, or management company acting in connection with all of CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

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

- 5.3 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 UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which a UCITS can invest in the securities of issuing bodies of that State.

This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.

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

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

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation provided that they observe the principle of risk spreading.

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

5.7 Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments<sup>1</sup>;
- units of investment funds; or
- financial derivative instruments.

5.8 A UCITS may hold ancillary liquid assets.

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

6.1 A UCITS's global exposure relating to FDI must not exceed its total net asset value.

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting

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<sup>1</sup> Any short selling of money market instruments by UCITS is prohibited

from direct investments, may not exceed the investment limits set out in the Central Bank Regulations /Guidance.

- 6.3 A UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

## APPENDIX II

### Regulated Markets

The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted securities and OTC derivative instruments, will be listed or traded and is set out in accordance with the regulatory criteria as defined in the Central Bank Regulations. With the exception of permitted investments in unlisted securities and OTC derivative instruments investment in securities and derivative instruments will be restricted to the stock exchanges and markets listed below. The Central Bank does not issue a list of approved stock exchanges or markets.

(i) any exchange or market or affiliate thereof which is:

located in any Member State of the European Economic Area excluding Liechtenstein (European Union, Norway and Iceland) and excluding Malta; or

located in any of the member countries of the OECD including their territories covered by the OECD Convention:

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

Abu Dhabi	-	Abu Dhabi Securities Exchange
Bahrain	-	Bahrain Stock Exchange
Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda Stock Exchange
Bosnia and Herzegovina	-	Banja Luka Stock Exchange
Bosnia and Herzegovina	-	Sarajevo Stock Exchange
Botswana	-	Botswana Stock Exchange
Brazil	-	Bahia-Sergipe-Alagoas Stock Exchange
Brazil	-	BM&F Bovespa
Brazil	-	Brasilia Stock Exchange
Brazil	-	Extremo Sul Porto Alegre Stock Exchange
Brazil	-	Minas Esperito Santo Stock Exchange
Brazil	-	Parana Curitiba Stock Exchange
Brazil	-	Pernambuco e Bahia Recife Stock Exchange
Brazil	-	Regional Fortaleza Stock Exchange
Brazil	-	Bolsa de Valores do Rio de Janeiro
Brazil	-	Santos Stock Exchange
Cayman Islands	-	Cayman Islands Stock Exchange
China (PRep. of)	-	Fujian Securities Exchange
China (PRep. of)	-	Hainan Securities Exchange
China (PRep. of)	-	Shanghai Securities Exchange

China (PRep. of)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Valores de Colombia
Dubai	-	Dubai Financial Market
Egypt	-	Egyptian Exchange
Ghana	-	Ghana Stock Exchange
Hong Kong	-	Hong Kong Stock Exchange
Hong Kong	-	Growth Enterprise Market
India	-	Ahmedabad Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Bombay Stock Exchange
India	-	Calcutta Stock Exchange
India	-	Cochin Stock Exchange
India	-	Delhi Stock Exchange
India	-	Gauhati Stock Exchange
India	-	Hyderabad Stock Exchange
India	-	Ludhiana Stock Exchange
India	-	Madras Stock Exchange
India	-	Magadh Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
India	-	Pune Stock Exchange
India	-	Uttar Pradesh Stock Exchange
Indonesia	-	Indonesia Stock Exchange
Indonesia	-	Surabaya Stock Exchange
Ivory Coast	-	Bourse Régionale des Valeurs Mobilières (BRVM)
Jordan	-	Amman Financial Market
Kenya	-	Nairobi Stock Exchange
Kuwait	-	Kuwait Stock Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Bursa Malaysia Berhad
Mauritius	-	Stock Exchange of Mauritius
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Nigeria	-	FMDQ
Nigeria	-	Nigerian Stock Exchange
Oman	-	Muscat Securities Market
Pakistan	-	Islamabad Stock Exchange
Pakistan	-	Karachi Stock Exchange
Pakistan	-	Lahore Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange
Qatar	-	Qatar Exchange
Russia	-	Moscow Exchange
Serbia	-	Belgrade Stock Exchange
Singapore	-	Singapore Exchange

South Africa	-	Johannesburg Stock Exchange
Sri Lanka	-	Colombo Stock Exchange
Taiwan (RC)	-	Gre Tei Securities Market
Taiwan (RC)	-	Taiwan Stock Exchange Corporation
Thailand	-	Stock Exchange of Thailand
Ukraine	-	Ukrainian Exchange
United Arab Emirates	-	Abu Dhabi Securities Market
United Arab Emirates	-	Dubai Financial Market
United Arab Emirates	-	NASDAQ Dubai
Vietnam	-	Hanoi Stock Exchange
Vietnam	-	Ho Chi Minh City Securities Trading Center
Zambia	-	Lusaka Stock Exchange
Zimbabwe	-	Harare Stock Exchange

(iii) any of the following markets or affiliates thereof:

the market organised by the International Capital Market Association;

the market conducted by the “**listed money market institutions**”, as described in the Bank of England publication “**The Regulations of the Wholesale Cash and OTC Derivatives Markets in GBP, Foreign Exchange and Bullion**” dated April 1988, as amended from time to time;

The UK market (i) conducted by banks and other institutions regulated by the FCA and subject to the Inter-Professional Conduct provisions of the FCA's Market Conduct Sourcebook and (ii) in non-investment products which are subject to the guidance contained in the "Non-Investment Products Code" drawn up by the participants in the London market, including the FCA and the Bank of England (formerly known as “**The Grey Paper**”).

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

The OTC market in Japan regulated by the Securities Dealers Association of Japan.

NASDAQ in the United States;

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

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

The French market for Titres de Créances Négociables (OTC market in negotiable debt instruments);

the OTC market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

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

(iv) the following derivatives exchanges:

All exchanges or markets of affiliates thereof which are listed under (i), (ii) and (iii) on which derivatives trade.

Any derivatives exchanges or derivative market or affiliate thereof which is:

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

located in any of the member countries of the OECD including their territories covered by the OECD Convention;

- and the following exchanges
- the Shanghai Futures Exchange;
- the Taiwan Futures Exchange;
- Jakarta Futures Exchange;
- the Bolsa de Mercadorias & Futuros, Brazil;
- the South African Futures Exchange;
- the Thailand Futures Exchange;
- the Malaysia Derivatives Exchange;
- Hong Kong Futures Exchange;
- OTC Exchange of India;
- Singapore Exchange;
- Singapore Commodity Exchange;
- SGXDT.

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

## APPENDIX III

### Collateral Policy

#### *Types of collateral which may be received by a Fund*

Where necessary, a Fund may receive both cash and non-cash collateral from a counterparty to a securities financing transaction or an OTC derivative transaction in order to reduce its counterparty risk exposure.

The non-cash collateral received by a Fund may comprise of fixed income securities or equities which meet the specific criteria outlined below. The level of collateral required to be posted by a counterparty may vary by counterparty and where the exchange of collateral relates to initial or variation margin in respect of non-centrally cleared OTC derivatives which fall within the scope of EMIR, the level of collateral will be determined taking into account the requirements of EMIR. In all other cases, collateral will be required from a counterparty where regulatory exposure limits to that counterparty would otherwise be breached.

There are no restrictions on the maturity of the collateral received by a Fund.

Collateral received from a counterparty shall satisfy the following criteria:

- (i) Non-cash collateral shall be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation;
- (ii) Collateral received by a Fund shall be of high quality. The Manager shall ensure that:
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager in the credit assessment process; and
  - (b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in (a) this shall result in a new credit assessment being conducted of the issuer by the Manager without delay;
- (iii) Collateral received shall be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty;
- (iv) Collateral received by a Fund shall be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of a Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

By way of derogation from the above diversification requirement, a Fund may accept collateral which provides exposure of more than 20% of the Net Asset Value of the relevant Fund to any of the issuers

set down in Section 2.13 of Appendix I to this Prospectus.

A Fund may also be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any of the issuers set down in Section 2.13 of Appendix I to this Prospectus. In such circumstances, the Fund will receive securities from at least six different issues with securities from any single issue not accounting for more than 30% of the Fund's Net Asset Value.

- (v) Collateral received by the Fund shall be capable of being fully enforced by a Fund at any time without reference to or approval from the counterparty.

The haircut applied to collateral posted by a counterparty will be negotiated on a counterparty basis and will vary depending on the class of asset received by a Fund, taking into account its credit standing and price volatility, any stress testing carried out to assess the liquidity risk of such asset and, where applicable taking into account the requirements of EMIR.

#### *Valuation of collateral*

Collateral that is received by a Fund will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. The non-cash collateral received by the Fund will be at mark to market given the required liquid nature of the collateral.

#### *Safe-keeping of collateral received by a Fund*

Collateral received by a Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-custodian of the Depositary. For other types of collateral arrangements, the collateral can be held by the Depositary, a duly appointed sub-custodian of the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated and unconnected to the provider of the collateral.

#### *Re-use of collateral by a Fund*

The ICAV on behalf of the relevant Fund shall not sell, pledge or re-invest any non-cash collateral received by the relevant Sub-Fund.

Where a Fund receives cash collateral, such cash may not be invested other than in (i) deposits with relevant institutions; (ii) high quality government bonds; (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to the prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis; (iv) short term money market funds as defined in Article 2(14) of the Money Market Fund Regulation in order to mitigate the risk of losses on reinvestment of such cash collateral.

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

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

Collateral provided by a Fund to a counterparty shall be agreed with the relevant counterparty and may comprise of cash or any types of assets held by the relevant Fund in accordance with its investment objective and policies and shall, where applicable, comply with the requirements of EMIR. Collateral may be transferred by a Fund to a counterparty on a title transfer basis where the assets are passed outside of the custody network and are no longer held by the Depositary or its sub-custodian. In such circumstances, subject to the requirements of SFTR, the counterparty to the transaction may re-use those assets in its absolute discretion. Where collateral is posted by a Fund to a counterparty under a security collateral arrangement where title to the relevant securities remains with the Fund, such collateral must be safe-kept by the Depositary or its sub-custodian. Any re-use of such assets by the counterparty must be effected in accordance with the SFTR and, where relevant, the Regulations. Risks associated with re-use of collateral are set down in “***Risk Factors: Risks Associated with Collateral Management***”.

**APPENDIX IV**

**List of the Depository's sub-custodians**