

**SWITZERLAND COUNTRY SUPPLEMENT**  
**DATED 3 July 2020**  
**FOR KRANESHARES ICAV (THE “ICAV”)**

**This Country Supplement forms part of, and should be read in conjunction with, the prospectus dated 18 October 2019, and the supplement to the prospectus of the ICAV dated 18 October 2019 in respect of KraneShares CSI China Internet UCITS ETF, the supplement to the prospectus of the ICAV dated 18 October 2019 in respect of KraneShares MSCI China A Share UCITS ETF, the supplement to the prospectus of the ICAV dated 31 January 2020 in respect of KraneShares MSCI China ESG Leaders UCITS ETF and the supplement to the prospectus of the ICAV dated 26 March 2020 in respect of KraneShares Bloomberg Barclays China Bond Inclusion UCITS ETF as may be further amended from time to time (the “Prospectus”) for the ICAV**

**Important information for investors in Switzerland**

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Unless otherwise stated, all terms printed in block capitals in this Country Supplement have the same meaning as in the Prospectus.

The ICAV is considered foreign investment schemes pursuant to Art. 119 of the Swiss Federal Collective Investment Schemes Act (“**CISA**”). No application has been submitted to the Federal Financial Market Supervisory Authority (“**FINMA**”) to obtain approval within the meaning of Art. 120 CISA to publicly advertise, offer or distribute the investment in or from Switzerland, and no other steps have been taken in this direction. As a result, the investment is not registered with FINMA. Any offer or sale must therefore be in strict compliance with Swiss law, and in particular with the provisions of the CISA and its implementing ordinances, and FINMA circular 2013/9 on distribution of collective investment schemes. Pursuant to the CISA and its implementing ordinances, the units may not be offered, marketed or distributed to the public in or from Switzerland, but only to qualified investors according to art. 10 sections 3, 3bis and 3ter CISA.

**Swiss Representative**

Oligo Swiss Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland has been appointed as the Swiss representative of the ICAV.

**Paying Agent in Switzerland**

Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland has been appointed as Paying Agent of the Fund in Switzerland.

**Place where the relevant documents may be obtained**

Copies of the Prospectus, the Instrument of Incorporation and annual reports issued by the ICAV from time to time may be obtained free of charge from the Swiss Representative in Lausanne.

**Retrocessions**

Retrocessions are deemed to be payments and other soft commissions paid by the Management Company and its representatives for distribution activities in respect of Shares. Retrocessions are normally paid from the Management Fee and on the basis of a written contract.

In respect of distribution in Switzerland, the granting of retrocessions is permitted, irrespective of the contractual relationship between the recipient of the retrocession and the investor (asset management agreement, advisory agreement, execution only) and irrespective of whether the service qualifies as distribution or is not deemed to be distribution pursuant to Art. 3 CISA.

In respect of distribution in Switzerland, the Management Company and its representatives do not pay any retrocessions for distributions activities to distributors or distribution partners.

### **Rebates**

Rebates are defined as payments by the Management Company and its representatives directly to investors from a fee or cost charged to the ICAV with the purpose of reducing the said fee or cost to a contractually agreed amount.

In respect of distribution in or from Switzerland, the Management Company and its representatives do not pay any rebates to investors.

### **Place of execution and jurisdiction**

The place of execution and jurisdiction for any disputes relating to the distribution of Shares in and from Switzerland shall be the registered office of the ICAV's representative in Switzerland.

# **KRANESHARES ICAV**

**(An umbrella fund constituted as an Irish Collective Asset-management Vehicle under the laws of Ireland with segregated liability between sub-funds and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))**

## **PROSPECTUS**

**18 October 2019**

KraneShares ICAV (the “**ICAV**”) is an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registration number C181441 and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and as a UCITS may be offered for sale in EU Member States (subject to registration in countries other than Ireland). In addition, applications to register the ICAV may be made in other countries.

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”), or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the “**United States**”). The ICAV has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other US federal laws. Accordingly, except as provided for below, no Shares are being offered to US Persons (as defined in the “*Purchase and Sale Information – US Persons*” section below). Shares will only be offered to a US Person at the sole discretion of the Directors.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

Shares are offered on the basis of the information contained in this Prospectus, the Relevant Supplements and the documents referred to herein.

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

Prospective investors should be aware that it is solely their responsibility to ensure that their investment is compliant with the terms of any regulation applicable to them or their investment. Therefore, they should, accordingly, review this Prospectus carefully and in its entirety and consult with their legal, tax and financial advisers in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain jurisdictions; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer by anyone in any jurisdiction in which such offer is not lawful or authorised, or to any person to whom it is unlawful to make such offer.

Investors should note that not all the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

The distribution of this Prospectus in certain jurisdictions may require that it be translated into an appropriate language. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall always prevail. All disputes as to the contents of this Prospectus shall be governed in accordance with the laws of Ireland.

Any information or representation given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorised and should accordingly not be relied upon. 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 information given in this Prospectus is correct as at any time subsequent to the date hereof.

The key investor information document (each a “**KIID**”) for each of the Sub-Funds provide important information in respect of the Sub-Funds, including the applicable synthetic risk and reward indicator, charges and, where

available, the historical performance associated with the Sub-Funds. Before subscribing for Shares, each investor will be required to confirm that they have received the relevant KIID. The KIIDs and the latest annual and any semi-annual reports of the ICAV are available to download on the Website.

**Investors should be aware that the price of Shares may fall as well as rise and investors may not get back any of the amount invested. The difference at any one time between the subscription and redemption price of Shares means that an investment in any Sub-Fund should be viewed as long term. Risk factors for each investor to consider are set out in the “*Risk Information*” section.**

**Authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. The 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.**

**An initial charge may be applied at the discretion of the Directors on the subscription of Shares and/or a redemption charge on the redemption of Shares and/or an exchange charge on the exchange of Shares may be payable. If such charges are applied in relation to any particular Share Class, they will be disclosed in the Relevant Supplement, but in any case will not exceed 5% in the case of a subscription charge and 3% in the case of a redemption charge. The difference at any one time between the sale and repurchase price of Shares means that the investment should be viewed as medium to long term.**

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**DIRECTORY**

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**KRANESHARES ICAV**

**Directors:**

Xiaolin Chen  
Jonathan Krane  
Lorcan Murphy  
Feargal Dempsey

**Investment Manager**

Krane Funds Advisors, LLC  
280 Park Ave, 32<sup>nd</sup> Floor  
New York, NY 10017  
USA

**Auditors:**

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin 1

**Registrar:**

Brown Brothers Harriman Fund Administration  
Services (Ireland) Limited  
30 Herbert Street  
Dublin 2  
Ireland

**Secretary and Registered Office:**

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

**Management Company**

DMS Investment Management Services (Europe)  
Limited  
3<sup>rd</sup> Floor  
76 Lower Baggot Street  
Dublin 2  
Ireland

**Depositary:**

SEI Investments – Depositary and Custodial Services  
(Ireland) Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

**Administrator:**

SEI Investments – Global Fund Services Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

**Legal Advisers:**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

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## GENERAL INFORMATION

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

### Corporate Information

The ICAV was registered in Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 on 15 May 2018 under registration number C181441 and is authorised by the Central Bank as a UCITS. The object of the ICAV is the collective investment in transferable securities and/or other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations. The ICAV has been structured as an umbrella fund, with segregated liability between Sub-Funds. The Directors may from time to time, with the prior approval of the Central Bank, create different series of Shares effected in accordance with the requirements of the Central Bank representing separate portfolios of assets, each such series comprising a Sub-Fund. Within each Sub-Fund, the Directors may from time to time create different Share Classes in accordance with the requirements of the Central Bank. Each Sub-Fund will bear its own liabilities and, under Irish law, none of the ICAV, any of the service providers appointed to the ICAV, the Directors, any receiver, examiner or liquidator, nor any other person will have access to the assets of a Sub-Fund in satisfaction of a liability of any other Sub-Fund. The ICAV is promoted by Krane Funds Advisors, LLC, a New York based company. Details of the promoter may be found under “*Management – Investment Manager*” section.

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

### Sub-Funds

The portfolio of assets maintained for each series of Shares and comprising a Sub-Fund will be invested in accordance with the investment objectives and policies applicable to such Sub-Fund as specified in the Relevant Supplement. Shares may be divided into different Share Classes to accommodate, amongst other things, different dividend policies, charges, fee arrangements (including different total expense ratios), currencies, or to provide for foreign exchange hedging in accordance with the policies and requirements of the Central Bank from time to time.

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

- (a) the ICAV will keep separate books and records of account for each Sub-Fund. The proceeds from the issue of Shares issued in respect of a Sub-Fund will be applied to the Sub-Fund and the assets and liabilities and income and expenditure attributable to that Sub-Fund will be applied to such Sub-Fund;
- (b) any asset derived from another asset in a Sub-Fund will be applied to the same Sub-Fund as the asset from which it was derived and any increase or diminution in value of such an asset will be applied to the relevant Sub-Fund;
- (c) in the case of any asset which the Directors do not consider as readily attributable to a particular Sub-Fund or Sub-Funds, the Directors have the discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any such asset will be allocated between Sub-Funds and the Directors may at any time and from time to time vary such basis;
- (d) any liability will be allocated to the Sub-Fund or Sub-Funds to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Sub-Fund the Directors will have discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any liability will be allocated between Sub-Funds and the Directors may, with the consent of the Depositary, at any time and from time to time vary such basis;



- (e) in the event that assets attributable to a Sub-Fund are taken in execution of a liability not attributable to that Sub-Fund and in so far as such assets or compensation in respect thereof cannot otherwise be restored to that Sub-Fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the Sub-Fund affected and transfer or pay from the assets of the Sub-Fund or Sub-Funds to which the liability was attributable, in priority to all other claims against such Sub-Fund or Sub-Funds, assets or sums sufficient to restore to the Sub-Fund affected, the value of the assets or sums lost to it;
- (f) where the assets of the ICAV (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Sub-Fund or Sub-Funds as they may deem appropriate, acting in a fair and equitable manner; and
- (g) subject as otherwise provided in the Instrument of Incorporation, the assets held for the account of each Sub-Fund shall be applied solely in respect of the Shares to which such Sub-Fund appertains and shall belong exclusively to the relevant Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Sub-Fund and shall not be available for any such purpose.

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

At the date of this Prospectus, the ICAV comprises the following Sub-Funds:

KraneShares CSI China Internet UCITS ETF  
KraneShares MSCI China A Share UCITS ETF  
KraneShares MSCI China ESG Leaders UCITS ETF

## **Report and Accounts**

The ICAV's accounting period will end on 30 September in each year. The ICAV will publish an annual report and audited annual accounts for the ICAV / each Sub-Fund within four months of the end of the financial period to which they relate, i.e. normally in January of each year and the first annual report and annual accounts will be prepared up to 30 September 2019. The unaudited half-yearly reports of the ICAV / each Sub-Fund will be made up to 31 March in each year. The unaudited half yearly reports will be published within two months of the end of the half year period to which they relate, i.e. normally in May of each year and the first set of half-yearly reports will be prepared up to 31 March 2019. The annual report and the half-yearly report will be made available on the Website and hard copy reports may be sent to Shareholders and prospective investors, on request.

## **Annual General Meeting**

Pursuant to the Act, the Directors have elected to dispense with the holding of annual general meetings. Notwithstanding this, one or more Shareholders holding, or together holding, not less than 10% of the voting rights in the ICAV, or the auditors of the ICAV, may require the ICAV to hold an annual general meeting in a specific year, by giving notice in writing to the ICAV in the previous year or at least one month before the end of that year and the ICAV shall hold the required meeting.

## **Voting Rights**

Voting rights are attached to Shares in the ICAV and may be exercised at the relevant Shareholder meeting or by unanimous written resolution of the Shareholders. No persons other than Shareholders or their proxies have the right to vote at Shareholder meetings.

## **Instrument of Incorporation**

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

## Share Capital

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

## Listing

Application has been made to Euronext Dublin for Shares of any Share Class issued and to be issued to be admitted to its Official List and to trading on its Main Securities Market. This Prospectus, together with the supplements, including all information required to be disclosed by the listing requirements of Euronext Dublin, comprise listing particulars for the purpose of any such application for listing. Neither the admission of Shares to the Official List and to trading on the Main Securities Market of Euronext Dublin nor the approval of this Prospectus pursuant to the listing requirements of Euronext Dublin constitutes a warranty or representation by Euronext Dublin as to the competence of the service providers or any other party connected with the ICAV, the adequacy of information contained in this Prospectus or the suitability of the ICAV for investment purposes. As at the date of this Prospectus, no Director, or person closely associated with any Director, the existence of which is known to, or could with reasonable diligence be ascertained by that Director, whether or not held by another party, has any interest, beneficial or non-beneficial, in the share capital or in any options in the share capital of the ICAV. Save for the information given in this Prospectus, no further information is required to be given in respect of the Directors pursuant to the listing requirements of Euronext Dublin.

The Shares of a Sub-Fund will be listed for trading on the relevant Listing Stock Exchange(s).

The launch and listing of various Share Classes within a Sub-Fund may occur at different times and therefore at the time of the launch of given Share Class(es) the pool of assets to which a given Share Class relates may have commenced to trade. Financial information in respect of the ICAV will be published from time to time and the most recently published audited and unaudited financial information will be available to Shareholders and potential investors upon request.

As at the date of this Prospectus, none of the ICAV or any Sub-Fund has any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdraft, liabilities under acceptances or acceptance credits, obligations under finance leases, hire purchase, commitments, guarantees or other contingent liabilities.

## Cash Collection Accounts

The ICAV has established individual collection accounts at a sub-fund level (the “**Cash Collection Accounts**”). All subscriptions into and redemptions and distributions due from the Funds will be paid into the relevant Cash Collection Accounts.

Pending the issue of Shares, and pending payment of redemption proceeds or distributions, such monies in the Cash Collection Account are assets of the relevant Fund, and the relevant investor will be an unsecured creditor of the Fund in respect of amounts paid by or due to it.

All subscriptions (including subscriptions received in advance of the issue of Shares) attributable to, and all redemptions, dividends or cash distributions payable from a Fund will be channelled and managed through that Fund's Cash Collection Account. Redemptions and distributions, including blocked redemptions or

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

The Cash Collection Accounts have been opened in the name of each Fund with the relevant bank set out in the application form. The Depositary will be responsible for safe-keeping and oversight of the monies in the Cash Collection Accounts.

Failure to provide the necessary complete and accurate documentation, and or to make payment into the correct Cash Collection Account, is at the investor's risk.

### **Winding Up**

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

### **Further Information**

Copies of the following documents may be inspected online on the Website:

- (a) the Instrument of Incorporation; and
- (b) the UCITS Regulations and the Central Bank UCITS Regulations.

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

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

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## INVESTMENT OBJECTIVES AND POLICIES

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### Investment Objective and Strategy of a Sub-Fund

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

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

### Index Tracking Sub-Funds

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

- **Replicating Sub-Funds.** Replicating Sub-Funds seek to replicate, to the extent possible, the composition of the Index by physically holding all the Index Securities in the exact proportion to their weighting in the Index.
- **Non-Replicating Sub-Funds.** In certain situations it may not be practicable for a Sub-Fund to gain exposure to all of the Index Securities of its respective Index in their proportionate weightings or to purchase them at all due to various factors, including the costs and expenses involved and the concentration limits set out in this Prospectus. In these circumstances, the Investment Manager may, in tracking an Index, decide to hold a representative sample of the securities contained in an Index.

The Investment Manager may employ a range of techniques designed to select those Index Securities which will create the representative sample that tracks the performance of the Index as closely as possible, including optimisation and stratified sampling techniques.

Optimisation seeks to minimise tracking error through proprietary quantitative portfolio analysis. This analysis may include consideration of matters such as how a securities price changes in relation to another over time, scenario analysis (which involves estimating the change in an investment portfolio’s value given a change in key risk factors) and stress testing. The optimisation process analyses portfolio holdings, benchmark weights and risk model data and then computes an optimal portfolio. Investment constraints typically include a number of holdings (for large benchmark universes) and maximum weightings across security, sector and country. The use of optimisation may not always result in tracking error being minimised as intended.

Stratified sampling seeks to minimise tracking error by dividing the constituents of the relevant Index into distinct, non-overlapping risk groups called strata and selecting those securities in the Index, which match the risk characteristic of these groups. The strata could include but are not limited to, the market capitalisation of the companies, currency, country, industry sectors, credit quality, key rate duration, convexity (which is measure of how a change in interest rates affects the duration of a bond), capital structure and bond specific covenants, i.e. a legally binding term of an agreement between a bond issuer and a bond holder.

The extent of sampling used in any Sub-Fund will be determined by the nature of the Index Securities, taking into account such factors as correlation, diversification and market weighting. Some Sub-Funds may use sampling more extensively than other Sub-Funds. Regardless of the amount of sampling, investors will be exposed to the performance of the underlying securities comprised in an Index. Sub-Funds may also hold some

securities which provide similar performance and risk characteristics to certain securities in the Index, even if such securities are not themselves Index Securities, where the Investment Manager believes this to be appropriate in light of the investment objective and investment restrictions of the Sub-Fund or other factors. The potential for any such proposed investment by a Sub-Fund will be disclosed in the Relevant Supplement.

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

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

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

- (i) restrictions on the proportion of each Sub-Fund’s value which may be held in individual securities arise from compliance with the UCITS Regulations;
- (ii) changes to the Index Securities cause the Investment Manager to determine that it would be preferable to implement different investment methods, in accordance with the terms of the Relevant Supplement, to provide similar performance and a similar risk profile to that of the Index;
- (iii) Index Securities are unavailable or no market exists for such security, in which case, a Sub-Fund may instead hold depository receipts relating to such securities (e.g. ADRs and GDRs) or may hold FDI giving exposure to the performance of such securities;
- (iv) corporate actions occur in respect of Index Securities, in which case the Investment Manager has discretion to manage these events in the most efficient manner;
- (v) a Sub-Fund holds ancillary liquid assets and/or has receivables, in which case the Investment Manager may purchase FDI, for direct investment purposes, to produce a return similar to the return on the Index;
- (vi) Index Securities held by a Sub-Fund Index become illiquid or are otherwise unobtainable at fair value, in which circumstances, the Investment Manager may use a number of techniques, including purchasing securities whose returns, individually or collectively, are seen to be well-correlated to desired constituents of the Index or purchasing a sample of stocks in the Index;
- (vii) following consideration of the costs of any proposed portfolio transaction, the Investment Manager believes that that it is not efficient to execute transactions to bring the Sub-Fund perfectly into line with the Index at all times; and

- (viii) a Sub-Fund sells Index Securities in anticipation of their removal from the Index, or purchases securities which are not currently represented in the relevant Index, in anticipation of their becoming Index Securities.

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

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

- (a) the transferable securities or other techniques or instruments described in the “*Investment Restrictions*” section which are necessary for the implementation of the relevant Sub-Fund’s investment objective cease to be sufficiently liquid or otherwise be available for investment in a manner which is regarded as acceptable by the Directors;
- (b) the quality, accuracy and availability of data of a particular Index has deteriorated;
- (c) the components of the applicable Index would cause the Sub-Fund to be in breach of the limits contained in the “*Investment Restrictions*” section and/or materially affect the taxation or fiscal treatment of the ICAV or any of its investors;
- (d) the particular Index ceases to exist or, in the determination of the Directors, there is, or is expected to be, a material change in the formula for, or the method of, calculating the Index or a component of the Index or there is, or is expected to be, a material modification of the Index or a component of the Index;
- (e) there is a change of ownership of the relevant Index Provider to an entity not considered acceptable by the Directors and/or a change of name of the relevant Index; or
- (f) a new index becomes available which is regarded as being of greater benefit to the investors than the existing Index.

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

Any proposal by the Directors to change an Index shall be subject to the prior approval of the Shareholders of the relevant Sub-Fund by ordinary resolution only if it is deemed to be a change of investment objective or a material change of investment policy of the Sub-Fund. Otherwise, in accordance with the requirements of the Central Bank, Shareholders will be notified of the proposed change.

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

### **Actively Managed Sub-Funds**

An Actively Managed Sub-Fund’s investments will be managed actively by the Investment Manager to seek to achieve its investment objective, for example, to seek to outperform an Index, rather than just to track it. Where a Sub-Fund is actively managed, the Investment Manager will have greater discretion in relation to the composition of the Sub-Fund’s portfolio, subject to the investment objectives and policies stated in the Relevant Supplement.

## Cash Management

A Sub-Fund may, for cash management purposes, hold cash, certificates of deposit, commercial paper (i.e. short term paper issued by credit institutions) and short term government paper (i.e. short term debt issued by governments).

## Investment in other Collective Investment Schemes

Where so disclosed in the Relevant Supplement, Sub-Funds may invest in other, UCITS eligible collective investment schemes, including exchange traded funds. However, unless otherwise specified in the Relevant Supplement, any such Sub-Fund's investment in such other, UCITS eligible collective investment schemes will be limited to 10% of their Net Asset Value in aggregate.

## Currency Hedging at Portfolio Level

A Sub-Fund may enter into transactions for the purposes of hedging the currency exposure of its underlying exposures into its relevant Base Currency to match the relevant Index exposure. FDI such as currency forwards and interest rate futures may be utilised if the Sub-Fund engages in such hedging.

## Currency Hedging at Share Class Level

A Sub-Fund may use FDI on behalf of a specific Currency Hedged Share Class in order to hedge some or all of the foreign exchange risk for such Currency Hedged Share Classes.

There are two methods used for Share Class currency hedging:

- **NAV Hedge.** This type of hedging seeks to minimise the effect of exchange rate fluctuations between the Base Currency and the class currency of the Currency Hedged Share Class. It is typically used when most portfolio holdings are either denominated in, or hedged back to, the Base Currency. Where such hedging is undertaken, the class currency of the Currency Hedged Share Class is systematically hedged to the Base Currency. Where the NAV Hedge is applied successfully in respect of a Currency Hedged Share Class, the performance of the Currency Hedged Share Class is likely to move in line with the performance of the Share Classes denominated in the Base Currency. The use of the NAV Hedge may substantially limit the holders of the relevant Currency Hedged Share Class from benefiting if the currency of the Currency Hedged Share Class decreases in value relative to the Base Currency.
- **Portfolio Hedge.** This type of hedging seeks to minimise the effect of exchange rate fluctuations between the currency exposures of the portfolio holdings and the class currency of the Currency Hedged Share Class. It is typically used when most of the portfolio holdings are neither denominated in, nor hedged back to, the Base Currency. Where such hedging is undertaken, the currency exposures of the assets of the Sub-Fund are systematically hedged back to the class currency of the Currency Hedged Share Class in proportion to the Currency Hedged Share Class' share of the Net Asset Value of the Sub-Fund, unless for specific currencies, it is impractical or not cost effective to apply the Portfolio Hedge. The use of the Portfolio Hedge may substantially limit the holders of the relevant Currency Hedged Share Class from benefiting if the class currency of the Currency Hedged Share Class decreases in value relative to the currencies in which the underlying assets of the Sub-Fund being hedged are denominated.

Where a Sub-Fund offers Currency Hedged Share Classes, the hedging method used by the Sub-Fund is indicated in the Relevant Supplement.

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

Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Investment Manager, however, hedged positions will be kept under review to seek that: (i) over-hedged positions do not exceed 105% of the Net Asset Value of the Currency Hedged Share Class and (ii) under-hedged positions do not fall below 95% of the portion of the Net Asset Value of the Currency Hedged Share

Class. The hedged positions will be kept under review to ensure that under-hedged positions do not fall below the levels set out above and are not carried forward from month to month and that over-hedged positions materially in excess of 100% and any under-hedged positions falling short of the level above will not be carried forward from month to month.

A Sub-Fund that hedges foreign exchange risk for any Currency Hedged Share Class may enter into forward foreign exchange contracts in order to hedge some or all of the foreign exchange risk for the relevant Currency Hedged Share Class.

### **Unhedged Classes**

In the case of unhedged Shares Classes , a currency conversion will take place on subscription, redemption, switching and distribution as prevailing exchange rates and the investor is subject to currency risk in the form of potential capital losses resulting from movements of the exchange rate between the investor's currency and the currency of the Share Class in which such investor invests.

### **Changes to Investment Objective and Policies of a Sub-Fund**

No change shall be made to the investment objectives and no material change shall be made to the investment policies of a Sub-Fund, as disclosed in the Relevant Supplement, without the prior approval of the Shareholders in that Sub-Fund by ordinary resolution at a general meeting or by the prior written approval of all Shareholders of the Sub-Fund in accordance with the Instrument of Incorporation. The Management Company shall provide all Shareholders with reasonable notice of any such changes. A non-material change in the investment policy will not require Shareholder approval, however a reasonable notification period will be provided by the Sub-Fund to enable Shareholders to redeem their Shares prior to implementation of the change.

### **Reverse Repurchase Agreements and Securities Lending**

A Sub-Fund may enter into reverse repurchase agreements and securities lending agreements, subject to the conditions and limits set out in the Central Bank UCITS Regulations. Any such reverse repurchase agreements or securities lending agreements may only be used for efficient portfolio management purposes.

Under a reverse repurchase agreement, the Sub-Fund acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the securities at a mutually agreed-upon date (usually not more than seven days from the date of purchase) and price, thereby determining the yield to the relevant Sub-Fund during the term of the repurchase agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security.

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

The Sub-Fund may lend its portfolio securities via a securities lending program through an appointed securities lending agent to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. Pursuant to the terms of the relevant securities lending agreement, the appointed lending agent will be entitled to retain a portion of the securities lending revenue to cover the fees and costs associated with the securities lending activity, including the delivery of loans, the management of collateral and the provision of any securities lending indemnity and such fees paid will be at normal commercial rates.

In the case that a Sub-Fund enters into a reverse repurchase agreement, it will have the right to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued or a mark-to-market basis at any time. Where the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the purposes of the calculation of the Net Asset Value of the relevant Sub-Fund.



Fixed term reverse repurchase agreements which do not exceed seven days shall be regarded as arrangements on terms which allow the assets to be recalled at any time by the relevant Sub-Fund.

The Management Company shall ensure that all revenues from reverse repurchase agreements and securities lending, net of direct and indirect operational costs, are returned to the Sub-Fund. Securities lending agents appointed may be an affiliate of the Depositary, the Investment Manager or the Management Company. Details of the exposures obtained through efficient portfolio management techniques, the counterparties used, the type and amount of collateral received to reduce such exposures and any income and expenses, whether direct or indirect, generated by reverse repurchase agreements and securities lending will be disclosed in the annual reports of the ICAV.

A Sub-Fund may only enter into OTC derivatives, reverse repurchase agreements and stock lending arrangements with counterparties in accordance with the requirements of the Central Bank UCITS Regulations where a credit assessment has been undertaken. Counterparties will not have discretion over the assets of a Sub-Fund, unless otherwise specified in the Relevant Supplement. Where the counterparty is subject to a credit rating by any agency registered and supervised by ESMA, that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A-2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay. Investors should also read the “*Securities Lending Risk*” and “*Reverse Repurchase Agreements Risk*” risk warnings in the “*Risk Information*” section.

### **Use of Financial Derivative Instruments**

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

The following is a summary description of each of the types of FDI, which may be used for investment purposes or for efficient portfolio management by a Sub-Fund. More information on the types of FDI used by each Sub-Fund (if any) is contained in the Relevant Supplement, as appropriate.

- **Futures.** Futures contracts are agreements to buy or sell a fixed amount of an index, equity, bond or currency at a fixed date in the future. Futures contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt.
- **Forward Foreign Exchange Contracts.** Forward foreign exchange contracts are agreements between parties to exchange fixed amounts of different currencies at an agreed exchange rate at an agreed time in the future. Forward foreign exchange contracts are similar to currency futures, except that they are not exchange-traded, but are instead over the counter instruments. Forward foreign exchange contracts may be used to manage currency exposures represented in the Index. Non-deliverable forward foreign exchange contracts may be used for the same reasons. They differ from standard forward foreign exchange contracts in that at least one of the currencies in the transaction is not permitted to be delivered in settlement of any profit or loss resulting from the transaction. Typically, profit or loss in this case will be delivered in US Dollars, Euros or Pounds Sterling.
- **Options.** Options are contracts in which the writer (seller) promises that the contract buyer has the right, but not the obligation, to buy or sell a certain index, equity, bond or currency at a certain price (the strike price) on or before a certain expiration date, or exercise date. An option giving the buyer the right to buy at a certain price is called a call, while one that gives him/her the right to sell is called a put. A Sub-Fund may purchase and write call and put options on securities, securities indices and currencies and use options on futures contracts and swap agreements and / or hedge against changes in interest rates, currency exchange rates or securities prices. A Sub-Fund may also use options as a substitute for taking a position in other securities and funds and/or to gain or reduce an exposure within the limits laid down by the Central Bank.

- **Warrants.** Warrants grant the right to acquire an underlying security from the issuer (as opposed to an option where a third party grants a right to acquire an underlying security as described above) at a fixed price. A Sub-Fund may hold warrants on securities as a substitute for taking a position in the underlying security and/or to gain an exposure within the limits laid down by the Central Bank.
- **Swaps.** A total return swap is an agreement between two parties whereby one party makes payments to the other based on an agreed rate, while the other party makes payments to the first party based on the return of an underlying asset or assets, such as one or more securities, a currency, an index or an interest rate.

A credit default swap (“**CDS**”) is a swap used to transfer the risk of default on an underlying security from the holder of the security to the seller of the swap. For example, if a Sub-Fund buys a CDS (which could be to take a short position in respect of the credit of security’s issuer or to hedge an investment in the relevant security), it will be entitled to receive the value of the security from the seller of the CDS, should the security’s issuer default on its payment obligations under the security. Where a Sub-Fund sells a CDS (which is taking a long position in respect of the credit of the security’s issuer) it will receive a fee from the purchaser and hope to profit from that fee in the event that the issuer of the relevant security does not default on its payment obligations.

- **CFDs.** A contract for difference (CFD) is a contract between two parties, whereby one party (the seller of the CFD) agrees to pay to the other (the buyer) the difference between the current value of an asset and its value at contract time, provided that, if the difference between the two prices is negative, the buyer will instead pay the difference to the seller.

In addition, where disclosed in the Relevant Supplement, Sub-Funds may also invest in convertible bonds, convertible preferred stock, credit linked notes, index linked notes, asset-backed securities, mortgage-backed and mortgage related securities, collateralised loan obligations, structured notes and rights, each of which may embed an FDI of the types described above and, consequently, leverage. The details of these FDI will be outlined, as appropriate in the Relevant Supplement.

The Sub-Funds will not invest in fully funded FDI, including fully funded swaps.

## Collateral

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

- **Liquidity.** Collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral should comply with the provisions of the Central Bank UCITS Regulations and shall be used in accordance with the requirements of this Prospectus and the UCITS Regulations.
- **Valuation.** Collateral should be valued on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. Collateral may be marked to market daily by the counterparty using its procedures, subject to any agreed haircuts, reflecting market values and liquidity risk and may be subject to variation margin requirements.
- **Issuer Credit Quality.** Collateral should be of high quality. The Management Company must ensure that where one or more credit rating agencies registered and supervised by ESMA have provided a rating of the issuer, the credit quality assessment process employed on behalf of the Sub-Fund has regard inter alia to those ratings. While there will be no mechanistic reliance on such external ratings, the Management Company must ensure that where there is a downgrade below the two highest short-term credit ratings by any agency registered and supervised by ESMA that has rated the issuer must lead to a new assessment of the credit quality of the issuer to ensure the collateral continues to be of high quality.
- **Correlation.** Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

- **Diversification.** Subject to the below, collateral should be sufficiently diversified in terms of country, markets and issuers. Non-cash collateral will be considered to be sufficiently diversified if the relevant Sub-Fund receives from a counterparty a basket of collateral with a maximum exposure to any one issuer of 20% of the Sub-Fund's Net Asset Value. When the Sub-Fund is exposed to a variety of different counterparties, the various baskets of collateral are aggregated to ensure exposure to a single issuer does not exceed 20% of Net Asset Value.

A Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Any such Sub-Fund shall receive securities from at least 6 different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value. A Sub-Fund may be fully collateralised in securities issued or guaranteed by any of the issuers listed in the "Investment Restrictions" section.

- **Immediately Available.** Collateral must be capable of being fully enforced by the ICAV at any time without reference to or approval from the counterparty.

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

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

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

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

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

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

Re-invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity. There is a risk that re-invested cash collateral could result in a reduction of the value of the collateral (because investments made may decline in value). This, in turn may cause losses to the ICAV and the relevant Sub-Fund because it is obliged to return collateral equivalent to the value of the

returned security. In order to manage this risk, the cash collateral is re-invested in accordance with the guidelines set out above.

### **Reporting and Transparency of Securities Financing Transactions**

The Management Company and the ICAV are subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the “**SFTR**”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions (“**SFTs**”) and total return swaps, as set out below.

The Sub-Funds may use reverse repurchase transactions and securities lending, which are SFTs, and total return swaps. The Sub-Funds’ use of SFTs and total return swaps is consistent with their respective investment objectives and policies, and accordingly SFTs and total return swaps may be used to reduce risk, reduce cost and/or generate additional capital or income with a risk level that is consistent with that of the relevant Sub-Fund.

Subject to the limitations referred to above, any assets of a Sub-Fund may be subject to SFTs and total return swaps. Where a Sub-Fund uses any of the SFTs and total return swaps, the maximum and expected proportion of the assets under management of the Sub-Fund that could be subject to such SFTs and total return swaps will be set out in the Relevant Supplement.

A Sub-Fund which is permitted to enter into reverse repurchase transactions in accordance with its investment policy but does not actually engage in such transactions as of the date of this Prospectus may nevertheless engage in reverse repurchase transactions provided that the maximum proportion of its assets under management subject to these instruments does not exceed 100% and that the Relevant Supplement is updated accordingly at the next available opportunity.

The types of acceptable counterparty, acceptable collateral, as well as the diversification requirements, are explained above. The acceptable counterparties (which may or may not be related to the Management Company, Investment Manager, Depositary or their delegates) will be entities with legal personality and located in OECD jurisdictions and will not be subject to minimum credit rating requirements. They will be subject to ongoing supervision by a public authority, be financially sound and have the necessary organisational structure and resources for the relevant type of transaction. Any collateral obtained by a Sub-Fund pursuant to an SFT and total return swap will be valued in accordance with the Management Company’s valuation and haircut policy.

The “*Risk Information*” section of this Prospectus provides a description of the risks associated with the use of derivatives, securities lending, reverse repurchase agreements, and other investment techniques which are likely to fall within the definition of SFT.

The assets of a Sub-Fund that are subject to SFTs, total return swaps and any collateral received are held by the Depositary (or a sub-custodian on behalf of the Depositary). This is not applicable in the event that there is no title transfer, in which case the collateral can be held by a third party custodian which is subject to prudential supervision and unrelated to the provider of the collateral.

### **Risk Management**

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

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

The global exposure relating to FDI may be calculated through the commitment approach or Value-at-Risk (VaR) methodology.

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

Certain Sub-Funds apply a VaR approach to calculate their global exposure, and this will be specified for each applicable Sub-Fund in the Relevant Supplement. A global exposure calculation using the VaR approach should consider all the positions of the relevant Sub-Fund.

VaR is a means of measuring the potential loss to a Sub-Fund due to market risk and is expressed as the maximum potential loss measured daily at a 99% one-tailed confidence level over a one month time horizon. The holding period for the purpose of calculating global exposure, is one month.

Sub-Funds using the VaR approach are required to disclose their expected level of leverage which is stated in the Relevant Supplement. The expected level of leverage disclosed for each Sub-Fund is an indicative level and is not a regulatory limit. The Sub-Fund's actual level of leverage might significantly exceed the expected level from time to time however the use of FDI will remain consistent with the Sub-Fund's investment objective and risk profile and comply with its VaR limit. In this context leverage is a measure of the aggregate derivative usage and is calculated as the sum of the notional exposure of the FDI used, without the use of netting arrangements. As the calculation neither takes into account whether a particular FDI increases or decreases investment risk, nor takes into account the varying sensitivities of the notional exposure of the FDI to market movements, this may not be representative of the level of investment risk within a Sub-Fund.

VaR is calculated using an absolute or relative approach.

#### *Relative VaR*

The relative VaR approach is used for Sub-Funds where a derivative free benchmark or reference portfolio is defined reflecting the investment strategy which the Sub-Fund is pursuing. The relative VaR of a Sub-Fund (including derivatives) is expressed as a multiple of the VaR of a benchmark or reference portfolio and is limited to no more than twice the VaR on the comparable benchmark or reference portfolio. The reference portfolio for VaR purposes, as amended from time to time, may be different from the benchmark as stated in the Relevant Supplement.

#### *Absolute VaR*

The absolute VaR approach calculates a Sub-Fund's VaR as a percentage of the Net Asset Value of the Sub-Fund as defined by the ESMA Guidelines 10-788. Absolute VaR is generally an appropriate approach in the absence of an identifiable reference portfolio or benchmark, for instance for funds using an absolute return target. Where indicated in the Relevant Supplement that a Sub-Fund uses absolute VaR, the absolute VaR of the Sub-Fund will not exceed 20% of the Net Asset Value of the Sub-Fund, using a one-tailed confidence interval of 99%, a holding period of one month (20 business days) and a historical observation period of one year (250 business days).

Where a Sub-Fund uses FDI, the Management Company shall ensure that its risk management process, which enables it to accurately measure, monitor and manage the various risks associated with FDI, the use of efficient portfolio management techniques and the management of collateral, is submitted to the Central Bank. The ICAV will only employ FDI that are covered by the risk management process, as amended from time to time. In the event of a Sub-Fund proposing to use additional types of FDI, the risk management process and the Relevant Supplement will be amended to reflect this intention and the Sub-Fund will not utilise such FDI until such time as the risk management process providing for its use has been submitted to the Central Bank. The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The creation of leveraged exposure to an index via FDI, for the inclusion of a leverage feature in an index, shall be taken into account in assessing compliance with the Prospectus disclosure requirements of Regulation 53(4) of the Central Bank UCITS Regulations.

**Borrowing Money**

A Sub-Fund may not grant loans or act as guarantor on behalf of third parties. A Sub-Fund may borrow up to 10% of its Net Asset Value on a temporary basis. The Management Company shall ensure that, where a Sub-Fund has foreign currency borrowings which exceed the value of a back-to-back deposit, the excess is treated as borrowing for the purpose of the UCITS Regulations. Reverse repurchase agreements and stock lending are not treated as borrowings for these purposes.

## INVESTMENT RESTRICTIONS

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

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of alternative investment funds.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p>Recently Issued Transferable Securities</p> <p>Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply. Paragraph (1) does not apply to an investment by a responsible person in US Securities known as “Rule 144 A securities” provided that:</p> <p style="margin-left: 40px;">(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and</p> <p style="margin-left: 40px;">(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.</p>
<b>2.3</b>	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) may be raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments across all issuers may not exceed 80% of the Net Asset Value of the UCITS.
<b>2.5</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
<b>2.6</b>	The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
<b>2.7</b>	Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of the

	<p>UCITS.</p> <p><b>2.8</b> The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p> <p><b>2.9</b> Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul> <p><b>2.10</b> The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined and consequently exposure to a single body shall not exceed 35% of net assets.</p> <p><b>2.11</b> Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.</p> <p><b>2.12</b> A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
<b>3.1</b>	A UCITS may not invest more than 20% of net assets in any one CIS.
<b>3.2</b>	Investment in alternative investment funds may not, in aggregate, exceed 30% of net assets.
<b>3.3</b>	The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
<b>3.4</b>	When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
<b>3.5</b>	Where by virtue of investment in the units of another CIS, the responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property



	of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
<b>5.2</b>	A UCITS may acquire no more than: <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	5.1 and 5.2 shall not be applicable to: <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</li> </ul>
<b>5.4</b>	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust

	<p>or a management company of a common contractual fund, may carry out uncovered short sales of:</p> <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments*;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	A UCITS' global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
<b>6.3</b>	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

The ICAV shall not acquire commodities, precious metals or certificates representing them.

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

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

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

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## RISK INFORMATION

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### General

The following statements are intended to inform investors of the uncertainties and risks associated with investments and transactions in transferable securities and other financial instruments. Investors should remember that the price of Shares and any income from them may fall as well as rise and that Shareholders may not get back the full amount invested. Past performance is not necessarily a guide to future performance. Where the currency of the relevant Sub-Fund varies from the investor's home currency, or where the currency of the relevant Sub-Fund varies from the currencies of the markets in which the Sub-Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the investor greater than the usual risks of investment.

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

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

### 1) GENERAL RISKS THAT APPLY TO ALL SUB-FUNDS

The following statements are intended to inform investors of the uncertainties and risks associated with investments and transactions in transferable securities and other financial instruments. Although care is taken to understand and manage these risks, the Sub-Funds and accordingly the Shareholders in the Sub-Funds will ultimately bear the risks associated with the investments of the Sub-Funds.

#### Historical Performance

Past performance information relating to each Sub-Fund will be set out in the KIID. Past performance should not be seen as an indication of how a Sub-Fund will perform in the future and cannot in any way provide a guarantee of future returns.

#### Fluctuations in Value

The investments of each Sub-Fund are subject to market fluctuations and other risks inherent in investing in securities and other financial instruments. There can be no assurance that any appreciation in value of investments will occur, and the capital value of your original investment is not guaranteed. The value of investments and the income from them may go down as well as up, and you may not get back the original amount invested. There is no assurance that the investment objective of each Sub-Fund will actually be achieved.

#### Termination of Sub-Funds and Share Classes

In the event of the termination of a Sub-Fund or a Share Class, the assets of the Sub-Fund or the Share Class will be realised, the liabilities discharged and the net proceeds of realisation distributed to Shareholders in proportion to their holding of Shares in that Sub-Fund or Share Class. It is possible that at the time of such realisation or distribution, certain investments held by the Sub-Fund or Share Class may be worth less than the initial cost of such investments, resulting in a loss to the Shareholders. All normal operating expenses incurred up to the point of termination will be borne by the Sub-Fund or the Share Class.

#### Legal Risks

In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Further, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally.

#### Foreign Currency Risk

A Sub-Fund's total return and balance sheet can be significantly affected by foreign exchange rate movements

if the Sub-Fund's assets and income are denominated in currencies other than the Base Currency of the Sub-Fund and this means that currency movements may significantly affect the value of a Sub-Fund's Share price. The three principal areas of foreign currency risk are where movements in exchange rates affect the value of investments, short term timing differences or income received. A Sub-Fund may, or may not, hedge these risks using either spot or forward foreign exchange contracts and the associated risks are explained below in the section on Derivative Related Risks.

Investors should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely tradable. Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, the Sub-Funds may be exposed to greater foreign exchange risks. In addition, there may be liquidity risks associated with RMB products, especially if such investments do not have an active secondary market and their prices are subject to significant bid and offer spread. The relevant Investment Manager will nevertheless seek to invest the assets of the Sub-Funds in such a manner which will enable them to meet their obligations to redeem their Shares.

### **Liquidity Risk**

In normal market conditions the assets of each Sub-Fund comprise mainly realisable investments which can be readily sold. A Sub-Fund's main liability is the redemption of any Shares that investors wish to sell. In general, the investments, including cash, of each Sub-Fund are managed so that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-Fund. The ICAV employs an appropriate liquidity risk management process, which takes into account efficient portfolio management transactions employed by the Sub-Funds, in order to ensure that each Sub-Fund is able to comply with its stated redemption obligations. However, it is possible that in the type of circumstances described above, a Sub-Fund may not be able to realise sufficient assets to meet all redemption requests that it receives or the ICAV may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders in a Sub-Fund as a whole. In such circumstances, the settlement of redemption proceeds may be delayed and / or the ICAV may take the decision to apply the redemption gate provisions described under "*Procedure for Dealing on the Primary Market*" in the "*Purchase and Sale Information*" section or suspend dealings in the relevant Sub-Fund as described under "*Temporary Suspension of Dealings*" in the "*Determination of Net Asset Value*" section.

### **Pricing and Valuation Risk**

The ICAV's assets comprise mainly quoted investments where a valuation price can be obtained from an exchange or similarly verifiable source. However, the ICAV will also invest in unquoted investments which will increase the risk of mispricing. Further, the ICAV will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases an objective verifiable source of market prices will not be available and the Management Company will invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

### **Counterparty Credit & Settlement Risk**

All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Sub-Funds, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Sub-Fund will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Further, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Sub-Fund meets its settlement obligations but the counterparty fails before meeting its obligations.

### **Securities Lending**

Securities Lending involves risks in that (a) if the borrower of securities lent by a Sub-Fund fails to return them there is a risk that the collateral received may realise less than the value of the securities lent out, whether due

to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded and that (b) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.

### **Investment Horizon Risk**

The selection of investments for each Sub-Fund is undertaken according to the Sub-Fund's investment objectives and may not closely align with investors' investment horizon. If investors do not accurately select a Sub-Fund that closely aligns with their investment horizon, there may be a risk of potential mismatch between the investors' investment horizon and the Sub-Fund's investment horizon.

### **Cross Share Class Liabilities**

Although assets and liabilities are clearly attributable to each Share Class, there is no legal segregation between Share Classes within a Sub-Fund. This means that if the liabilities of a Share Class exceed its assets, creditors of such Share Class may have recourse without restriction to assets which are attributable to the other Share Classes within the same Sub-Fund. Hence, Shareholders should note that specific transactions (e.g. currency hedging) may be entered into for the benefit of a particular Share Class but result in liabilities for the other Share Classes within the same Sub-Fund.

### **Cash Position Risk**

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

### **Custodial Risk**

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

### **Credit Risk with respect to Cash**

The ICAV will be exposed to the credit risk of the Depositary or any sub-custodian used by the Depositary where cash is held by the Depositary or sub-custodians. Credit risk is the risk that an entity will fail to discharge an obligation or commitment that it has entered into with the ICAV. Cash held by the Depositary and sub-custodians will not be segregated in practice but will be a debt owing from the Depositary or other sub-custodians to the ICAV as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Depositary and/or sub-custodians. In the event of the insolvency of the Depositary or sub-custodians, the ICAV will be treated as a general unsecured creditor of the Depositary or sub-custodians in relation to cash holdings of the ICAV. The ICAV may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Sub-Fund(s) will lose some or all of their cash.

The ICAV may enter into additional arrangements (for example, placing cash in money market collective investment schemes) in order to mitigate credit exposure for its cash holdings but may be exposed to other risks as a result.

To mitigate the ICAV's exposure to the Depositary, the Management Company employs specific procedures to ensure that the Depositary is a reputable institution and that the credit risk is acceptable to the ICAV. If there is a change in Depositary then the new custodian will be a regulated entity subject to prudential supervision with high credit ratings assigned by international credit rating agencies.

### **Investment Management Risk**

Each Sub-Fund is subject to investment management risk. The Investment Manager's judgments about the selection and application of indexing models and the most effective ways to minimise tracking error (i.e. the difference between the Sub-Fund's returns and the relevant Index returns) may prove to be incorrect and there can be no assurance that they will produce the desired results. Each Sub-Fund will be dependent to a substantial degree on the continued service of members of the Investment Manager. In the event of the death, disability or departure of any such individuals, the performance of the applicable Sub-Fund may be adversely impacted.

### **Money Market and Cash Management Risk**

The ICAV, with a view to mitigating credit exposure to depositories, may arrange for cash holdings (including pending dividend payments) to be placed into money market collective investment schemes, including other funds managed by the Management Company, the Investment Manager or their respective affiliates. A money market collective investment scheme which invests a significant amount of its assets in money market instruments may be considered as an alternative to investing in a regular deposit account. However, a holding in such a scheme is subject to the risks associated with investing in a collective investment scheme and, while a money market collective investment scheme is designed to be a relatively low risk investment, it is not entirely free of risk. Despite the short maturities and high credit quality of investments of such schemes, increases in interest rates and deteriorations in the credit quality can reduce the scheme's yield and the scheme is still subject to the risk that the value of such scheme's investment can be eroded and the principal sum invested will not be returned in full. In adverse market conditions, the investments of such a scheme may yield zero or negative returns which may in turn impact on the return of the relevant Sub-Fund and result in negative investment income. The Depository may also deposit cash in accounts overnight with approved counterparties with the intention of reducing the ICAV's exposure to the Depository and diversifying that risk across the various counterparties (the "Cash Management Programme"). However, the ICAV is then exposed to the risk of insolvency of each of those counterparties in the Cash Management Programme to the extent that its cash is deposited with them.

### **Payments**

The ICAV or its authorised agent will pay dividends or redemption proceeds to the applicable depository appointed by an investor in respect of the relevant Shares to which such payment relates. The ICAV is not responsible for any onward payment to the holders of the beneficial ownership of the Shares and will have discharged its duty in full by making payment to the relevant depository. Investors shall have no claim directly against the ICAV or its agents in respect to such payments.

### **Portfolio Turnover Risk**

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

### **Regulatory Risk**

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

### **Risk of Investment in Other Collective Investment Schemes**

If a Sub-Fund invests in another collective investment scheme or investment vehicle, it is exposed to the risk that the other investment vehicle will not perform as expected. The Sub-Fund is exposed indirectly to all of the risks applicable to an investment in such other investment vehicle. In addition, lack of liquidity in the underlying vehicle could result in its value being more volatile than the underlying portfolio of securities and may limit the ability of the Sub-Fund to sell or redeem its interest in the vehicle at a time or at a price it might consider desirable. Subject to the limit in set out at 3.1 in the "*Investment Restrictions*" section, the investment policies and limitations of the other investment vehicle may not be the same as those of the Sub-Fund. As a result, the Sub-Fund may be subject to additional or different risks, or may achieve a reduced investment return, as a result of its investment in another investment vehicle. A Sub-Fund also will bear its proportionate amount of the expenses of any investment vehicle in which it invests. Please also refer to "*Conflicts of Interest*" in this section

in relation to the potential conflicts of interest which may arise from investing in another collective investment scheme or investment vehicle. A Sub-Fund will not be subject to any preliminary/initial/redemption charge in respect of investments made in any other Sub-Fund or in any other investment fund whose manager is an affiliate of the Management Company or the Investment Manager. In addition, any commission that the Management Company or the Investment Manager receives by virtue of an investment of a Sub-Fund into another collective investment scheme or other Sub-Fund, must be paid into the assets of the investing Sub-Fund. Neither the Management Company nor the Investment Manager, where paid out of the assets of a Sub-Fund, may charge any management fees in relation to that portion of that Sub-Fund's assets invested in other Sub-Funds.

### **Share Subscriptions and Redemptions**

Where requests for subscription or redemption are received late, there will be a delay between the time of submission of the request and the actual date of subscription and redemption. Such deferrals or delays may affect the amount paid or received. Further details on subscriptions and redemption are set out in the "Purchase and Sale" section.

### **Data Protection Notice**

Prospective investors and Shareholders should note that by completing the application form they are providing the ICAV with personal information, which may constitute personal data within the meaning of the Data Protection Legislation. The personal data of prospective investors and registered Shareholders shall be processed in accordance with the Privacy Statement.

### **Tax Risk**

The tax information provided in the "Tax Information" section is based on the advice received by the Directors in respect of tax law and practice as at the date of this Prospectus and is subject to change from time to time. Any change in the taxation legislation in Ireland or in any jurisdiction where a Sub-Fund is registered, listed, marketed or invested could affect the tax status of the ICAV and any Sub-Fund, affect the value of the relevant Sub-Fund's investments in the affected jurisdiction, affect the relevant Sub-Fund's ability to achieve its investment objective and/or alter the after-tax returns to investors. Where a Sub-Fund invests in derivative contracts, these considerations may also extend to the jurisdiction of the governing law of the derivative contract and/or the relevant counterparty and/or to the markets to which the derivative contract provides exposure. The availability and value of any tax reliefs available to investors depend on the individual circumstances of each investor. The information in the "Tax Information" section is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in a Sub-Fund. Where a Sub-Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, the ICAV, the relevant Sub-Fund, the Management Company, the Investment Manager, the Depositary and the Administrator shall not be liable to account to any investor for any payment made or suffered by the ICAV or the relevant Sub-Fund in good faith to a fiscal authority for taxes or other charges of the ICAV or the relevant Sub-Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered.

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

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

### **Cyber Security Risk**

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the ICAV and the Shareholders; and compromises or failures to systems, networks, devices and

applications relating to the operations of the ICAV and its service providers. Cyber security risks may result in financial losses to the ICAV and the Shareholders; the inability of the ICAV to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or other parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The ICAV's service providers (including, but not limited to, the Management Company, the Investment Manager, the Administrator and the Depositary or their agents), financial intermediaries, companies in which a Sub-Fund invests and parties with which the ICAV engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own businesses, which could result in losses to a Sub-Fund or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the ICAV does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Sub-Fund invests or with which it does business.

## **2) EQUITY RELATED RISKS**

### **Equities**

For Sub-Funds which invest in stocks, the value of those stocks may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than the Base Currency of the Sub-Fund holding that investment.

### **Depository Receipts**

ADRs and GDRs are designed to offer exposure to their underlying securities. In certain situations, the Investment Manager may use ADRs and GDRs to provide exposure to the underlying securities within the Index, for example where the underlying securities cannot be, or are unsuitable to be, held directly or where direct access to the underlying securities is restricted or limited. However, in such cases the Investment Manager is unable to guarantee that a similar outcome will be achieved to that if it were possible to hold the securities directly, due to the fact ADRs and GDRs do not always perform in line with the underlying security.

In the event of suspension or closure of a market(s) on which the underlying securities are traded, there is a risk that the value of the ADR or GDR will not closely reflect the value of the relevant underlying securities. Additionally, there may be some circumstances where the Investment Manager cannot, or it is not appropriate to, invest in an ADR or GDR, or the characteristics of the ADR or GDR do not exactly reflect the underlying security.

In the event that a Sub-Fund invests in ADRs or GDRs in the circumstances set out above, the Sub-Fund's tracking of the Index may be impacted, i.e. there is a risk that the Sub-Fund's return varies from the return of the Index.

## **3) FIXED INCOME RELATED RISKS**

### **Bonds, Debt Instruments & Fixed Income (including High Yielding Securities)**

For Sub-Funds which invest in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. The Net Asset Value of a Sub-Fund invested in debt instruments will change in response to fluctuations in interest rates, perceived credit quality of the issuer, market liquidity and also currency exchange rates (when the currency of the investment is other than the Base Currency of the Sub-Fund holding that investment). Some Sub-Funds may invest in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

### **Investment Grade Risk**

Certain Sub-Funds may invest in investment grade debt securities. Investment grade debt securities are assigned ratings within the top rating categories by rating agencies (Fitch, Moody's and/or Standard & Poor's) on the basis of the creditworthiness or risk of default of a bond issue. Generally, investment grade fixed income securities are assigned a rating of BBB-/Baa3 or higher from Standard & Poor's or equivalent rating from an internationally recognised rating agency. Investment grade debt securities, like other types of debt securities, involve credit risk and may be subject to ratings downgrades by the rating agencies in the period between their issuance and maturity. Such downgrades may occur during the period in which the Sub-Fund invests in these



securities. In the instance of one or more downgrades, below investment grade or otherwise, Sub-Funds may continue to hold such securities.

#### **Lower Rated/Unrated Securities**

Certain Sub-Funds may invest in lower-rated and unrated securities. The credit quality of debt instruments is often assessed by rating agencies. Medium-rated, lower-rated securities and un-rated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher-rated securities. They are often subject to greater credit and market risks than higher-rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so. If this were to occur, the values of such securities held by a Sub-Fund may become more volatile and the Sub-Fund could lose some or all of its investment.

#### **Credit Risk**

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest bond or other debt instrument investments. In both cases the entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade.

### **4) COUNTRY, CONCENTRATION AND STYLE RELATED RISKS**

#### **Country Concentration**

Sub-Funds which invest in essentially only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Sub-Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of the Sub-Fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. In such cases, the Sub-Fund may be suspended and investors may not be able to acquire or redeem Shares. These and other actions could also adversely affect the ability to price investments in the Sub-Fund which could affect the Net Asset Value of the Sub-Fund in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

#### **Holdings and Sector Concentration**

Some Sub-Funds may invest in a relatively small number of investments or may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a Sub-Fund which diversifies across a larger number of investments or sectors.

#### **Investments in Medium and Small Sized Firms**

There may be limited opportunities to find alternative ways of managing cash flows especially where the focus of investment is on small and medium sized firms. The prices of securities of small and medium sized companies generally are more volatile than those of larger companies; the securities are often less liquid and these companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily associated with more established companies as they are generally more likely to be adversely affected by poor economic or market conditions. These companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, small to medium sized companies' stocks may, to a degree, fluctuate independently of larger company stocks (i.e., small and medium sized company stocks may decline in price as the prices of large company stock rise or vice versa). For Sub-Funds specialising in such firms, transactions, particularly those large in size, are likely to have a greater impact on the costs of running a fund than similar transactions in larger funds or similar transactions in large sized firms because of the relatively illiquid nature of markets in small and medium sized companies' shares.

### **5) EMERGING MARKETS RELATED RISKS**

### **Emerging Markets including China**

The Sub-Funds may invest, in part or in whole, in emerging market securities to the extent set out in the Relevant Supplement. The price of these securities may be more volatile than those of securities in more developed markets. As a result there may be a greater risk of price fluctuation or of the suspension of redemptions in such Sub-Funds, compared to Sub-Funds investing in more mature markets. This volatility may stem from political and economic factors and be exacerbated by legal, trading liquidity, settlement, transfer of securities and currency factors. Some emerging market countries have relatively prosperous economies but may be sensitive to world commodity prices and/or volatile inflation rates. Less stringent regulatory, accounting and disclosure requirements for issuers and markets are common in certain countries. Others are especially vulnerable to economic conditions. Additional risks of investing in various countries include trading, settlement, custodial and other operational risks due to different systems, procedures and requirements in a particular country and varying laws regarding withholding and other taxes. Although care is taken to understand and manage these risks, the respective Sub-Funds and accordingly the Shareholders in those Sub-Funds will ultimately bear the risks associated with investing in these markets.

The Sub-Funds' investments will have significant exposure to China and therefore the Sub-Funds are susceptible to adverse market, political, regulatory, and geographic events affecting China. The Chinese economy is generally considered an emerging market and can be significantly affected by economic and political conditions in China and surrounding Asian countries. In addition, the Chinese economy is export-driven and highly reliant on trade. A downturn in the economies of China's primary trading partners could slow or eliminate the growth of the Chinese economy and adversely impact the Sub-Fund's investments. The Chinese government strictly regulates the payment of foreign currency denominated obligations and sets monetary policy.

The Chinese government may introduce new laws and regulations that could have an adverse effect on the Sub-Funds. Although China has begun the process of privatising certain sectors of its economy, privatized entities may lose money and/or be re-nationalised.

In the Chinese securities markets, a small number of issuers may represent a large portion of the entire market. The Chinese securities markets are subject to more frequent trading halts and low trading volume, resulting in substantially less liquidity and greater price volatility. Further, the Chinese economy is heavily dependent upon trading with key partners, such as the United States, Japan and countries in the European Union. Any reduction or threat of reduction in this trading may cause an adverse impact on the Chinese economy and, thus, the value of the Sub-Funds' investments.

In recent years, Chinese entities have incurred significant levels of debt and Chinese financial institutions currently hold relatively large amounts of non-performing debt. Thus, there exists a possibility that widespread defaults could occur, which could trigger a financial crisis, freeze Chinese debt and finance markets and make certain Chinese securities illiquid.

*A-Shares Risk.* A-Shares are issued by companies incorporated in mainland China and are traded on Chinese exchanges. Investments in A-Shares are made available to domestic Chinese investors and certain foreign investors, including those who have been approved as a QFII or a RQFII and through the Shanghai-Hong Kong Stock Connect Program and Shenzhen-Hong Kong Stock Connect Program ("**Stock Connect Programs**"). Investments by other foreign investors in A-Shares are subject to various regulations and limits. The Sub-Funds currently intend to gain exposure to A-Shares through the Stock Connect Programs. The Sub-Funds may also gain exposure to A-Shares by investing in investments that provide exposure to A-Shares, such as other investment companies, or the Investment Manager may acquire a QFII or RQFII license to invest in A-Shares for the Sub-Funds. Investments in A-Shares are subject to various restrictions. Investments in A-Shares are heavily regulated and the recoupment and repatriation of assets invested in A-Shares is subject to restrictions by the Chinese government. A-Shares may be subject to frequent and widespread trading halts and may become illiquid. This could cause volatility in the Sub-Funds' share price and subject the Sub-Funds to a greater risk of trading halts.

In accordance with Chinese regulations and the terms of a QFII or RQFII license, as applicable, and insofar as the Investment Manager acquires a QFII or RQFII license, A-Shares will be held in the joint names of the relevant Sub-Fund and the Investment Manager. While the Investment Manager may not use such an account for any purpose other than for maintaining the Sub-Funds' assets, the Sub-Funds' assets may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the relevant Sub-Fund. There is a risk that creditors of the Investment Manager may assert that the securities are

owned by the Investment Manager and that regulatory actions taken against the Investment Manager may affect the relevant Sub-Fund. The risk is particularly acute in the case of cash deposited with a PRC sub-custodian (“**PRC Custodian**”) because it may not be segregated, and it may be treated as a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Thus, in the event of a PRC Custodian bankruptcy, liquidation, or similar event, the ICAV may face difficulties and/or encounter delays in recovering its cash.

Per a circular (Caishui [2014] 79), the Sub-Funds are expected to be temporarily exempt from the Chinese withholding tax (“WHT”) on capital gains on trading in A-Shares as of November 17, 2014. There is no indication as to how long the temporary exemption will remain in effect. Accordingly, the Sub-Funds may be subject to such taxes in the future. If the Sub-Funds expect such WHT on trading in A-Shares to be imposed, it reserves the right to establish a reserve for such tax.

If the Sub-Funds establish such a reserve but are not ultimately subject to the tax, Shareholders who redeemed or sold their Shares while the reserve was in place will effectively bear the tax and may not benefit from the later release, if any, of the reserve. Conversely, if the Sub-Funds do not establish such a reserve but ultimately are subject to the tax, Shareholders who redeemed or sold their Shares prior to the tax being withheld, reserved or paid will have effectively avoided the tax, even if they benefited from the trading that precipitated the relevant Sub-Fund’s payment of it. Investors should note that such provision may be excessive or inadequate to meet actual WHT liabilities (which could include interest and penalties) on the Sub-Fund’s investments. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC tax authorities.

Economic conditions, such as volatile currency exchange rates and interest rates, political events and other conditions may, without prior warning, lead to intervention by government actors and the imposition of “capital controls.” Capital controls include the prohibition of, or restrictions on, the ability to transfer currency, securities or other assets. Levies may be placed on profits repatriated by foreign entities (such as the Sub-Funds). Although the RMB is not presently freely convertible, rather it is subject to the approval of SAFE and other relevant authorities, repatriations by RQFII are currently permitted daily and Chinese authorities have indicated their plans to move to a fully freely convertible RMB. There is no assurance, however, that repatriation restrictions will not be (re-)imposed in the future.

The Sub-Fund’s NAV is determined on the basis of the US Dollar, therefore, the Sub-Fund may lose value if the local currency of a foreign market depreciates against the US Dollar, even if the local currency value of the Sub-Fund’s holdings goes up. The Sub-Fund may also be subject to delays in converting or transferring US Dollars to foreign currencies for the purpose of purchasing portfolio investments. This may hinder the Sub-Fund’s performance, including because any delay could result in the Sub-Fund missing an investment opportunity and purchasing securities at a higher price than originally intended, or incurring cash drag.

The economy of Hong Kong has few natural resources and any fluctuation or shortage in the commodity markets could have a significant adverse effect on the Hong Kong economy. Hong Kong is also heavily dependent on international trade and finance. Additionally, the continuation and success of the current political, economic, legal and social policies of Hong Kong is dependent on and subject to the control of the Chinese government.

The Stock Connect Programs are subject to daily and aggregate quota limitations, and an investor cannot purchase and sell the same security on the same trading day, which may restrict the Sub-Funds’ ability to invest in A-Shares and to enter into or exit trades on a timely basis. The Shanghai and Shenzhen markets may be open at a time when the Stock Connect Programs are not active, with the result that prices of A-Shares may fluctuate at times when the Sub-Fund is unable to add to or exit its positions. Because the Stock Connect Programs are new, the actual effect on the market for trading A-Shares with the introduction of large numbers of foreign investors is still relatively unknown. Further, regulations or restrictions, such as limitations on redemptions or suspension of trading, may adversely impact the program. There is no guarantee that the Shanghai, Shenzhen and Hong Kong Stock Exchanges will continue to support the Stock Connect Programs in the future.

The China B-Share market is generally smaller, less liquid and has a smaller issuer base than the China A-Share market. The issuers that compose the B-Share market include a broad range of companies, including companies with large, medium and small capitalizations. Further, the B-Shares market may behave very differently from other portions of the Chinese equity markets, and there may be little to no correlation between the performance of the two.

H-Shares are foreign securities which, in addition to the risks described herein, are subject to the risk that the Hong Kong stock market may behave very differently from the mainland Chinese stock market. There may be little to no correlation between the performance of the Hong Kong stock market and the mainland Chinese stock market.

N-Shares are securities of companies with business operations in mainland China and listed on an American stock exchange, such as NYSE, NASDAQ or the American Stock Exchange. Because companies issuing N-Shares often have business operations in China, they are subject to certain political and economic risks in China. The American stock market may behave very differently from the mainland Chinese stock market, and there may be little to no correlation between the performance of the two.

P-Chip companies are often run by the private sector and have a majority of their business operations in mainland China. P-Chip shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange, and may also be traded by foreigners. Because they are traded on the Hong Kong Stock Exchange, P-Chips are also subject to risks similar to those associated with investments in H Shares. They are also subject to risks affecting their jurisdiction of incorporation, including any legal or tax changes.

Red Chip companies are controlled, either directly or indirectly, by the central, provincial or municipal governments of the PRC. Red Chip shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange and may also be traded by foreigners. Because Red Chip companies are controlled by various PRC governmental authorities, investing in Red Chips involves risks that political changes, social instability, regulatory uncertainty, adverse diplomatic developments, asset expropriation or nationalization, or confiscatory taxation could adversely affect the performance of Red Chip companies. Red Chip companies may be less efficiently run and less profitable than other companies.

Because the Sub-Funds' assets are expected to be concentrated in an industry or group of industries to the extent that the relevant underlying index concentrates in a particular industry or group of industries, the Sub-Funds are subject to loss due to adverse occurrences that may affect that industry or group of industries or sector. Market conditions, interest rates, and economic, regulatory, or financial developments could significantly affect a single industry or a group of related industries, and the securities of companies in that industry or group of industries could react similarly to these or other developments. From time to time, the Sub-Fund may invest a significant percentage of its assets in issuers in a single industry (or the same group of industries) or sector of the economy. The Sub-Funds' sector and industry exposure is expected to vary over time based on the composition of the relevant underlying index.

## **6) INDEX RELATED RISKS**

### **Index Related Risks**

As prescribed by this Prospectus, in order to meet its investment objective, each Index Tracking Sub-Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the relevant Index as published by the Index Provider. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. While the Index Provider does provide descriptions of what the Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the Index, and does not guarantee that the Index will be in line with the described methodology.

The mandate of the Investment Manager appointed in respect of each Index Tracking Sub-Fund, as described in this Prospectus, is to manage the relevant Sub-Fund consistently with the relevant Index provided to the Investment Manager. Consequently, the Investment Manager does not provide any warranty or guarantee for index provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with Index Provider errors will be borne by the Sub-Funds and their investors. For example, during a period where the Index contains incorrect constituents, a Sub-Fund tracking such published Index would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the Index. As such, errors may result in a negative or positive performance impact to the Sub-Funds and their investors. Investors should understand that any gains from Index Provider errors will be kept by the relevant Sub-Fund and its investors and any losses resulting from Index Provider errors will be borne by the relevant Sub-Fund and its investors.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to the Index in order, for example, to correct an error in the selection of Index constituents. Where the Index of an Index Tracking Sub-Fund is rebalanced and the Sub-Fund in turn rebalances its portfolio in line with its Index, any transaction costs (including capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Sub-Fund and its investors. Unscheduled rebalances to the Indices may also expose the Sub-Funds to tracking error risk, which is the risk that its returns may not track exactly those of the Index. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider to an Index may increase the costs and market exposure risk of the relevant Sub-Fund.

Where an Index Tracking Sub-Fund's Index aims to identify securities that meet criteria which have an element of being forward looking (for example, securities that are expected to provide a high yield or which are selected on the basis of their liquidity, percentage of company earnings allocated to shareholders, levels of profit generated from business operations, market capitalisation, and corporate governance credentials), there is no guarantee that the Index will meet its objective. Many factors can affect the performance of a security and the impact of these factors on its price can be difficult to predict.

### **Index Licence Risk**

If in respect of an Index, at any time, the licence granted (if required) to the ICAV or the Investment Manager to replicate or otherwise use the Index for the purposes of an Index Tracking Sub-Fund terminates, or such a licence is otherwise disputed, impaired or ceases (for any reason), the Directors may be forced to replace the Index with another index which they determine to track substantially the same market as the Index in question and which they consider to be an appropriate index for the relevant Sub-Fund to track and such a substitution or any delay in such a substitution may have an adverse impact on the Sub-Fund. In the event that the Directors are unable to identify a suitable replacement for the relevant index, they may be forced to terminate the Sub-Fund.

### **Index Tracking Risk**

There is no guarantee that the investment objective of any Index Tracking Sub-Fund will be achieved. In particular, no financial instrument enables the returns of any index to be reproduced or tracked exactly and the use of portfolio optimisation techniques by a Sub-Fund instead of full replication may increase the risk of tracking error. Changes in the investments of any Sub-Fund and re-weightings of the relevant index may give rise to various transaction costs (including in relation to the settlement of foreign currency transactions), operating expenses or inefficiencies which may adversely impact a Sub-Fund's tracking of an Index. Furthermore, the total return on investment in the Shares of a Sub-Fund will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable Index. Moreover, in the event of the temporary suspension or interruption of trading in the Investments comprising the index, or of market disruptions, rebalancing a Sub-Fund's investment portfolio may not be possible and may result in deviations from the return of the Index.

### **Optimisation Strategy**

It may not be practical or cost efficient for certain Sub-Funds to replicate their respective Indices. Where it is not part of a Sub-Fund's investment policy to replicate its Index, such Sub-Fund may use optimisation techniques to track the performance of their respective Indices. Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the Index, holding securities in proportions that differ from the proportions of the Index and/or the use of FDI to track the performance of certain securities that make up the Index. The Investment Manager may also select securities which are not underlying constituents of the relevant Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the relevant Index. Optimising Sub-Funds may potentially be subject to tracking error risk, which is the risk that their returns may not track exactly those of their respective Indices. Further detail on the optimisation strategy is set out in the "*Investment Objective and Policies*" section.

### **Benchmark Regulation**

Investors should note that, in accordance with the requirements of Regulation (EU) 2016/11 of the European Parliament and Council of 6 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**"), the ICAV has adopted an index contingency plan to set out the actions which the ICAV would take in the event that a benchmark used by a Sub-Fund materially changes or ceases to be provided (the "**Index Contingency Plan**"). Actions taken by the ICAV on the foot of the Index Contingency Plan may result in changes to the investment objectives or investment policies of a Sub-Fund, which may have an adverse impact on the value of an investment in the Sub-Fund. Any such changes will be implemented in accordance with the requirements of the

Central Bank and the terms of this Prospectus.

## 7) DERIVATIVES RELATED RISKS

### Financial Derivative Instruments

The ICAV may use various Financial Derivative Instruments to reduce risks or costs or to generate additional capital or income in order to meet the investment objectives of a Sub-Fund. Certain Sub-Funds may use derivatives extensively and/or for more complex strategies (i.e. have extended derivative powers) as further described in their respective investment objectives contained in the relevant Supplement. Throughout this section and others that refer to derivatives, privately negotiated or non-exchange traded derivatives are referred to as being 'Over The Counter', which is abbreviated to OTC.

Investors may wish to consult their independent financial adviser about the suitability of a particular Sub-Fund for their investment needs bearing in mind its powers with regard to the use of derivatives. While the judicious use of derivative instruments by experienced investment advisers such as the Investment Manager can be beneficial, derivative instruments also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments. The use of derivatives may give rise to a form of leverage, which may cause the Net Asset Value of these Sub-Funds to be more volatile and/or change by greater amounts than if they had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the respective Sub-Funds' portfolio securities and other instruments.

The following are important risk factors and issues concerning the use of derivative instruments that investors should understand before investing in these Sub-Funds.

- **Market Risk** – This is the general risk applicable to all investments that the value of a particular investment may fluctuate. Where the value of the underlying asset (either security or reference benchmark) of a derivative instrument changes, the value of the instrument will become positive or negative, depending on the performance of the underlying asset. For non-option derivatives the absolute size of the fluctuation in value of a derivative will be very similar to the fluctuation in value of the underlying security or reference benchmark. In the case of options, the absolute change in value of an option will not necessarily be similar to the change in value of the underlying because, as explained further below, changes in options values are dependent on a number of other variables.
- **Liquidity Risk** – Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative instrument transaction is particularly large or if the relevant market is illiquid (as can be the case with OTC derivative instruments), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- **Counterparty Credit Risk** – This is the risk that a loss may be sustained by a Sub-Fund as a result of the failure of the other party to a derivative instrument (usually referred to as a 'counterparty') to comply with the terms of the derivative instrument contract. The counterparty credit risk for exchange-traded derivative instruments is generally less than for OTC derivative instruments, since the clearing firm, which is the issuer or counterparty to each exchange-traded derivative instrument, provides a guarantee of clearing. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing firm in order to reduce overall counterparty credit risk. Assets deposited as margin with the brokers and/or exchanges may not be held in segregated accounts by these counterparties and may therefore become available to the creditors of such counterparties in the event of default by them. For privately negotiated OTC derivative instruments, there is no similar clearing firm guarantee. Therefore, the Investment Manager adopts a counterparty risk management framework which measures, monitors and manages counterparty credit risk, taking into account both current and potential future credit exposure, through the use of internal credit assessments and external credit agency ratings. Privately negotiated OTC derivative instruments are not standardised. They are an agreement between two parties and can therefore be tailored to the requirements of the parties involved. The documentation risk is reduced by adhering to standard ISDA documentation.

A Sub-Fund's exposure to an individual counterparty shall not exceed 10% of the relevant Sub-Fund's net assets. Counterparty credit risk may be further mitigated through the use of collateral agreements. However, collateral arrangements are still subject to the insolvency risk and credit risk of the issuers or depositary of the collateral. Further, collateral thresholds exist below which collateral is not called for and

timing differences between calculating the need for collateral and its receipt by the Sub-Fund from the counterparty will both mean that not all the current exposure will be collateralised.

- Settlement Risk – Settlement risk exists when futures, forwards, contracts for differences and options are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs that would otherwise not be experienced. If settlement never occurs the loss incurred by the Sub-Fund will be the same as it is for any other such situation involving a security namely the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided.
- Fund Management Risk – Derivative instruments are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative instrument requires an understanding not only of the underlying asset but also of the derivative instrument itself, without necessarily the benefit of observing the performance of the derivative instrument under all possible market conditions. Further the price of an OTC derivative might not move in line with the price of the underlying instrument in some market conditions.
- Custodial Risk – The use of derivatives is also subject to the custodial risk described above under “Custodial Risk” in the section entitled “General Risks That Apply to All Sub-Funds”.
- Legal and Operational Risk - OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Sub-Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.
- Other Risks – Other risks in using derivative instruments include the risk of mispricing or improper valuation. Some derivative instruments, in particular privately negotiated OTC derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference benchmarks obtained from other sources of market price data. OTC options involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the Sub-Funds. Derivative instruments do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. There may also be legal risks arising from the form of contract used to document derivative trading. Consequently, the Sub-Funds’ use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering the Sub-Funds’ investment objective. In adverse situations, the Sub-Funds’ use of derivative instruments may become ineffective and the Sub-Funds may suffer significant losses.

#### **Risks in relation to specific derivative instruments**

An exhaustive list of financial derivative instruments used by the relevant Sub-Fund(s) is set out in the relevant Supplement, in accordance with the requirements of the Central Bank.

For Sub-Funds using one or a combination of the following instruments the following risks should be considered, as applicable:

Security Forward Contracts and Contracts for Difference: the risk to the buyer or seller of such contracts is the change in value of the underlying security. When the value of the underlying security changes, the value of the contract becomes positive or negative. Unlike futures contracts (which are settled through a clearing firm), OTC forward contracts and contracts for difference are privately negotiated between two parties and are not standardised. Further, the two parties must bear each other’s credit risk, which is not the case with a futures contract and collateral is arranged to mitigate this risk. Also, since these contracts are not exchange traded, there is no marked-to-market margin requirement, which allows a buyer to avoid almost all capital outflow initially.

Equity Index, Single Stock, Interest Rate and Bond Futures: the risk to the buyer or seller of an exchange-traded future is the change in value of the underlying reference index/security/contract/bond. Futures contracts are forward contracts, meaning they represent a pledge to make a certain economic transfer at a future date. The exchange of value occurs by the date specified in the contract; the majority of contracts have to be cash settled and where physical delivery is an option the underlying instrument is actually rarely exchanged. Futures are distinguished from generic forward contracts in that they contain standardised terms, trade on a formal exchange, are regulated by overseeing agencies, and are guaranteed by clearing firms. Also, in order to ensure that payment will occur, futures have both an initial margin and a margin requirement which moves in line with the market value of the underlying asset that must be settled daily.

Exchange-traded and OTC Options: options are complex instruments whose value depends on many variables including the strike price of the underlying (versus the spot price both at the time the option is transacted and subsequently), the time to maturity of the option, the type of option (European or American or other type) and volatility among others.

The most significant contributor to market risk resulting from options is the market risk associated with the underlying when the option has an intrinsic value (i.e. it is 'in-the-money'), or the strike price is near the price of the underlying ('near-the-money').

In these circumstances the change in value of the underlying will have a significant influence on the change in value of the option. The other variables will also have an influence, which will likely to be greater the further away the strike price is from the price of the underlying. Unlike exchange traded option contracts (which are settled through a clearing firm), OTC option contracts are privately negotiated between two parties and are not standardised. Further, the two parties must bear each other's credit risk and collateral is arranged to mitigate this risk. The liquidity of an OTC option can be less than an exchange traded option and this may adversely affect the ability to close out the option position, or the price at which such a close out is transacted.

Forward Foreign Exchange Contracts: these involve the exchange of an amount in one currency for an amount in a different currency on a specific date. Once a contract has been transacted the value of the contract will change depending on foreign exchange rate movements and, in the case of forwards, interest rate differentials. To the extent that such contracts are used to hedge non- Base Currency foreign currency exposures back to the Base Currency of the Sub-Fund, there is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged. Since the gross amounts of the contract are exchanged on the specified date, there is a risk that if the counterparty with whom the contract has been agreed goes into default between the time of payment by the Sub-Fund but before receipt by the Sub-Fund of the amount due from the counterparty, then the Sub-Fund will be exposed to the counterparty credit risk of the amount not received and the entire principal of a transaction could be lost.

## **8) ETF SPECIFIC RISKS**

### **Costs Of Buying Or Selling Shares Risk**

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

### **Counterparty risk to the Paying Agent – dividend monies**

The Paying Agent for the Sub-Funds is responsible for making dividend payments to Authorised Participants on the relevant dividend payment date. Shortly before the dividend payment date, monies for distribution to Authorised Participants as dividends will be transferred from the ICAV's cash accounts with the Depositary to the Paying Agent. During the interim period, dividend monies are held with the Paying Agent (or its associated depositary bank) in the form of cash and the ICAV will have credit risk exposure, in respect of such cash, to the



Paying Agent and its associated depository bank. Cash held by the Paying Agent will not be segregated in practice but will be a debt owing from the Paying Agent (or its associated depository bank) to the ICAV as a depositor. In the event of the insolvency of the Paying Agent (or its associated depository bank) during the interim period, the ICAV will be treated as a general and unsecured creditor of the Paying Agent (or its associated depository bank) in relation to the cash. The ICAV may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the ICAV may lose some or all of the dividend monies being distributed by the Paying Agent resulting in a reduction to the value of the relevant Sub-Fund(s).

### **Dealing Day Risk**

As foreign exchanges can be open on days which are not Dealing Days or days when a Sub-Fund may have suspended calculation of its Net Asset Value and the subscription and redemption of Shares and, therefore, Shares in the Sub-Fund are not priced, the value of securities in the Sub-Fund's portfolio may change on days when a Sub-Fund's Shares will not be able to be purchased or sold.

### **Inaction by the Common Depository and/or an International Central Securities Depository**

Investors that settle or clear through an International Central Securities Depository will not be a registered Shareholder in the ICAV, they will hold an indirect beneficial interest in such Shares and the rights of such investors, where participants, shall be governed by their agreement with the applicable International Central Securities Depository and otherwise by the arrangement with a participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate). The ICAV will issue any notices and associated documentation to the registered holder of the Global Share Certificate, the Common Depository's nominee, with such notice as is given by the ICAV in the ordinary course when convening general meetings. The Directors understand that the Common Depository's nominee has a contractual obligation to relay any such notices received by the Common Depository's nominee to the applicable International Central Securities Depository, pursuant to the terms of its appointment by the relevant International Central Securities Depository. The applicable International Central Securities Depository will in turn relay notices received from the Common Depository to its participants in accordance with its rules and procedures. The Directors understand that the Common Depository is contractually bound to collate all votes received from the applicable International Central Securities Depositories (which reflects votes received by the applicable International Central Securities Depository from participants) and that the Common Depository's nominee should vote in accordance with such instructions. The ICAV has no power to ensure the Common Depository relays notices of votes in accordance with their instructions. The ICAV cannot accept voting instructions from any persons, other than the Common Depository's nominee.

### **Payments**

Upon instruction of the Common Depository's nominee, redemption proceeds and any dividends declared are paid by the ICAV or its authorised agent to the applicable International Central Securities Depository. Investors, where participants, must look solely to the applicable International Central Securities Depository for their redemption proceeds or their share of each dividend payment made by the ICAV or otherwise to the relevant participant of the International Central Securities Depository (including, without limitation, their nominee, broker or Central Securities Depository, as appropriate) for any redemption proceeds or any share of each dividend payment made by the ICAV that relates to their investment.

Investors shall have no claim directly against the ICAV in respect of redemption proceeds or dividend payments due on Shares represented by the Global Share Certificate and the obligations of the ICAV will be discharged by payment to the applicable International Central Securities Depository upon the instruction of the Common Depository's nominee.

### **Failure to Settle Risk**

If an Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete that dealing request (including, for example, where the Authorised Participant no longer has the monies to fund the settlement), as the Authorised Participant is not a registered Shareholder of the ICAV, the ICAV will have no or limited recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no or limited recovery can be made from the Authorised Participant any costs incurred as a result of the failure to settle will be borne by the Sub-Fund and its investors.

### **Fluctuation of Net Asset Value and Market Pricing Risk**

The Net Asset Value per Share will generally fluctuate with changes in the market value of a Sub-Fund's securities holdings. The market prices of Shares will generally fluctuate in accordance with changes in a Sub-

Fund's Net Asset Value and supply and demand of Shares on the Listing Stock Exchange. It cannot be predicted whether Shares will trade below, at or above the Net Asset Value per Share. Price differences may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for Shares will be closely related to, but not identical to, the same forces (including whether or not a given market is open) influencing the prices of the securities of an Index trading individually or in the aggregate at any point in time. The market prices of Shares may deviate significantly from the Net Asset Value per Share during periods of market volatility. However, given that Shares can be created and redeemed in large volumes, large discounts or premiums to the Net Asset Value per Share should not be sustained. While the creation/redemption feature is designed to help make it likely that Shares normally will trade close to the Net Asset Value per Share, disruptions or suspensions to creations and redemptions may result in trading prices that differ significantly from the Net Asset Value per Share. Losses may be incurred, or profits reduced, if Shares are purchased at a time when the market price is at a premium to the Net Asset Value per Share or sold at a time when the market price is at a discount to the Net Asset Value per Share.

### **Secondary Market Trading Risk**

Although the Shares of a Sub-Fund will be listed for trading on the relevant Listing Stock Exchange(s), there can be no assurance that an active trading market for such Shares will develop or be maintained. Trading in Shares on a Listing Stock Exchange may be halted due to market conditions or for reasons that, in the view of the relevant Listing Stock Exchange, make trading in Shares inadvisable. In addition, trading in Shares on a Listing Stock Exchange is subject to trading halts caused by extraordinary market volatility pursuant to stock exchange "circuit breaker" rules. There can be no assurance that the requirements of a Listing Stock Exchange necessary to maintain the listing of a Sub-Fund will continue to be met or will remain unchanged or that the Shares will trade with any volume, or at all, on any stock exchange. Furthermore, any securities that are listed and traded on stock exchanges can also be bought or sold by members of those exchanges to and from each other and other third parties on terms and prices that are agreed on an "over-the-counter" basis and may also be bought or sold on other multi-lateral trading facilities or platforms. The ICAV has no control over the terms on which any such trades may take place. There can be no guarantee that once the Shares are listed or traded on a Listing Stock Exchange they will remain listed or traded on that Listing Stock Exchange.

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

**Trading Currency Exposure.** Shares may be traded in various currencies on various stock exchanges. In addition, subscriptions and redemption of Shares in a Sub-Fund will ordinarily be made in the Base Currency of the Sub-Fund and may in some cases be permitted in other currencies. The currencies in which the underlying investments of a Sub-Fund are denominated may also differ from the Base Currency of the Sub-Fund (which may follow the base currency of an Index tracked by the Sub-Fund). Depending on the currency in which an investor invests in a Sub-Fund, foreign exchange fluctuations between currency of investment and the Base Currency of the Sub-Fund and/or the currencies in which the Sub-Fund's underlying investments are denominated, will have impact on, and may adversely affect, the value of such investor's investments.

**The foregoing risk factors do not purport to be a complete explanation of the risks involved in investing in the Shares. Prospective investors should read the entire Prospectus and the Relevant Supplement(s) and consult with their legal, tax and financial advisors before making any decision to invest in the ICAV.**

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## PURCHASE AND SALE INFORMATION

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Each of the Sub-Funds is an exchange traded fund which means that the Shares of the Sub-Funds are traded on one or more Listing Stock Exchanges. Certain market makers and brokers, as well as affiliates of the Management Company and the Investment Manager are authorised by the ICAV to subscribe and redeem Shares of the Sub-Funds directly with the ICAV in the Primary Market, as described in the “*Procedure for Dealing on the Primary Market*” section below and are referred to as “Authorised Participants”. Such Authorised Participants generally have the capability to deliver the Shares of the Sub-Funds within the clearing systems relevant to the Listing Stock Exchanges. Authorised Participants usually sell the Shares for which they subscribe on the Secondary Market, where such Shares become freely tradable. Potential investors and investors who are not Authorised Participants can only purchase and sell the Shares of the Sub-Funds on the Secondary Market through a broker/dealer on a recognised stock exchange or over-the-counter.

Investors who are not Authorised Participants should refer to the “*Procedure for Dealing on the Secondary Market*” section below.

### PROCEDURE FOR DEALING ON THE PRIMARY MARKET

The Primary Market is the market on which Shares are issued or redeemed by the ICAV on applications from Authorised Participants. Generally, only Authorised Participants are able to deal in Shares on the Primary Market.

Applicants wishing to deal on the Primary Market in respect of the Sub-Funds have to satisfy certain eligibility criteria, and be registered with the ICAV, to become Authorised Participants. In addition, all applicants applying to become Authorised Participants must first complete the ICAV’s subscription application form which may be obtained from the Registrar and satisfy certain anti-money laundering checks. The signed original subscription application form should be sent to the Registrar in accordance with the details set out in the subscription application form. Applicants wishing to become Authorised Participants should contact the Investment Manager for further details. The Common Depositary’s nominee, acting as the registered holder of Shares in the Sub-Fund, may not apply to become an Authorised Participant.

Subscriptions and redemptions are made in baskets of Shares or in cash as set out in the Relevant Supplement. Subscription and redemption orders will normally be accepted in multiples of the minimum number of Shares or cash set out in the Relevant Supplement. Authorised Participants should refer to the Relevant Supplements for details of the minimum subscription and redemption orders for the Sub-Funds.

Authorised Participants may submit requests to deal on the Primary Market by an electronic order entry facility. The use of the electronic order entry facility is subject to the prior consent of the Investment Manager and the Administrator and must be in accordance with and comply with the requirements of the Central Bank. Dealing orders placed electronically are subject to the dealing request cut off times stated in the Primary Market dealing timetable. Alternative dealing methods are available with the consent of the ICAV and Investment Manager and in accordance with the requirements of the Central Bank.

The ICAV has absolute discretion to accept or reject in whole or in part any application for Shares (prior to the issue of Shares to an applicant and notwithstanding the application having been accepted) without assigning any reason therefor and to revoke any authorisation to act as an Authorised Participant. All dealing applications are at the Authorised Participant’s own risk. Dealing requests, once submitted, shall (save as determined by the ICAV at its discretion) be irrevocable. The ICAV, the Management Company, the Investment Manager, the Registrar and the Administrator shall not be responsible for any losses arising in the transmission of dealing application forms or for any losses arising in the transmission of any dealing request through the electronic order entry facility or any alternative dealing method approved by the Investment Manager. Any amendments to registration details and payment / settlement instructions will only be effected upon receipt of original documentation by the Registrar.

Authorised Participants are responsible for ensuring that they are able to satisfy settlement obligations when submitting dealing requests on the Primary Market. Authorised Participants instructing redemption requests must first ensure that they have sufficient Shares in their account to redeem (which Shares must be delivered to the Administrator to arrange for cancellation by the settlement date). Redemption requests will be processed only where the payment is to be made to the Authorised Participant’s account of record.

Shares may be subscribed for during the Offer Period for the relevant Sub-Fund at the Initial Offer Price specified in the Relevant Supplement. Such Shares will be issued on the Closing Date. Thereafter, Shares may be subscribed for and redeemed on each Dealing Day by making an application before the Dealing Deadline. Such Shares will be issued or redeemed at the Net Asset Value per Share plus (in the case of

subscriptions) or less (in the case of redemptions) an amount in respect of Duties and Charges, where applicable, on each Dealing Day.

All Shares issued will be in registered form and a written trade confirmation will be sent to Shareholders.

#### *Clearing and Settlement*

Authorised Participants' title and rights relating to Shares in a Sub-Fund will be determined by the clearance system through which they settle and/or clear their holdings. A Sub-Fund will settle through the relevant ICSD and the Common Depositary's nominee will act as the registered holder of all such Shares. For further details, see the "Global Clearing and Settlement" section below.

#### **Dealings in Kind, in Cash and Directed Cash Dealings**

Shares may be subscribed for and redeemed on each Dealing Day.

The ICAV has absolute discretion (but shall not be obliged) to reject or cancel in whole or in part any subscription for Shares prior to the issue of Shares to an applicant (notwithstanding the application having been accepted) and, registration of same in the name of the relevant nominee in the event that any of the following occurs to the Authorised Participant (or its parent company or ultimate parent company): an insolvency event; a downgrading of credit rating; being placed on a watchlist (with negative implications) by a credit rating agency; or where the ICAV has reasonable grounds to conclude that the relevant Authorised Participant may be unable to honour its settlement obligations or that the Authorised Participant poses a credit risk to the ICAV.

The ICAV may accept subscriptions and pay redemptions either in kind or in cash or in a combination of both. The ICAV may determine whether to accept subscriptions in kind and/or in cash at its absolute discretion. Subscriptions monies received in respect of a Fund in advance of the issue of Shares will be held in the Cash Collection Account in the name of the Fund and will be an asset of the relevant Fund. Investors will be unsecured creditors of such Fund with respect to the amount subscribed until such Shares are issued, and will not benefit from any appreciation in the NAV of the Fund or any other shareholder rights (including dividend entitlement) until such time as Shares are issued. In the event of an insolvency of a Fund, there is no guarantee that the Fund or ICAV will have sufficient funds to pay unsecured creditors in full.

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

Shares may be subscribed at the Net Asset Value thereof together with associated Duties and Charges which may be varied to reflect the cost of execution. Shares may be redeemed at the Net Asset Value thereof less any associated Duties and Charges which may be varied to reflect the cost of execution. The Instrument of Incorporation empowers the ICAV to charge such sum as the ICAV considers represents an appropriate figure for Duties and Charges. The level and basis of calculating Duties and Charges may also be varied depending on the size of the relevant dealing request and the costs relating to, or associated with, the Primary Market transactions. In addition, a subscription fee of up to 5% of the Net Asset Value of Shares being subscribed and / or a redemption fee of up to 3% of the Net Asset Value of the Shares being redeemed may be charged. Where investors request subscriptions or redemptions in cash in a currency that is different from the currencies in which the relevant Sub-Fund's underlying investments are denominated, the foreign exchange transaction costs (at prevailing exchange rates) associated with converting the subscription amount to the currencies needed to purchase the underlying investments (in the case of a subscription) or converting the sale proceeds from selling the underlying investments to the currency needed to pay redemption proceeds (in the case of a redemption) will be included in the Duties and Charges which are applied to the relevant subscription or redemption amounts (respectively) paid or received (as the case may be) by such investors.

In some cases, the level of Duties and Charges has to be determined in advance of the completion of the actual purchase or sale of investments or execution of associated foreign exchange by or on behalf of the ICAV and the subscription or redemption price may be based on estimated Duties and Charges (which could be based on historic information concerning the costs incurred or expected costs in trading the relevant securities in the

relevant markets). Where the sum representing the subscription or redemption price is based on estimated Duties and Charges which turn out to be different to the costs actually incurred by a Sub-Fund when acquiring or disposing of investments as a result of a subscription or redemption, the investor shall reimburse the Sub-Fund for any shortfall in the sum paid to the Sub-Fund (on a subscription) or any excess sum received from the Sub-Fund (on a redemption) and the Sub-Fund shall reimburse the investor for any excess received by the Sub-Fund (on a subscription) or any shortfall paid by the Sub-Fund (on a redemption), as the case may be. Investors should note that no interest will accrue or be payable on any amount reimbursed or to be reimbursed by a Sub-Fund. In order to protect the Sub-Funds and their Shareholders, the ICAV reserves the right to factor into the estimated Duties and Charges a buffer to protect the Sub-Fund from potential market and foreign exchange exposure pending the payment of the actual Duties and Charges.

Dealing orders will normally only be accepted above the Minimum Subscription Amount or the Minimum Redemption Amount, as applicable. Such minima may be waived, reduced or increased in any case at the discretion of the ICAV or its delegates. Details in relation to the Valuation Points and Dealing Deadlines for the Sub-Funds are also set out in the Relevant Supplement. Details of the Dealing Deadlines are also available from the Administrator.

Applications received after the Dealing Deadline will generally not be accepted for dealing on the relevant Dealing Day and will be carried over to the next Dealing Day. However, such applications may be accepted for dealing on the relevant Dealing Day, at the discretion of the ICAV, in exceptional circumstances, provided they are received prior to the Valuation Point. Settlement of the transfer of investments and/or cash payments in respect of subscriptions must be received no later than the time specified in the Relevant Supplement. Settlement for redemptions will be made within a maximum of ten business days of the Dealing Day. Redemption requests will be processed only where the payment is to be made to the redeeming Shareholder's account of record and payment of redemption proceeds to such account will be in full discharge of the ICAV's obligations and liability. If a market is closed for trading or settlement on any Business Day during the period between the relevant Dealing Day and the expected settlement date (inclusive), and/or settlement in the Base Currency of the Sub-Fund is not available on the expected settlement date, there may be corresponding delays to the settlement times (but such delays will not exceed the regulatory requirements for settlement).

If a redeeming Shareholder requests redemption of a number of Shares representing 5% or more of the Net Asset Value of a Sub-Fund, the Management Company may, in its sole discretion, redeem the Shares by way of a redemption in kind and in such circumstances the Management Company will, if requested by the redeeming Shareholder, sell the investments on behalf of the Shareholder. (The cost of the sale can be charged to the Shareholder). Where a redemption is requested for a number of Shares representing less than 5% of the Net Asset Value of a Sub-Fund, the Management Company may only redeem the Shares by way of a redemption in kind with the consent of the redeeming Shareholder, save in the case of a Shareholder whose original subscription was in kind. In all cases of redemptions in kind, asset allocation is subject to the approval of the Depositary.

If redemption requests on any Dealing Day represent 10% or more of the Net Asset Value of a Sub-Fund, the Management Company may, in its discretion, refuse to redeem any Shares in excess of 10% (at any time including after the cut-off time on the Dealing Day). Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all Shares to which the original request related have been redeemed.

The Investment Manager will carry out the underlying trades for any subscription or redemption request and may vary the underlying trades (for example, by staggering the timing of the trades) to take into account (amongst other things) the impact on other Shares in the relevant Sub-Fund and on the underlying market, as well as acceptable industry practices.

The ICAV may refuse to process a redemption request until proper information, such as the original application form and all requested supporting anti-money laundering documentation, has been provided. Redemptions proceeds will only be released where the signed original application form and all requested supporting anti-money laundering documentation has been received.

**Dealings in Kind.** Shares in certain Sub-Funds may be subscribed for and/or redeemed in exchange for in kind assets. Authorised Participants wishing to deal in kind should contact the Investment Manager for a list of Sub-Funds which accept dealing requests in kind.

Subscriptions by Authorised Participants for Shares in exchange for in kind assets will require the delivery of a basket of underlying securities and a cash component (both as determined by the Investment Manager based on the underlying portfolio held, and to be held, by the Sub-Fund) to the Sub-Fund as part of its settlement obligations. The securities to be transferred to the relevant Sub-Fund as part of any in-kind subscription must

be such that they would qualify as investments of the relevant Sub-Fund in accordance with its investment objectives, policies and restrictions and the Depositary must be satisfied that there is unlikely to be any material prejudice to the existing Shareholders through the acceptance of the in-kind subscription. The securities provided must be vested with the Depositary or arrangements be made to vest them with the Depositary.

In the event that an Authorised Participant fails to deliver, or delays in delivering, one or more of the specified underlying securities by the relevant settlement date, the ICAV may (but shall not be obliged to) require the Authorised Participant to pay to it a sum equal to the value of such underlying securities plus any Duties and Charges associated with the purchase by the ICAV of such underlying securities, including any foreign exchange costs and other fees and/or costs incurred as a result of the delay.

The ICAV has the right to refuse the securities proposed for any reason, including where the securities are not delivered to the ICAV, in exactly the form agreed with the Investment Manager, together with the relevant cash component, by the time and date specified (or before the expiry of any extension granted), in which case, the ICAV reserves the right to cancel any provisional allotment of Shares.

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

Authorised Participants which redeem Shares in exchange for in kind assets will receive their redemption proceeds in the form of underlying securities and, if relevant, a cash component, as determined by the Investment Manager based on the Sub-Fund's underlying portfolio. The composition of the basket of securities to be delivered by the ICAV and an estimated amount of the balance in cash will be made available upon request to Authorised Participants by the Administrator. The selection of the securities is subject to the approval of the Depositary. The exact value of the cash balance is determined after calculation of the Net Asset Value on the relevant Dealing Day on the basis of the prices used in calculating the Net Asset Value per Share and will equal the difference between the value of the Shares to be redeemed and the value of the securities to be delivered at the prices used in calculating the Net Asset Value per Share on the same date. The Depositary must be satisfied that there is unlikely to be any material prejudice to the existing Shareholders through the acceptance of the in-kind redemption.

**Directed Cash Dealings.** If, in connection with any Primary Market subscription applications or redemption request, an Authorised Participant requests underlying security trades and/or foreign exchange be executed in a way that is different than normal and customary convention, the Investment Manager will use reasonable endeavours to satisfy such request if possible but none of the ICAV, the Management Company or the Investment Manager will accept any responsibility or liability if the execution request is not achieved in the way requested for any reason whatsoever. In no circumstances will an Authorised Participant have discretion over the assets of a Sub-Fund in that capacity.

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

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

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

None of the ICAV, the Management Company or the Investment Manager will be responsible and they shall have no liability, if the execution of the underlying securities with a designated broker and, by extension, a directed cash subscription or redemption order, is not carried out due to an omission, error, failed or delayed trade or settlement on the part of the Authorised Participant or the designated broker. Should an Authorised Participant or the designated broker default on, delay settlement of, or change the terms of, any part of the underlying securities transaction, the Authorised Participant shall bear all associated risks and costs, including costs incurred by the ICAV and/or the Management Company and/or the Investment Manager as a result of the delay to the underlying securities transaction. In such circumstances, the ICAV and the Investment Manager have the right to transact with another broker and to amend the terms of the subscription or redemption, including the subscription price and/or redemption proceeds, to take into account the default, delay and/or the change to the terms.

### **Clearing and Settlement.**

**Shares will be in registered form and no temporary documents of title will be issued. Ownership of Shares will be evidenced by written entry on the Register. No individual certificates for Shares will be issued by the ICAV. Shares will be issued in dematerialised (or uncertified) form in one or more recognised clearing systems. Investors that buy Shares on the secondary market may not be reflected in the Register.**

**Failure to Deliver.** In the event that (i) in respect of an in kind dealing resulting in a creation of Shares, an Authorised Participant fails to deliver the required investments and cash component, or (ii) in relation to a cash creation, an Authorised Participant fails to deliver the required cash, or (iii) in respect of a directed cash dealing resulting in a creation, an Authorised Participant fails to deliver the required cash or its designated broker fails to deliver the underlying investments, within the stated settlement times, the ICAV reserves the right (but shall not be obliged) to cancel the relevant subscription request. The Authorised Participant shall indemnify the ICAV for any loss suffered by the ICAV as a result of a failure or delay by the Authorised Participant to deliver the required investments and cash component or cash and, for directed cash dealings resulting in creations, any loss suffered by the ICAV as a result of a failure by the designated broker to deliver the required underlying investments, within the stated settlement times, including (but not limited to) any market exposure, interest charges and other costs suffered by the Sub-Fund. The ICAV reserves the right to cancel the provisional allotment of the relevant Shares in those circumstances.

The ICAV may, in its sole discretion where it believes that it is in the best interests of a Sub-Fund, decide not to cancel a subscription and provisional allotment of Shares where an Authorised Participant has failed to deliver the required investment and cash component or cash and / or, for directed cash subscriptions, the designated broker has failed to deliver the required underlying investments, within the stated settlement times. The ICAV may temporarily borrow an amount equal to the subscription and invest the amount borrowed in accordance with the investment objective and policies of the relevant Sub-Fund. Once the required investments and cash component or cash has been received, the ICAV will use this to repay the borrowings. The ICAV reserves the right to charge the relevant Authorised Participant for any interest or other costs incurred by the ICAV as a result of this borrowing. Where a designated broker under a directed cash subscription fails or delays in delivering the required underlying securities, the ICAV and the Investment Manager has a right to transact with a different broker and to charge the relevant Authorised Participant for any interest or other costs incurred by the ICAV relating to the failed and new transactions. If the Authorised Participant fails to reimburse the ICAV for those charges, the ICAV and / or the Investment Manager will have the right to sell all or part of the applicant's holdings of Shares in the Sub-Fund or any other Sub-Fund of the ICAV in order to meet those charges.

A redemption request by a Shareholder will only be valid if the Shareholder satisfies its settlement obligation to deliver holdings in the required number of Shares in that Sub-Fund to the Administrator for settlement by the relevant settlement date. In the event that a Shareholder fails to deliver the required Shares of the relevant Sub-Fund in relation to a redemption within the stated settlement times, the ICAV reserves the right (but shall not be obliged) to treat this as a settlement failure by the Shareholder and to cancel the relevant redemption order, and the Shareholder shall indemnify the ICAV for any loss suffered by the ICAV as a result of a failure by the Shareholder to deliver the required Shares in a timely fashion, including (but not limited to) any market exposure and costs suffered by the Sub-Fund.

In the event that a Shareholder is liable to reimburse a Sub-Fund in respect of Duties and Charges (e.g., for any shortfall in the sum paid to the Sub-Fund on a subscription or any excess redemption proceeds received

from the Sub-Fund on a redemption), the ICAV reserves the right to charge the relevant Shareholder for any interest or other costs incurred by the ICAV as a result of the Shareholder's failure to reimburse the Sub-Fund in a timely manner after receiving notice of the sum payable.

**Title to Shares.** As with other Irish companies limited by shares, the ICAV is required to maintain a register of Shareholders. Only persons appearing on the register of Shareholders will be a Shareholder. No temporary documents of title or Share certificates will be issued (save as provided below). A trade confirmation will be sent by the Administrator to Shareholders subscribing and/or redeeming Shares with the ICAV on the Primary Market.

### **Compulsory Redemption of Shares**

The ICAV may, at its sole discretion and in accordance with the provisions of the IOI, proceed with the compulsory redemption of the Shares held by a Shareholder if it appears to the ICAV that such holding might result (i) in a breach of any (a) applicable Irish law and regulations or other law and regulations, (b) requirement of any country or (c) requirement of any governmental authority, (ii) in the ICAV (including its Shareholders) or any of its delegates incurring any liability to taxation or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) which the ICAV (including its Shareholders) or its delegates might not otherwise have incurred or suffered, or (iii) in that Shareholder to exceed any limit to which his shareholding is subject. Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a Shareholder, the ICAV may compulsorily redeem all Shares so held in accordance with the provisions of the IOI.

The ICAV may in particular decide, in accordance with the provisions of the IOI, to proceed with the compulsory redemption of Shares held by a person who is (i) a US Person, or held directly by a person who is (ii) a US citizen, (iii) a US tax resident, or (iv) a non-US partnership, non-US trust or similar tax transparent non-US entity that has any partner, beneficiary or owner that is a US Person, US citizen or US tax resident.

The ICAV will require that intermediaries compulsorily redeem Shares held by a US Person.

Shareholders are required to notify the ICAV immediately in the event that they are or become (i) US Persons, (ii) US citizens, (iii) US tax residents or (iv) specified US person for purposes of FATCA or if their holding might result (i) in a breach of any (a) applicable Irish law and regulations or other law and regulations, (b) requirement of any country or (c) requirement of any governmental authority, (ii) in the ICAV (including its Shareholders) or any of its delegates incurring any liability to taxation or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) which the ICAV (including its Shareholders) or its delegates might not otherwise have incurred or suffered, or (iii) in that Shareholder to exceed any limit to which his shareholding is subject.

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

- (a) the Shareholders of the relevant Sub-Fund or Share Class pass a special resolution providing for such redemption at a general meeting of the holders of the Shares of that Sub-Fund or Share Class or in writing;
- (b) the Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the relevant Sub-Fund in any way;
- (c) the Net Asset Value of the relevant Sub-Fund or Share Class falls below €20 million or the prevailing currency equivalent in the currency in which Shares of the relevant Sub-Fund or Share Class are denominated;
- (d) the Shares in the relevant Sub-Fund or Share Class cease to be listed on a Listing Stock Exchange; or
- (e) the Directors deem it appropriate for any other reason.

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



discretion may from time to time determine as an appropriate provision for estimated realisation costs of the assets of such Sub-Fund or Share Class.

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

### **Conversions**

Shares from one Sub-Fund may not be converted into Shares in another Sub-Fund or from one Share Class into another Share Class within the same Sub-Fund.

### **Abusive Trading Practices**

The ICAV does not permit market timing or related excessive, short-term trading practices and has the right to reject any request for the subscription of Shares from any investor engaging in such practices or suspected of engaging in such practices and to take such further action as it may deem appropriate or necessary.

### **Anti-Money Laundering and Counter Terrorist Financing Requirements**

As part of the ICAV's responsibility for the prevention of money laundering and terrorist financing, the ICAV will require a detailed verification of the applicant's identity and the source of subscription monies. Depending on the circumstances of each application, a detailed verification might not be required where the applicant is a regulated financial institution in a country with comparable anti-money laundering and counter terrorist financing regulations to those in Ireland, or is a company listed on a recognised stock exchange. Shareholders will not be permitted to request the redemption of their Shares and no redemption proceeds will be paid to a Shareholder unless the original completed subscription application form has been received by the ICAV and all anti-money laundering documentation received and checks required by the Central Bank and applicable legislation have been completed in respect of the relevant subscription.

The ICAV reserves the right to request such information as is necessary to verify the identity of an applicant and the source of the subscription monies. In the event of delay or failure by the applicant to produce any information required for verification purposes, the ICAV may refuse to accept the application and subscription monies. Each applicant for Shares acknowledges that the ICAV shall be held harmless against any loss arising as a result of a failure to process his application for Shares if such information and documentation as has been requested by the ICAV has not been provided by the applicant. 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 any Sanctions list including 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 Sanction programme. 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. Investors should refer to the subscription application form for further information in relation to the types of information which they will be requested to provide.

### **US Persons / ERISA plans**

The ICAV reserves the right to accept or refuse any subscription in whole or in part and for any reason. In particular, the ICAV will, in principle, not accept any subscription from or for the benefit of or holding by a "**US Person**" being defined as:

- any individual person in the United States;
- any partnership, trust or corporation organised or incorporated under the laws of the United States;
- any agency or branch of a non-US entity located in the United States;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States.

A US Person would also include:

- any estate of which any executor or administrator is a US Person;
- any trust of which any trustee is a US Person;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- any partnership of which any partner is a US Person.

In addition, the ICAV will, in principle, not accept any direct subscription from or direct holding by any individual who is a US citizen or a US tax resident or any non-US partnership, non-US trust or similar tax transparent non-US entity that has any partner, beneficiary or owner that is a US Person, US citizen or US tax resident.

Should a Shareholder become a (i) US Person, (ii) US citizen, (iii) US tax resident or (iv) specified US person for purposes of FATCA, he may be subject to US withholding taxes and tax reporting to any relevant tax authority, including the US Internal Revenue Service and the Shareholder is required to notify the ICAV immediately.

Further, as described in greater detail under “*Compulsory Redemption of Shares*” above, the ICAV may redeem Shares held by a person who is (i) a US Person, (ii) a US citizen, (iii) a US tax resident, or (iv) a non-US partnership, non-US trust or similar tax transparent non-US entity that has any partner, beneficiary or owner that is a US Person, US citizen or US tax resident compulsorily.

Shares may not be acquired or owned by, or acquired with assets of:

- any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”);
- any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986; and/or
- a person or entity the underlying assets of which include the assets of any employee benefit plan or plan by reason of Department of Labour Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA,

which are hereinafter collectively referred to as “ERISA plans”.

The ICAV reserves the right to request a written representation from investors stating that it is not acquiring Shares with the assets of an ERISA plan prior to accepting subscription orders.

## **PROCEDURE FOR DEALING ON THE SECONDARY MARKET**

### **Secondary Market Purchases and Sales of Shares.**

**As a UCITS ETF, a Sub-Fund’s Shares purchased on the Secondary Market cannot usually be sold directly back to the Sub-Fund by investors who are not Authorised Participants. Generally, investors who are not Authorised Participants must buy and sell shares on a Secondary Market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the Secondary Market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value when buying shares and may receive less than the current Net Asset Value when selling them.**

An investor (that is not a Shareholder) shall have the right, subject to compliance with relevant laws and regulations, to request that the ICAV buys back its Shares in respect of a Sub-Fund in circumstances where the ICAV has determined in its sole discretion that the Net Asset Value per Share of the Sub-Fund differs significantly to the value of a Share of the Sub-Fund traded on the Secondary Market, for example, where no Authorised Participants are acting, or willing to act, in such capacity in respect of the Sub-Fund (a “Secondary Market Disruption Event”).

Investors wishing to do so should contact the Administrator to provide such proper information, including original application forms and anti-money laundering documentation, as the Administrator shall require in order to register the investor as a Shareholder. A charge, which shall be at normal market rates, may apply for this process. Investors should note that Shares redeemed in this way will only be settled in cash and not in kind.

Redemption orders will be processed on the Dealing Day on which the Shares are received back into the account of the transfer agent by the dealing cut-off time less any applicable Duties and Charges and other reasonable administration costs, provided that the completed buy-back request has also been received.

The ICAV may at its complete discretion determine that the Secondary Market Disruption Event is of a long term nature and is unable to be remedied. In that case the ICAV may resolve to compulsorily redeem investors and may subsequently terminate the Sub-Fund.

Any investor requesting a buyback of its shares in case of a Secondary Market Disruption Event may be subject to taxes as applicable, including any capital gains taxes or transaction taxes. Therefore, it is recommended that prior to making such a request, the investor seeks professional tax advice in relation to the implications of the buyback under the laws of the jurisdiction in which they may be subject to tax. Investors should also refer to “*Costs Of Buying And Selling Shares Risk*” and “*Trading Issues Risk*” in the “*Risk Information*” section.

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

An indicative net asset value per share (“**INAV**”), which is an estimate of the Net Asset Value per Share generally calculated using market data, will be disseminated at regular intervals throughout the day. The INAV is based on quotes and last sale prices from the securities’ local market and may not reflect events that occur subsequent to the local market’s close. Premiums and discounts between the INAV and the market price may occur and the INAV should not be viewed as a “real-time” update of the Net Asset Value per Share, which is calculated only once a day. None of the ICAV, the Management Company, the Investment Manager or any of their affiliates or any third party calculation agents involved in, or responsible for, the calculation or publication of such INAVs makes any warranty as to their accuracy.

## **GLOBAL CLEARING AND SETTLEMENT**

The Directors have resolved that Shares in the Sub-Funds will not currently be issued in dematerialised (or uncertificated) form and no temporary documents of title or Share certificates will be issued, other than the Global Share Certificate required for the ICSDs (being the recognised clearing systems through which a Sub-Fund’s Shares will be settled). The ICAV will apply for admission for clearing and settlement through the applicable ICSD. The ICSDs for the Sub-Funds are currently Euroclear and Clearstream and the applicable ICSD for an investor is dependent on the market in which the Shares are traded. All investors in the Sub-Funds will ultimately settle in an ICSD but may have their holdings within Central Securities Depositories. A Global Share Certificate will be deposited with the Common Depositary (being the entity nominated by the ICSDs to hold the Global Share Certificate) and registered in the name of the Common Depositary’s nominee (being the registered holder of the Shares of a Sub-Fund, as nominated by the Common Depositary) on behalf of Euroclear and Clearstream and accepted for clearing through Euroclear and Clearstream. Interests in the Shares represented by the Global Share Certificate will be transferable in accordance with applicable laws and any rules and procedures issued by the ICSDs. Legal title to the Shares will be held by the Common Depositary’s nominee.

A purchaser of interests in Shares will not be a registered Shareholder in a Sub-Fund but will hold an indirect beneficial interest in such Shares and the rights of such investors, where participants in the ICSD, shall be governed by their agreement with their ICSD and otherwise by the arrangement with their nominee, broker or Central Securities Depositary, as appropriate. All references herein to actions by holders of the Global Share Certificate will refer to actions taken by the Common Depositary’s nominee as registered Shareholder following instructions from the applicable ICSD upon receipt of instructions from its participants. All references herein to distributions, notices, reports and statements to such Shareholder, shall be distributed to the participants in accordance with such applicable ICSD’s procedures.

**International Central Securities Depositories.** All Shares in issue are represented by a Global Share Certificate and the Global Share Certificate is held by the Common Depositary and registered in the name of the Common Depositary’s nominee on behalf of an ICSD, beneficial interests in such Shares will only be transferable in accordance with the rules and procedures for the time being of the relevant ICSD.

Each participant must look solely to its ICSD for documentary evidence as to the amount of its interests in any Shares. Any certificate or other document issued by the relevant ICSD, as to the amount of interests in such Shares standing to the account of any person shall be conclusive and binding as accurately representing such records.

Each participant must look solely to its ICSD for such participant's share of each payment or distribution made by a Sub-Fund to or on the instructions of the Common Depositary's nominee and in relation to all other rights arising under the Global Share Certificate. The extent to which, and the manner in which, participants may exercise any rights arising under the Global Share Certificate will be determined by the respective rules and procedures of their ICSD. Participants shall have no claim directly against the ICAV or any other person (other than their ICSD) in respect of payments or distributions due under the Global Share Certificate which are made by a Sub-Fund to or on the instructions of the Common Depositary's nominee and such obligations of the Sub-Fund shall be discharged thereby. The ICSD shall have no claim directly against the ICAV or any other person (other than the Common Depositary).

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

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

Investors may be required to provide promptly any information as required and requested by the ICAV or its duly authorised agent and agree to the applicable ICSD providing the identity of such participant or investor to the ICAV upon their request.

Notices of general meetings and associated documentation will be issued by the ICAV to the registered holder of the Global Share Certificate, the Common Depositary's nominee. Each participant must look solely to its ICSD and the rules and procedures for the time being of the relevant ICSD governing delivery of such notices and exercising voting rights. For investors, other than participants, delivery of notices and exercising voting rights shall be governed by the arrangements with a participant of the ICSD (for example, their nominee, broker or Central Securities Depositories, as appropriate).

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## DETERMINATION OF NET ASSET VALUE

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The Management Company has delegated its responsibility with respect to the calculation of the Net Asset Value of each Sub-Fund and the Net Asset Value per Share to the Administrator.

The Net Asset Value of a Sub-Fund shall be calculated on each Calculation Day and/or such other day or days as the Directors may determine by ascertaining the value of the assets of the relevant Sub-Fund and deducting from such amount the liabilities of the Sub-Fund, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Sub-Fund.

The Net Asset Value per Share in each Sub-Fund shall be calculated to the nearest four decimal places in the Base Currency of the relevant Sub-Fund at the Valuation Point in accordance with the valuation provisions set out in the Instrument of Incorporation and summarised below. The Net Asset Value per Share of a Sub-Fund shall be calculated by dividing the Net Asset Value of the relevant Sub-Fund by the total number of Shares issued in respect of that Sub-Fund or deemed to be in issue as at the relevant Valuation Point.

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

Each asset owned by an Index Tracking Sub-Fund which is quoted, listed or traded on or under the rules of any Recognised Market shall be valued using the index method of valuations. Accordingly, depending on the terms of the relevant index, such assets will be valued at (a) closing bid price, (b) last bid price, (c) last traded price, (d) closing mid-market price, (e) last mid-market price or (f) the official closing price published on the relevant Recognised Market at the Valuation Point, as specified in the Relevant Supplement. Each asset owned by an Actively Managed Sub-Fund which is quoted, listed or traded on or under the rules of any Recognised Market shall be valued at (a) closing bid price, (b) last bid price, (c) last traded price, (d) closing mid-market price, (e) last mid-market price or (f) the official closing price on the relevant Recognised Market at the Valuation Point, as specified in the Relevant Supplement. Prices will be obtained for this purpose by the Administrator from independent sources, such as recognised pricing services or brokers specialising in the relevant markets.

If the investment is normally quoted, listed or traded on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be either (a) that which is the main market for the investment or (b) the market which the Management Company determines provides the fairest criteria in a value for the security.

If prices for an investment quoted, listed or traded on the relevant Recognised Market are not available at the relevant time, or are unrepresentative, such investment shall be valued at such value as shall be estimated with care and in good faith as the probable realisation value of the investment by the Management Company, the Investment Manager or such other competent professional person, firm or corporation appointed for such purpose by the Management Company and approved for the purpose by the Depositary or by any other means provided the value is approved by the Depositary.

If the investment is quoted, listed or traded on a Recognised Market but acquired or traded at a premium or discount outside of or off the Recognised Market, the investment shall be valued taking into account the level of premium or discount as of the date of valuation of the instrument and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. Neither the Management Company, the Investment Manager or their delegates nor the Depositary shall be under any liability if a price reasonably believed by them to be the (a) closing bid price, (b) last bid price, (c) last traded price, (d) closing mid-market price or (e) last mid-market price or the probable realisation value for the time being, may be found not to be such.

The value of any investment which is not normally quoted, listed or traded on or under the rules of a Recognised Market, will be valued at its probable realisation value estimated with care and in good faith by the Management

Company, the Investment Manager or by such other competent person, firm or corporation appointed by the Management Company and approved for such purpose by the Depositary or by any other means provided the value is approved by the Depositary.

Cash in hand or on deposit shall be valued at face value together with accrued interest where applicable, unless in the opinion of the Management Company, or the Investment Manager as competent person, any adjustment should be made to reflect the fair value thereof.

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

OTC derivatives will be valued at the probable realisation value estimated with care and in good faith by the Investment Manager or such other competent person, firm or corporation appointed by the Management Company and approved for such purpose by the Depositary.

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

Certificates of deposit shall be valued by reference to the latest available sale price for certificates of deposit of like maturity, amount and credit risk on each Business Day or, if such price is not available, at the latest bid price or, if such price is not available or is unrepresentative of the value of such certificate of deposit in the opinion of the Management Company, or the Investment Manager as competent person, at probable realisation value estimated with care and in good faith by the Investment Manager or such other competent person appointed by the Management Company and approved for the purpose by the Depositary. Treasury bills and bills of exchange shall be valued with reference to prices ruling in the relevant markets for such instruments of like maturity, amount and credit risk at the Valuation Point on such markets on the relevant Business Day.

Units or shares in collective investment schemes shall be valued on the basis of the latest available net asset value per unit or share as published by the collective investment scheme. If units or shares in such collective investment schemes are quoted, listed or traded on or under the rules of any Recognised Market then such units or shares will be valued in accordance with the rules set out above for the valuation of assets which are quoted, listed or traded on or under the rules of any Recognised Market. If such prices are unavailable, the units or shares will be valued at their probable realisation value estimated with care and in good faith by the Investment Manager or such other competent person, firm or corporation appointed for such purpose by the Management Company and approved for the purpose by the Depositary.

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

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

Save where the determination of the Net Asset Value per Share in respect of any Sub-Fund has been temporarily suspended in the circumstances described under "*Temporary Suspension of Dealings*" in this section, the up to date Net Asset Value per Share shall be made public as soon as possible after the Valuation Point on the Website. The Net Asset Value per Share may also be available at the office of the Administrator and published by the Administrator in various publications (in accordance with Central Bank requirements) if required and will be notified to any Listing Stock Exchange in accordance with the rules of the relevant Listing Stock Exchange, if applicable.

**Indicative Net Asset Value.** The indicative net asset value (INAV) is an estimation of the Net Asset Value per

Share of a Sub-Fund which is calculated on a continuous basis during trading hours. The values are intended to provide investors and market participants with a continuous indication of a Sub-Fund's value.

The responsibility for the calculation and publication of the INAV of a Sub-Fund has been delegated to the entity specified in the Relevant Supplement. INAVs are disseminated and are displayed on major market data vendor terminals, including Bloomberg, Reuters.

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

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

- (i) while any transfer of funds involved in the realisation, acquisition or disposal of investments or payments due on sale of such investments by the ICAV cannot, in the opinion of the ICAV or the Investment Manager, be effected at normal prices or rates of exchange or be effected without seriously prejudicing the interests of the Shareholders or the ICAV; or
- (ii) during any breakdown in the communications normally employed in valuing any of the ICAV's assets, or when, for any reason, the price or value of any of the ICAV's assets cannot be promptly and accurately ascertained; or
- (iii) if the ICAV, or the Sub-Fund is being, or may be, wound-up on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind up the ICAV or the Sub-Fund is proposed; or
- (iv) during the existence of any state of affairs which, in the view of the ICAV, constitutes an emergency as a result of which disposal or valuation of investments of the relevant Sub-Funds by the Investment Manager is impracticable; or
- (v) if the ICAV has determined that there has been a material change in the valuation of a substantial proportion of the investments of the ICAV attributable to a particular Sub-Fund and the ICAV has decided, in order to safeguard the interest of the Shareholders and the ICAV, to delay the preparation or use of a valuation or carry out a later or subsequent valuation; or
- (vi) while the value of any subsidiary of the ICAV may not be determined accurately;
- (vii) during any other circumstance or circumstances where a failure to do so might result in the ICAV or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment to which the ICAV or its Shareholders might not otherwise have suffered; or
- (viii) any period when the Directors determine that it is in the best interests of the Shareholders to do so.

The suspension of the calculation of the Net Asset Value of any Sub-Fund or Share Class shall not affect the valuation of other Sub-Funds or Share Classes, unless these Sub-Funds or Share Classes are also affected.

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



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## DISTRIBUTIONS

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

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

With respect to the Accumulating Share Classes in all Sub-Funds, the Directors have determined to accumulate all net investment income and net realised capital gains attributable to such Accumulating Share Classes and therefore do not intend to declare dividends in respect of Shares in such Share Classes.

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

Unless otherwise specified in relation to any particular Distributing Class in the Relevant Supplement, when available, it is intended that dividends will be declared and paid semi-annually, on the final business day of June and December in relation to the net income of the Distributing Classes for the relevant period. Subject to income being available for distribution, the Directors may also decide to declare and pay interim dividends in relation to any of the Distributing Classes. All Shares in issue in a Distributing Class on any date on which the Directors determine to declare a dividend in respect of such Distributing Class will be eligible for such dividend.

Dividends remaining unclaimed six years after the dividend record date will be forfeited and will accrue for the benefit of the relevant Sub-Fund.

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

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

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## FEES AND EXPENSES

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All of the following fees and expenses payable in respect of a Sub-Fund or Share Class are paid as one single fee, which will not exceed an amount described in the Relevant Supplement. This is referred to as the total expense ratio or "TER". The TER is calculated and accrued daily from the Net Asset Value of each Sub-Fund and payable monthly in arrears at the rate set out in the Relevant Supplement. The following fees and operational expenses of the Sub-Fund shall be paid out of the TER:

- All the ordinary operating and administrative expenses of the ICAV or Share Class, including, but not limited to, Directors', auditors', legal advisors', Investment Manager's, Management Company's, Administrator's, Depository's, Distributor's, paying agent's, sub-custodian's, Index Providers' and other service providers' fees and expenses. This also includes formation expenses such as organisation and registration costs; accounting expenses covering fund accounting and administrative services; transfer agency expenses covering registrar and transfer agency services; administrative services and domiciliary agent services; the fees and reasonable out-of-pocket expenses of the Paying Agents and representatives; legal fees and expenses; ongoing registration, listing and quotation fees, including translation expenses; the cost of publication of the Share prices and postage, telephone, facsimile transmission and other electronic means of communication; and the costs of printing and distributing the Prospectus and Supplements, KIID(s), reports, accounts and any explanatory memoranda, any necessary translation fees

Subject to applicable law and regulation, each of the Management Company or Investment Manager may pay part or all of its fees to any person that invests in or provides services to the ICAV or in respect of any Sub-Fund in the form of a commission, retrocession, rebate or discount. If the fees or expenses described above attributable to a Sub-Fund or Share Class exceed the TER set out in the Relevant Supplement, the Investment Manager has agreed to cover any shortfall from its own assets.

The TER does not include extraordinary costs, transaction costs and related expenses, including but not limited to, transaction charges, stamp duty or other taxes on the investments of the ICAV, including duties and charges for portfolio re-balancing, withholding taxes, commissions and brokerage fees incurred with respect to the ICAV's investments, Class hedging costs, interest on borrowings and bank charges incurred in negotiating, effecting or varying the terms of such borrowings, any commissions charged by intermediaries in relation to an investment in the Sub-Fund and such extraordinary or exceptional costs and expenses (if any) as may arise from time to time, such as material litigation in relation to the a Sub-Fund or the ICAV) which will be paid separately out of the assets of the relevant Sub-Fund.

In certain jurisdictions where subscriptions, redemptions and conversions are made through a third party agent, additional fees and expenses may be imposed by that third party upon local investors. Such fees and expenses do not accrue to the ICAV.

Subject to the investment restrictions described in this Prospectus, Sub-Funds may invest in other UCITS eligible collective investment schemes, including exchange traded funds (the "**Undertakings**") managed by the Management Company, the Investment Manager or their affiliates. In accordance with the "*Investment in Underlying Funds*" sub-section of the "*Risk Information*" section, no double-charging of fees payable to the Management Company and Investment Manager (together the "**Management Fees**") will occur. The avoidance of a double-charge of the Management Fees on such assets is achieved by either: a) excluding the assets from the net assets on which the Management Fees are calculated; or b) investing in Undertakings via Share Classes that do not accrue an Management Fees or other equivalent fees payable to the relevant adviser's group; or c) the Management Fees being netted off by a rebate to the ICAV or Sub-Fund of the Management Fee (or equivalent) charged to the underlying Undertakings; or d) charging only the difference between the Management Fee of the ICAV or Sub-Fund and the Management Fee (or equivalent) charged to the underlying Undertakings.

Subscription, redemption and conversion charges of other UCITS eligible collective investment schemes, including exchange traded funds, managed by the Management Company, the Investment Manager or their affiliates into which a Sub-Fund may invest will be waived.

Where a Sub-Fund invests in Undertakings managed by investment managers which are not affiliates of the Management Company or the Investment Manager, the Management Fees, as part of the TER, may be charged regardless of any fees reflected in the price of the shares or units of the Undertakings.

Sub-Funds may invest in other UCITS eligible collective investment schemes, including exchange traded funds, including those managed by the Management Company, the Investment Manager or their affiliates which may charge performance fees. Such fees will be reflected in the Net Asset Value of the relevant Sub-Fund.

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## TAX INFORMATION

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### IRELAND

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

*The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares.*

#### **Taxation of the ICAV**

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

The Irish exit tax regime which is ordinarily applicable to an 'investment undertaking' does not apply to an 'investment undertaking', such as the ICAV, which is an ETF, provided the Shares of the ICAV remain held in a clearing system that is recognised by the Irish Revenue Commissioners (which currently includes Euroclear and Clearstream). As a result, the ICAV will not be obliged to account for any Irish exit tax (or other Irish tax) in respect of the Shares. Certain categories of Irish Shareholders will be required to self-account for Irish tax due, as described in more detail below.

If the Shares cease to be held in such a recognised clearing system, the ICAV would be obliged to account for Irish exit tax to the Irish Revenue Commissioners in certain circumstances.

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

Shareholders who are not resident (or ordinarily resident) in Ireland for Irish tax purposes will have no liability to Irish income tax or capital gains tax in respect of their Shares.

If a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax (on a self-assessment basis) in respect of the Shares. Explanations of the terms '*resident*' and '*ordinarily resident*' are set out at the end of this summary.

#### **Taxation of Irish Shareholders**

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

#### **Irish Stamp Duty**

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

#### **Irish Gift & Inheritance Tax**

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

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

**Meaning of Terms**

*Meaning of 'Residence' for Companies*

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

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

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

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

*Meaning of 'Residence' for Individuals*

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

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

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

*Meaning of 'Ordinary Residence' for Individuals*

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

ordinarily resident in Ireland in 2015 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2018.

#### *Meaning of "Intermediary"*

An "intermediary" means a person who:

- (a) carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or
- (b) holds units in such an investment undertaking on behalf of other persons.

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

#### **Automatic Exchange of Information for International Tax Compliance**

In order to comply with the legislation implementing applicable legal obligations including those under various intergovernmental agreements and EU directives relating to the automatic exchange of information to improve international tax compliance (including but not limited to, the United States provisions commonly known as FATCA (the Foreign Account Tax Compliance Act) and the OECD Common Reporting Standard), the ICAV (or its agent) will collect and report information about Shareholders for this purpose, including information to verify their identity and tax status, to the relevant authorities.

The ICAV is a reporting financial institution and will comply with these Irish laws.

When requested to do so by the ICAV or its agent, Shareholders must provide information including tax certifications. All Shareholders that are Reportable persons (and Controlling Persons of certain entities that are Passive Non-Financial Entities) under the various applicable rules will be reported to the relevant tax authority and by that tax authority, to any relevant overseas tax authorities.

Additionally, US persons, US citizens and US tax residents are subject to reporting to the United States Internal Revenue Service (IRS) and may be subject to US withholding taxes.

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## MANAGEMENT

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

**Xiaolin Chen (UK resident)**

Xiaolin is a Managing Director, Global Head of Investment Solutions and Strategies of KraneShares based out of the United Kingdom. Prior to joining the firm, Xiaolin was a lead portfolio manager with J.P.Morgan Private Bank managing fund of fund portfolios comprising public market and liquid alternative assets. Xiaolin was responsible for client portfolios totalling \$70 billion collectively across a range of different risk parameters. Her duties included development of investment strategy, tactical asset allocation and investment implementation.

Xiaolin has extensive experience in both London and New York developing and managing investment solutions to help clients meet a wide range of investment targets and objectives. She has covered clients across EMEA, Asia and the United States and has in depth onshore and offshore multi-asset investment solution knowledge.

Xiaolin holds a Bachelor's Degree and Ph.D. in Computer Science, both obtained from the University of Nottingham, the United Kingdom.

**Jonathan Krane (US resident)**

Jonathan Krane is the founder and Chief Executive Officer of KraneShares, an asset management firm delivering China-focused exchange traded funds to global investors. KraneShares focuses on providing expert access and products for investors to gain exposure to China's capital markets. Jonathan has spent the last fifteen years working with companies in China. He previously founded a leading media and entertainment company in China which was later sold to a publicly traded multi-national corporation.

Jonathan received an MBA from Columbia Business School and a BA from Connecticut College. He is on the board of the US-China Strong Foundation and is a member of the Young Presidents Organization (YPO).

**Lorcan Murphy (Irish resident)**

Lorcan Murphy is an independent non-executive director and marketing and distribution consultant for a number of Irish and UK companies providing 20 years' knowledge of global mutual funds, spanning operational management, risk management, compliance, product development and asset gathering. He is former Head of Private Wealth, EMEA and former Head of Pooled Funds Group with Barclays Global Investors Ltd. Mr. Murphy is a member of the Institute of Chartered Accountants in Ireland and has a Bachelor of Business Science degree (Economics major) from Trinity College Dublin.

**Feargal Dempsey (Irish resident)**

Mr Dempsey is a provider of independent consulting and directorship services. He has held senior positions at Barclays Global Investors/BlackRock including Head of Product Governance, Head of Product Strategy iShares EMEA and Head of Product Structuring EMEA. Previously he has also served as Group Legal Counsel, Eagle Star Life Ireland (now Zurich Financial Services), Head of Legal to ETF Securities and as a senior lawyer in Pioneer Investments. Mr Dempsey holds a BA(Hons) and an LLB(Hons) from University College Galway and was admitted to the Roll of Solicitors in Ireland in 1996 and to the England and Wales Law Society in 2005. He has served on the Legal and Regulatory committee of Irish Funds and the ETF Working Group at the European Fund Asset Management Association.

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

The Directors have delegated (a) the safe-keeping of the ICAV's assets to the Depositary; and (b) the administration of the ICAV's affairs and responsibility for the investment management, distribution and marketing of the ICAV to the Management Company. The Instrument of Incorporation does not stipulate a retirement age for Directors and does not provide for retirement of Directors by rotation. The Instrument of Incorporation provides that a Director may be a party to any transaction or arrangement with the ICAV or in which the ICAV is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. The ICAV has granted indemnities to the Directors in respect of any loss

or damages that they may suffer, save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the ICAV.

None of the Directors has:

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

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

**Depository.** The ICAV has appointed SEI Investments – Depository and Custodial Services (Ireland) Limited as depository of the ICAV pursuant to the Depository Agreement with responsibility for acting as depository of the assets of each Fund. The Depository is a limited liability company incorporated in Ireland on 18 November 1999 and has an authorised share capital of \$1,000,000 of which \$1.00 is allotted and fully paid up. The Depository's registered office is at Styne House, 2nd Floor, Upper Hatch Street, Dublin 2, Ireland. The Depository is a wholly owned subsidiary of SEI Investments Global, Limited, a company incorporated in Ireland. The ultimate parent company is SEI Investments Company, a company incorporated under the laws of the State of Pennsylvania in the United States of America. The Depository's main business activity consists of providing depository and related services to collective investment schemes and other portfolios.

The Depository shall carry out functions in respect of the ICAV including but not limited to the following:

- (i) the Depository shall hold in custody all financial instruments that can be held in custody ("**Custody Assets**");
- (ii) the Depository shall verify the ICAV's ownership of all financial instruments that cannot be held in custody ("**Non-Custody Assets**") and maintain and keep up-to-date a record of such assets it is satisfied are owned by the ICAV;
- (iii) the Depository shall ensure effective and proper monitoring of the ICAV's cash flows;
- (iv) the Depository shall be responsible for certain oversight obligations in respect of the ICAV – see "Summary of Oversight Obligations" below.

Duties and functions in relation to (iii) and (iv) above may not be delegated by the Depository.

#### Summary of Oversight Obligations:

The Depository is obliged, among other things, to:

- (v) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected by or on behalf of the ICAV are carried out in accordance with the Regulations and the Instrument of Incorporation;
- (vi) ensure that the value of Shares is calculated in accordance with the Regulations and the Instrument of Incorporation;
- (vii) carry out the instructions of the ICAV unless they conflict with the Regulations or the Instrument of Incorporation;
- (viii) ensure that in each transaction involving the ICAV's assets, any consideration is remitted to it within the usual time limits;



- (ix) ensure that the ICAV's income is applied in accordance with the Regulations and the Instrument of Incorporation;
- (x) enquire into the conduct of the ICAV and the Manager in each accounting period and report thereon to the Shareholders. The Depositary's report will be delivered to the ICAV or the Manager in good time to enable it to include a copy of the report in the annual report of the ICAV. The Depositary's report will state whether, in the Depositary's opinion, the ICAV has been managed in that period:
  - a) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the Instrument of Incorporation and by the Regulations; and
  - b) otherwise in accordance with the provisions of the Instrument of Incorporation and the Regulations.

If the ICAV has not been managed in accordance with (a) or (b) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken to rectify the situation;

- (xi) notify the Central Bank promptly of any material breach by the ICAV or the Depositary of any requirement, obligation or document to which Regulation 114(2) of the Central Bank Regulations relates; and
- (xii) notify the Central Bank promptly of any non-material breach by the ICAV or the Depositary of any requirement, obligation or document to which Regulation 114(2) of the Central Bank Regulations relates where such breach is not resolved within 4 weeks of the Depositary becoming aware of such non-material breach.

The duties provided for above may not be delegated by the Depositary to a third party.

Under the Depositary Agreement, the Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated its safekeeping duties in respect of Custody Assets to Brown Brothers Harriman & Co.

In discharging its role, the Depositary shall act honestly, fairly, professionally, independently and in the interests of the ICAV and the Shareholders. Up-to-date information in relation to the identity of the Depositary, the Depositary's duties, any safekeeping duties delegated by the Depositary, the list of delegates and sub-delegates of the Depositary and any conflicts of interest (as outlined in the "Conflicts of Interest" section of this Prospectus) will be made available to Shareholders on request.

Pursuant to the Depositary Agreement, the Depositary will act as depositary of all of the ICAV's assets including cash. The Depositary will collect any income arising from the ICAV's assets on the ICAV's behalf. The Depositary will be entitled to receive a fee as described in the "Fees and Expenses" section of this Prospectus. The Depositary Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Depositary Agreement may also be terminated by either party forthwith by giving notice in writing to the other party upon certain breaches as outlined in the Depositary Agreement or upon the insolvency of a party (or upon the happening of a like event). The ICAV may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor depositary approved by the Central Bank has been appointed with the prior approval of the Central Bank or the authorisation of the ICAV has been revoked by the Central Bank.

The Depositary shall be liable to the ICAV and to the Shareholders, for the loss by the Depositary or a duly appointed delegate of any Custody Assets (determined in accordance with the UCITS Directive) and shall be responsible for the return of financial instruments or corresponding amount to the ICAV without undue delay. The Depositary shall be liable to the ICAV, or to the Shareholders, for all losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the UCITS Directive. The Depositary Agreement contains indemnities in favour of the Depositary for certain losses incurred but excluding circumstances where the Depositary is liable for the losses incurred.

## **Delegation**

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

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

**Management Company.** The ICAV has appointed DMS Investment Management Services (Europe) Limited as its management company pursuant to the Management Agreement.

The Management Company is authorised and regulated as a UCITS management company by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and has the necessary permissions to manage an Irish domiciled UCITS. The Management Company was incorporated in Ireland as a private limited company on 7 August 2012. It is a 100% subsidiary of DMS Governance (Europe) Limited, a limited liability company incorporated in Ireland, which is a 100% subsidiary of DMS Governance Limited, a Cayman incorporated private limited company which is regulated by the Cayman Islands Monetary Authority. The company secretary of the Management Company is DMS Governance Risk and Compliance Services Limited.

The Management Company and DMS Governance Limited are part of the DMS group of companies (the "**DMS Group**"). The DMS Group is a worldwide leader in fund governance, with the industry's largest team of more than 80 full-time directors, associate directors and associates, all utilising forensic governance techniques and leveraging industry-leading proprietary technologies. The DMS Group serves all major offshore financial centres and represents leading investment funds from the largest funds in the industry to ambitious start-up funds. Based in the Cayman Islands, the DMS Group also has offices in Dublin, Luxembourg, London, Brazil, Hong Kong and New York led by principals experienced in their specialist markets.

The DMS Group has expanded beyond its initial focus of offering independent directors to Cayman domiciled hedge funds to offering complementary services to its hedge fund clients, to include investment management, corporate services, banking and trust services, and insurance. It has a long and successful relationship with US investment managers and its Irish based operations are expected to grow significantly to support this client base in establishing UCITS compliant funds.

The Management Agreement contains provisions governing the responsibilities of the Management Company in relation to the management and administration of the ICAV. The Management Agreement will continue in force unless and until terminated by either party giving to the other not less than 180 days' written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Management Agreement may be terminated by notice in writing by either party to the other. The Management Agreement contains indemnities in favour of the Management Company other than matters arising by reason of its negligence, wilful misconduct or fraud.

The Directors of the Management Company are as follows:

**Derek Delaney.** Mr Delaney is Global Chief Operating Officer and Global Head of Business Development for the DMS Group. Previously, Mr Delaney was employed with BNY Mellon Fund Services (Ireland) Limited in Dublin from September 2007 to April 2011, initially as the European and Asian Head of AIS Client Services and then as Global Product Manager (Head of Business Solutions within the European Alternative Investment Services division).

Before joining BNY Mellon, he was employed with Citco Fund Services (Dublin) Limited from May 2005 to September 2007 where he initially served as Senior Fund Accountant and later moved into the role of Senior Manager. Mr Delaney began his career as a fund accountant at International Fund Services (Ireland) Limited, working out of both its Ireland and New York offices between February 2004 and April 2005.

He earned a Bachelor's Degree in Business Studies and Accountancy from Waterford Institute of Technology. He serves as an independent director on Luxembourg and Irish regulated funds and he has extensive experience in UCITS, alternative investment funds, alternative investment vehicles and private equity structures. He is also a member of the Institute of Directors in Ireland.

**Conor MacGuinness.** Mr MacGuinness is managing director of the Management Company. Mr MacGuinness joined DMS Europe in December 2013 and brings to his role his well-rounded experience in fund administration, with particular emphasis on alternative investment structures, which he gained in Ireland, Switzerland and Luxembourg.

Prior to joining DMS Europe, Mr MacGuinness was Vice President and Manager of the client services team with BNY Mellon Fund Services (Ireland) Limited, a position he had held from November 2005 to December 2013. In this role he managed a team of client service professionals covering a range of alternative asset manager clients worth approximately US\$100bn AUA, covering Ireland, Luxembourg, Hong Kong and Tokyo offices.

Prior to this, from August 1999 to August 2004, Mr MacGuinness worked as a Team Leader with Man Investments, a leading provider of alternative investment solutions to private and institutional clients worldwide. He has extensive experience in UCITS, alternative investment funds, alternative investment vehicles and private equity structures. Mr MacGuinness holds an MBA from the UCD Michael Smurfit School of Business, a Certificate in Investment Management from the Society of Investment Analysts in Ireland and a Bachelor of Arts Degree in Accounting and Finance from Dublin City University.

**Tim Madigan.** Mr Madigan is an independent non-executive director of a number of Dublin based investment funds (both UCITS and alternative investment vehicles) and insurance companies. He is chairman and independent non-executive director of the Management Company. From 2010 to 2011, Mr Madigan was finance director of Aviva Investment Management Europe, where he led the set-up of the finance function for Aviva Europe's Dublin based centre of excellence, established to manage treasury assets and investment management mandates. Prior to this, Mr Madigan was managing director of cross-border life insurance company Aviva Life International from 2006 to 2010 (previously he was finance director for that company). In this role, he chaired the Investment Committee as well as leading a strategic review of business in 2009 following the onset of the global financial crisis. He holds a bachelor's degree in Business Studies (Finance) from the University of Limerick, is a Fellow of the Association of Chartered Certified Accountants and is a Certified Investment Fund Director.

**Jeremy O'Sullivan.** Mr O'Sullivan is a director of the Management Company and joined DMS Europe in January 2012. He assists the DMS Group's global client base in understanding the requirements and options open to them in the European regulated space and also oversees GMT time-zone support from the DMS Group to its European clients.

Prior to joining DMS Europe, Mr O'Sullivan was a Senior Manager with BNY Mellon Fund Services (Ireland) Limited from October 2007 to December 2011, where he was responsible for the EMEA and APAC alternative investment services new business implementation team covering alternative investments and private equity structures.

From May 2006 to October 2007 Mr O'Sullivan worked as a Business Solutions Manager with FundAssist, a specialist service provider to the investment funds industry. Mr O'Sullivan began his career in July 1999 in the Accounting and Valuations Alternative Funds Department at HSBC Securities Services (Ireland) Limited, where he worked until May 2004.

He serves as an independent director of a number of Irish regulated funds and has extensive experience in UCITS, alternative investment funds, alternative investment vehicles and private equity structures. Mr O'Sullivan is a Chartered Alternative Investment Analyst and holds a Bachelor of Science Degree in Finance from University College Cork, Ireland. He is also a member of the Institute of Directors in Ireland.

**David McGeough.** Mr McGeough is an independent non-executive of the Management Company. From February 2007 to date, Mr McGeough has been a non-executive director of, and adviser to, various asset management firms and investment funds and an international Hedge Fund Operational, Risk Assessment and Rating business. From July 2002 until 1 February 2007, Mr McGeough was a partner, member of the Management Committees and General Counsel at Vega Asset Management Group: a hedge fund manager with U.S.\$12.5 billion assets under management (2005). Prior to this Mr McGeough was COO and CEO of Mobileaware Limited, an international technology business. Before joining Mobileaware Limited, from January 1994 to December 2000, Mr McGeough was a partner at Matheson, one of Ireland's largest law firms, where he managed the financial services and investment funds practice. Mr McGeough has served as a member of the Department of An Taoiseach's International Banking and Treasury Group and as a member of the Steering Committee of the Advisory Group to the Irish Government in relation to the disposal of the National TV

Transmission 36 Network. Mr McGeough is an Honours Graduate of Law (Magna Cum Laude) from University College Dublin Law School, Ireland.

### **Remuneration**

The Management Company is subject to remuneration policies, procedures and practices (together, the “**Remuneration Policy**”). The Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed not to encourage risk-taking which is inconsistent with the risk profile of the Funds. The Remuneration Policy is in line with the business strategy, objectives, values and interests of the ICAV and the Funds, and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Funds, and ensures that no individual will be involved in determining or approving their own remuneration. The Remuneration Policy will be reviewed annually.

Details of the up-to-date Remuneration Policy, including a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available via [www.dmsgovernance.com](http://www.dmsgovernance.com). The Remuneration Policy summary will be made available for inspection and a paper copy may be obtained, free of charge, at the registered office of the ICAV.

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

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

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

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

**Investment Manager.** The Management Company has appointed the Investment Manager as the investment manager of the ICAV to assist in investing and managing the cash and other assets and investments of the ICAV. The Investment Manager has been registered as an Investment Adviser with the Securities and Exchange Commission in the United States and conducts investment research and is responsible for the purchase, sale or exchange of portfolio assets.

The Investment Management Agreement dated 11 October 2018 between the Management Company, the ICAV and the Investment Manager (the “**Investment Management Agreement**”) provides that the Investment Manager shall not be liable for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Management Agreement in the absence of negligence, recklessness, fraud, bad faith or wilful default or breach. The ICAV shall hold harmless and indemnify the Investment Manager and its employees from and against all actions, proceedings, claims and direct damages, costs, demands and expenses, suffered or incurred in connection with or arising out of the Investment Manager’s performance or non-performance of its duties under the Investment Management Agreement other than due to negligence, recklessness, fraud, bad faith or wilful default or breach of the terms of the Investment Management Agreement.

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

its terms. Any party shall be entitled to terminate this Agreement by giving not less than 90 days' notice in writing to the other parties. Any party may terminate the Investment Management Agreement immediately at any time by notice in writing to the other parties where a party has breached its obligations under the Investment Management Agreement and failed to make good such breach within 30 days of receipt of notice requiring it to do so or where a party becomes subject to insolvency proceedings. The Management Company may terminate the Investment Management Agreement with immediate effect if this is considered by the Management Company to be in the best interests of Shareholders

The Investment Manager may delegate some or all of its investment management function to sub-investment managers. Information with respect to sub-investment managers which may be appointed by the Investment Manager will be disclosed in the annual and semi-annual reports of the ICAV. The Investment Manager shall pay the fees of any sub-investment manager out of its own fees.

**Administrator.** The Management Company has appointed SEI Investments – Global Fund Services Limited as Administrator to provide fund administration services to the ICAV pursuant to the Administration Agreement. The Administrator is a limited liability company incorporated in Ireland on 18 November 1999 (under registration number 315393, and has a paid up share capital of \$1,000,000. The Administrator is engaged in the provision of fund administration, accounting and related shareholder services to collective investment schemes and investment funds.

The day-to-day administrative services provided to the ICAV by the Administrator include maintaining the ICAV's books and records and assisting with preparation of annual and semi-annual reports of the ICAV. The Administrator's responsibilities also include the provision of fund accounting services, including the daily calculation of the Net Asset Value and the Net Asset Value per Share of each Sub-Fund.

The Administration Agreement can be terminated by either party on 120 days' notice in writing or immediately if any party (i) materially fails to perform its duties under the Administration Agreement and fails to remedy the failure within 60 days of the other party serving notice upon the defaulting party requiring it to remedy the failure; (ii) is placed in liquidation or is unable to pay its debts or is subject to insolvency; (iii) is the subject of a petition for the appointment of an examiner or similar officer; (iv) has a receiver appointed over all or a substantial part of its undertakings, assets or revenues; (v) is the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or (vi) is the subject of a court order for its winding up.

In the absence of negligence, bad faith, recklessness, fraud or wilful default the Administrator will not be liable to the ICAV for any act or omission in carrying out its duties under the Administration Agreement. Under the Administration Agreement, in the absence of bad faith, fraud, recklessness, negligence or wilful default of the Administrator, the ICAV shall indemnify and hold harmless the Administrator against all actions, suits and claims, whether groundless or otherwise, and from and against any and all losses, damages, costs, charges, reasonable counsel fees and disbursements, payments, expenses and liabilities (including reasonable investigation expenses) arising directly or indirectly out of the performance of its duties.

**Distributors.** The Management Company may enter into agreements with certain Distributors pursuant to which such Distributors agree to act as, or appoint, nominees for investors subscribing for Shares through their facilities. In such capacity, such Distributor may effect subscriptions, conversions and redemptions of Shares in nominee name on behalf of individual investors, and request the registration of such operations on the Share records of the Sub-Fund in such nominee name. Such nominee/Distributor maintains its own records and provides the investor with individualised information as to its holdings of Shares in the Sub-Fund. Except where local law or custom prescribes the practice, investors may invest directly in the ICAV and not avail themselves of a nominee service. Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a Distributor has a direct claim to the particular Shares subscribed for on its behalf by its nominee.

In all cases such agreements between the Management Company and any nominee/Distributor will be subject to the provisions for anti-money laundering as set out in the "*Purchase and Sale Information*" section.

The Directors draw the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the ICAV, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the Register for the Sub-Fund. In cases where an investor invests in a Sub-Fund through an intermediary investing into the Sub-Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against

the Sub-Fund. Investors are advised to take advice on their rights. The fees and expenses of the Distributors will be paid out of the TER.

**Paying Agents.** Local laws/regulations in certain EEA member states or any other country where a Sub-Fund is registered may require (i) the Management Company to appoint a Paying Agent and (ii) the maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or who are obliged under local regulations to pay subscription monies, or receive redemption monies or dividends, through a Paying Agent are subject to the credit risk of the Paying Agent with respect to (a) the subscription monies for investment in a Sub-Fund held by the Paying Agent prior to the transmission of such monies to the Administrator for the account of the relevant Sub-Fund and (b) the redemption monies and dividend payments held by the Paying Agent (after transmission by the ICAV) prior to payment to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Management Company, which will be at normal commercial rates, will be borne of the TER of the relevant Sub-Fund in respect of which a Paying Agent has been appointed. All Shareholders of the relevant Sub-Fund on whose behalf a Paying Agent is appointed may use the services provided by Paying Agents appointed by the Management Company on behalf of the ICAV.

**Registrar.** The Management Company has appointed Brown Brothers Harriman Fund Administration Services (Ireland) Limited to act as the Registrar in relation to the Shares pursuant to the Registrar Agreement. The Registrar was incorporated as a private limited liability company in Ireland on 29 March 1995 under registration number 231236.

The Registrar Agreement provides that the appointment of the Registrar will continue in force unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Registrar Agreement may be terminated forthwith by notice in writing by either party to the other. The Registrar shall use reasonable care and diligence in performing its duties, but shall not be held accountable or liable for any losses, damages or expenses the Management Company or the ICAV may suffer or incur arising from acts, omissions, errors or delays of the Registrar in the performance of its obligations and duties except a damage, loss or expense resulting from the Registrar's material breach of the agreement, wilful malfeasance, bad faith, fraud or negligence in the performance of such obligations and duties. Provided the Registrar has exercised reasonable care and diligence, the ICAV shall indemnify out of the assets of the ICAV, the Registrar and its officers, directors and employees against and hold it harmless from any and all losses, claims (including, for the avoidance of doubt, third party claims), damages, fines, penalties, liabilities and expenses arising from the performance by the Registrar of its duties under the Registrar Agreement, not resulting from the wilful malfeasance, bad faith, fraud or negligence of the Registrar's in the performance of such obligations and duties.

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

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

**Auditors.** KPMG serve as auditors to the ICAV.

**Legal Counsel.** Matheson serve as legal counsel to the ICAV.

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## CONFLICTS OF INTEREST

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An investment in the ICAV or a Sub-Fund is subject to a number of actual or potential conflicts of interest. The Management Company, the Investment Managers and affiliates of each have adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, these policies and procedures are designed to comply with applicable law where the activities that give rise to conflicts of interest are limited and/or prohibited by law, unless an exception is available. The Management Company reports any material conflicts of interest that cannot be managed to the Board.

The Management Company, the Investment Manager and/or their affiliates provide a variety of different services to the ICAV, for which the ICAV compensates them. As a result, the Management Company, the Investment Manager and/or their affiliates have an incentive to enter into arrangements with the ICAV and face conflicts of interest when balancing that incentive against the best interests of the ICAV. The Management Company, the Investment Manager and any affiliates to which they delegate responsibility for investment management also face conflicts of interest in their service as management company and investment manager to other funds or clients and, from time to time, make investment decisions that differ from and/or negatively impact those made by the Management Company and the Investment Manager on behalf of the ICAV.

In addition, the Management Company, the Investment Manager and/or their affiliates provide a broad range of services and products to their clients and are participants in the global currency, equity, commodity, fixed-income and other markets in which a Sub-Fund invests or will invest. In certain circumstances by providing services and products to their clients, the activities of the Management Company, the Investment Manager and/or their affiliates may disadvantage or restrict the Sub-Funds and/or benefit these affiliates.

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

The Management Company or the Investment Manager may also acquire material non-public information which would negatively affect the Sub-Funds' ability to transact in certain securities.

The Sub-Funds may seek to track the performance of or otherwise take exposure to indices which are published or calculated by affiliates of the Management Company or the Investment Manager. In compliance with the requirements of the Central Bank, the performance of such indices will be calculated in an independent environment, free from any external influences from the ICAV or its service providers.

The Management Company, the Investment Manager, the Administrator, the Depositary, their delegates and their respective affiliates may each from time to time deal, as principal or agent, with the ICAV provided that such dealings are conducted on an arm's length basis and in the best interests of Shareholders. Permitted transactions are subject to: (i) certified valuation by a person approved by the Depositary (or the Management Company in the case of a transaction involving the Depositary or an affiliate of the Depositary) as independent and competent; or (ii) execution on best terms on organised investment exchanges under their rules; or (iii) where (i) and (ii) are not practical, the transaction is executed on terms which the Depositary (or the Management Company in the case of a transaction involving the Depositary or an affiliate of the Depositary), is satisfied are conducted at arm's length and in the best interests of Shareholders at the date of the transaction. The Depositary (or the Management Company in the case of a transaction involving the Depositary or an affiliate of the Depositary) shall document how it has complied with (i), (ii), or (iii) above. Where transactions are conducted in accordance with (iii), the Depositary (or the Management Company in the case of a transaction involving the Depositary or an affiliate of the Depositary) shall document its rationale for being satisfied that the transaction conformed to the principles outlined in this paragraph.

A report of such transactions entered into during a reporting period shall be provided in the annual and semi-annual reports, and will list all such transactions, by type, name of the related party and, where relevant, fees paid to that party in connection with the transaction.

The Instrument of Incorporation provides that the estimate of a competent person may be used when

determining the probable realisation value of assets. An estimate provided by the Management Company may be used for these purposes and Shareholders should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated probable realisation value of the security, the higher the fees payable to the Management Company.



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## SCHEDULE I – DEFINITIONS

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<b>Accumulating Classes</b>	<b>Share</b>	any Share Class in respect of which the Directors have determined to accumulate all net investment income and net realised capital gains attributable to such classes and in respect of which it is not intended to declare dividends, as specified in the Relevant Supplement;
<b>Act</b>		the Irish Collective Asset-management Vehicles Act 2015 and all applicable Central Bank regulations made or conditions imposed;
<b>Actively Managed Sub-Fund</b>		a Sub-Fund which is not an Index Tracking Sub-Fund and whose investments will be managed actively by the Investment Manager or its delegates to seek to achieve its investment objective;
<b>Administration Agreement</b>		the agreement dated 11 October 2018 between the Management Company, the ICAV and the Administrator, pursuant to which the Administrator was appointed to provide administration and accounting services to the ICAV, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Administrator</b>		SEI Investments – Global Fund Services Limited, or such other company as may from time to time be appointed to provide administration and accounting services to the ICAV in accordance with the requirements of the Central Bank;
<b>Authorised Participant</b>		with respect to Shares, a market maker or a broker-dealer entity, which has entered into a participating dealer agreement for the purposes of directly subscribing and/or redeeming Shares with the ICAV on the Primary Market;
<b>Base Currency</b>		the currency in which the Net Asset Value of each Sub-Fund is calculated or in which any Share Class is denominated;
<b>Board</b>		the board of Directors of the ICAV;
<b>Business Day</b>		in respect of each Sub-Fund, such day as is specified in the Relevant Supplement;
<b>Calculation Day</b>		a Business Day, other than, in relation to a Sub-Fund's investments, a day on which any exchange or market on which a substantial portion of the relevant Sub-Fund's investments (or the investments to which a Sub-Fund is exposed) is traded, is closed, unless otherwise specified in the Relevant Supplement. When dealings on any such exchange or market are restricted or suspended, the ICAV may, in consideration of prevailing market conditions or other relevant factors, determine whether such Business Day shall be a Calculation Day or not and, if not, shall publish such determination on the Website;
<b>Cash Accounts</b>	<b>Collection</b>	a cash subscription and redemption account into which all subscriptions into and redemptions and distributions due from a Sub-Fund will be paid;
<b>Central Bank</b>		the Central Bank of Ireland or any successor entity;
<b>Central Bank Regulations</b>	<b>UCITS</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended from time to time, and any guidance issued by the Central Bank in respect of same;
<b>Closing Date</b>		the final day of the Offer Period;
<b>Common Depositary</b>		the entity appointed as a depositary for the International Central Securities Depositaries;

<b>Currency Share Classes</b>	<b>Hedged</b>	a Share Class for which the intention is to systematically hedge currency exposure;
<b>Data Protection Legislation</b>	<b>Protection</b>	means (i) the Data Protection Acts 1988 and 2003 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board;
<b>Dealing Day</b>		each Calculation Day, will be a Dealing Day, unless otherwise specified in the Relevant Supplement, and as published for each Sub-Fund on the Website and/or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided always that there shall be at least one Dealing Day per fortnight;
<b>Depository</b>		SEI Investments – Depository and Custodial Services (Ireland) Limited or such other company as may from time to time be appointed to provide depository services to the ICAV in accordance with the requirements of the Central Bank;
<b>Depository Agreement</b>		the agreement dated 11 October 2018 between the ICAV and the Depository, pursuant to which the Depository was appointed as depository of the ICAV, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Directors</b>		the directors of the ICAV for the time being and any duly constituted committee thereof;
<b>Distributing Share Class</b>		any Share Class in respect of which the Directors intend to declare dividends in accordance with the Instrument of Incorporation, as specified in the “Distributions” section and in the Relevant Supplement;
<b>Duties and Charges</b>		all stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents’ fees, brokerage fees, commissions, bank charges, registration fees and other duties and charges, including any provision for the spread or difference between the price at which any asset was valued for the purpose of calculation of the Net Asset Value per Share of any Sub-Fund and the estimated or actual price at which any such asset is purchased or expected to be purchased, in the case of subscriptions to the relevant Sub-Fund, or sold or expected to be sold, in the case of redemptions from the relevant Sub-Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, whether paid, payable or incurred or expected to be paid, payable or incurred in respect of the constitution, increase or reduction of all of the cash and other assets of the ICAV or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares (including, if relevant the issue or cancellation of certificates for Shares) or investments by or on behalf of the ICAV;
<b>EEA</b>		European Economic Area;
<b>ESMA</b>		European Securities and Markets Authority;

<b>EU</b>	European Union;
<b>€ or Euro</b>	the single currency of participating member states of the European Monetary Union introduced on 1 January 1999;
<b>FATCA</b>	the provisions commonly known as the Foreign Accounts Tax Compliance Act in the enactment of the United States of America known as Hiring Incentives to Restore Employment Act 2010;
<b>FDI</b>	financial derivative instrument;
<b>Global Share Certificate</b>	the certificate evidencing entitlement to the Shares issued pursuant to the Instrument of Incorporation and the Prospectus, described in further detail under the section titled “Global Clearing and Settlement”;
<b>ICAV</b>	KraneShares ICAV;
<b>Index</b>	any financial index which an Index Tracking Sub-Fund will aim to track, pursuant to its investment objective and/or in accordance with its investment policies, as specified in the Relevant Supplement;
<b>Index Provider</b>	in relation to a Sub-Fund, the entity or person who, by itself or through a designated agent, compiles, calculates and publishes information on an Index as specified in the Relevant Supplement;
<b>Index Securities</b>	the securities that constitute each Index;
<b>Index Tracking Sub-Fund</b>	a Sub-Fund which seeks to track the performance of an Index while seeking to minimise as far as possible the tracking error between the Sub-Fund’s performance and that of its applicable Index;
<b>Initial Offer Price</b>	the price at which Shares may be subscribed for during the Offer Period;
<b>Instrument of Incorporation or IOI</b>	the Instrument of Incorporation of the ICAV;
<b>International Central Securities Depository or ICSD</b>	such recognised clearing systems used by the ICAV issuing its Shares through the International Central Securities Depository settlement system, which is an international settlement system connected to multiple national markets;
<b>Investment Manager</b>	Krane Funds Advisors, LLC or such other person, company or firm as may be appointed to act as investment manager or a delegate investment manager in respect of a Sub-Fund from time to time in accordance with the requirements of the Central Bank;
<b>Listing Stock Exchange</b>	such selected exchanges as the Directors may determine from time to time in respect of each Sub-Fund and which are specified on the Website;
<b>Management Agreement</b>	the agreement dated 11 October 2018 between the ICAV and the Management Company, pursuant to which the Management Company was appointed as UCITS management company of the ICAV, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Management Company</b>	DMS Investment Management Services (Europe) Limited or such other entity as may from time to time be appointed to provide management services to the ICAV in accordance with the requirements of the Central Bank;
<b>Member State</b>	a member state of the European Union;

<b>Minimum Subscription Amount</b>	the minimum amount to be subscribed for Shares on any Dealing Day, as determined by the Directors in respect of each Sub-Fund and specified in the Relevant Supplement, which may be expressed as a monetary amount or as a number of Shares;
<b>Minimum Redemption Amount</b>	the minimum amount that may be redeemed from any Sub-Fund on any Dealing Day, as determined by the Directors in respect of each Sub-Fund and specified in the Relevant Supplement, which may be expressed as a monetary amount or as a number of Shares;
<b>NAV Hedge</b>	a hedging method whereby the class currency of the Currency Hedged Share Class is systematically hedged to the Base Currency;
<b>Net Asset Value</b>	the net asset value of a Sub-Fund calculated as described in the “ <i>Determination of Net Asset Value</i> ” section;
<b>Net Asset Value per Share</b>	the net asset value of a Share in any Sub-Fund, including a Share of any Share Class, calculated as described in the “ <i>Determination of Net Asset Value</i> ” section;
<b>OECD</b>	the Organisation for Economic Co-Operation and Development;
<b>Offer Period</b>	as specified in the Relevant Supplement, the period during which Shares in a Sub-Fund may be subscribed for at the Initial Offer Price, or such earlier or later date as the Directors may determine;
<b>Paying Agents</b>	facilities agents / paying agents / representatives / distributors / correspondent banks appointment by the Management Company;
<b>Portfolio Hedge</b>	a hedging method whereby the currency exposures of the Sub-Fund’s portfolio holdings attributable to the Currency Hedged Share Class are systematically hedged back to the class currency of the Currency Hedged Share Class, unless for specific currencies it is impractical or not cost effective to apply such hedging;
<b>Primary Market</b>	the off-exchange market whereon Shares are created and redeemed directly with the ICAV;
<b>Privacy Statement</b>	means the privacy statement adopted by the ICAV, as amended from time to time, the current version of which is appended to the application form / available on the Website;
<b>Prospectus</b>	this document, the Relevant Supplement for any Sub-Fund and any other supplement or addendum designed to be read and construed together with and to form part of this document;
<b>Recognised Market</b>	any recognised exchange or market listed or referred to in Schedule II to this Prospectus and such other markets as Directors may from time to time determine in accordance with the regulatory criteria as defined in the Central Bank UCITS Regulations;
<b>Register</b>	the register of Shareholders maintained on behalf of the ICAV;
<b>Registrar</b>	Brown Brothers Harriman Fund Administration Services (Ireland) Limited or such other company as may from time to time be appointed to provide registration services to the ICAV in accordance with the requirements of the Central Bank;
<b>Registrar Agreement</b>	the agreement dated 11 October 2018 between the Management Company and the Registrar, pursuant to which the Registrar was appointed to act as Registrar to the ICAV, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;

<b>Relevant Institution</b>	(a) a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein); (b) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>Relevant Jurisdiction</b>	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom, Norway, Iceland and Liechtenstein;
<b>Relevant Supplement</b>	a document supplemental to the Prospectus containing information relating to each Sub-Fund;
<b>Secondary Market</b>	a market on which Shares of the Sub-Funds are traded between investors rather than with the ICAV itself, which may either take place on a Listing Stock Exchange or over-the-counter;
<b>Share or Shares</b>	a Share or Shares of whatsoever Share Class in the capital of the ICAV (other than Subscriber Shares) entitling the holders to participate in the profits of the ICAV attributable to the relevant Sub-Fund as described in this Prospectus;
<b>Share Class</b>	Shares of a particular Sub-Fund representing an interest in the Sub-Fund but designated as a class of Shares within such Sub-Fund for the purposes of attributing different proportions of the Net Asset Value of the relevant Sub-Fund to such Shares to accommodate different subscription, conversion and redemption charges, dividend arrangements, base currencies, currency hedging policies and/or fee arrangements specific to such Shares;
<b>Shareholder</b>	a person registered in the Register as a holder of Shares;
<b>Sub-Fund</b>	a portfolio of assets established by the Directors (with the prior approval of the Depositary and the Central Bank) and constituting a separate fund represented by a separate series of Shares and invested in accordance with the investment objective and policies applicable to such Sub-Fund;
<b>Subscriber Shares</b>	the subscriber shares of no par value issued for €1.00 each;
<b>UCITS</b>	an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations;
<b>UCITS Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011), as amended, and all applicable Central Bank notices issued or conditions imposed or derogations granted thereunder;
<b>US or United States</b>	the United States of America, its territories and possessions including the States and the District of Columbia;
<b>Valuation Point</b>	<p>the time specified for each Sub-Fund in the Relevant Supplement or such other time as the Directors may determine from time to time and notify to Shareholders;</p> <p>For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after such time as the Directors shall determine as the dealing deadline;</p>
<b>Value at Risk or VaR</b>	a risk management methodology which provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level.

**Website**

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

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**SCHEDULE II – RECOGNISED MARKETS**

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(i) Any stock exchange or market in Australia, Canada, Hong Kong, Japan, New Zealand, the Relevant Jurisdictions, Switzerland and the United States of America.

(ii) Any of the following markets or exchanges:

Abu Dhabi	Abu Dhabi Securities Exchange		
Argentina	Buenos Aires Stock Exchange Cordoba Stock Exchange La Plata Stock Exchange Mendoza Stock Exchange Rosario Stock Exchange	Indonesia	Jakarta Stock Exchange Surabaya Stock Exchange
		Israel	Tel Aviv Stock Exchange (TASE)
		Kazakhstan	Kazakhstan Stock Exchange
Brazil	Bahia-Sergipe-Alagoas Stock Exchange Brasilia Stock Exchange Extremo Sul Porto Alegre Stock Exchange Minas Esperito Santo Stock Exchange Parana Curitiba Stock Exchange Gauhati Stock Exchange Regional Fortaleza Stock Exchange Rio de Janeiro Stock Exchange Santos Stock Exchange Sao Paulo Stock Exchange	Malaysia	Bursa Malaysia Berhad Bumiputra Stock Exchange
		Mexico	Bolsa Mexicana de Valores
		Namibia	Namibian Stock Exchange
		New Zealand	New Zealand Stock Exchange
		Nigeria	Nigerian Stock Exchange
		Pakistan	Karachi Stock Exchange Lahore Stock Exchange
Chile	Santiago Stock Exchange Valparaiso Stock Exchange	Peru	Lima Stock Exchange
China	Shanghai Securities Exchange Shenzhen Stock Exchange	Philippines	Philippines Stock Exchange
Colombia	Colombian Stock Exchange	Qatar	Doha Securities Market
Egypt	Cairo and Alexandria Stock Exchange	Russia	Moscow Exchange
		Serbia	Belgrade Stock Exchange
Ghana	Ghana Stock Exchange	Singapore	Singapore Stock Exchange SESDAQ
India	Bombay Stock Exchange Madras Stock Exchange Delhi Stock Exchange Ahmedabad Stock Exchange Bangalore Stock Exchange Cochin Stock Exchange Magadh Stock Exchange Pune Stock Exchange Hyderabad Stock Exchange Ludhiana Stock Exchange Uttar Pradesh Stock Exchange Calcutta Stock Exchange	South Africa	Johannesburg Stock Exchange
		South Korea	Korea Exchange, Inc. (KRX) KRX Stock Market Division (KRX KOSPI Market) KRX Futures Market Division (KRX Derivatives Market) KRX Korea Securities Dealers Association Automated Quotation (KOSDAQ) Division

Sri Lanka	Colombo Stock Exchange	Ukraine	Ukrainian Stock Exchange
Taiwan	Taiwan Stock Exchange	Uruguay	Rospide Sociedad de Bolsa S.A.
Thailand	Thailand Stock Exchange	Venezuela	Bolsa de Valores de Caracas
Turkey	Istanbul Stock Exchange	Vietnam	Vietnam Stock Exchange
United Arab Emirates	Abu Dhabi Securities Exchange Dubai Financial Market Dubai International Financial Exchange	Zambia	Lusaka Stock Exchange

(iii)

The following markets:

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

In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is:

- located in a Relevant Jurisdiction,
- located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States
- the Channel Islands Stock Exchange
- listed above or
- any of the following:
  - The Chicago Board of Trade;
  - The Chicago Mercantile Exchange;
  - The Chicago Board Options Exchange;
  - EDX London;
  - New York Mercantile Exchange;
  - New York Board of Trade;
  - New Zealand Futures and Options Exchange;
  - Hong Kong Futures Exchange;
  - Singapore Commodity Exchange;



- Tokyo International Financial Futures Exchange;

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

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**SCHEDULE III – DEPOSITARY’S DELEGATES**

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**GLOBAL CUSTODY NETWORK LISTING**

<b>COUNTRY</b>	<b>SUBCUSTODIAN</b>
ARGENTINA	CITIBANK, N.A. BUENOS AIRES BRANCH
AUSTRALIA	HSBC BANK AUSTRALIA LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
AUSTRALIA	NATIONAL AUSTRALIA BANK
AUSTRIA	DEUTSCHE BANK AG
AUSTRIA	UNICREDIT BANK AUSTRIA AG
BAHRAIN*	HSBC BANK MIDDLE EAST LIMITED, BAHRAIN BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
BANGLADESH*	STANDARD CHARTERED BANK, BANGLADESH BRANCH
BELGIUM	BNP PARIBAS SECURITIES SERVICES
BELGIUM	DEUTSCHE BANK AG, AMSTERDAM BRANCH
BERMUDA*	HSBC BANK BERMUDA LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
BOSNIA*	UNICREDIT BANK D.D. FOR UNICREDIT BANK AUSTRIA AG
BOTSWANA*	STANDARD CHARTERED BANK BOTSWANA LIMITED FOR STANDARD CHARTERED BANK
BRAZIL*	CITIBANK, N.A. - SÃO PAULO
BRAZIL*	ITAÚ UNIBANCO S.A.
BULGARIA*	CITIBANK EUROPE PLC, BULGARIA BRANCH FOR CITIBANK, N.A.
CANADA	CIBC MELLON TRUST COMPANY FOR CIBC MELLON TRUST COMPANY, CANADIAN IMPERIAL BANK OF COMMERCE AND BANK OF NEW YORK MELLON
CANADA	RBC INVESTOR SERVICES TRUST FOR ROYAL BANK OF CANADA (RBC)
CHILE*	BANCO DE CHILE FOR CITIBANK, N.A.
CHINA*	CHINA CONSTRUCTION BANK CORPORATION
CHINA*	CITIBANK (CHINA) CO., LTD. FOR CITIBANK, N.A.
CHINA*	DEUTSCHE BANK (CHINA) CO., LTD., SHANGHAI BRANCH <b>** Use of this subcustodian is restricted. **</b>

CHINA*	HSBC BANK (CHINA) COMPANY LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
CHINA*	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED (ICBC)
CHINA*	STANDARD CHARTERED BANK (CHINA) LIMITED FOR STANDARD CHARTERED BANK
COLOMBIA*	CITITRUST COLOMBIA S.A., SOCIEDAD FIDUCIARIA FOR CITIBANK, N.A.
COSTA RICA*	BANCO BCT SA FOR CORPORACION BCT SA <b>*** Subject to the recover standard of care as defined in the custody agreement. ***</b>
CROATIA*	ZAGREBACKA BANKA D.D. FOR UNICREDIT BANK AUSTRIA AG
CYPRUS	BNP PARIBAS SECURITIES SERVICES
CZECH REPUBLIC	CITIBANK EUROPE PLC, ORGANIZAČNÍ SLOZKA FOR CITIBANK, N.A.
DENMARK	NORDEA DANMARK, FILIAL AF NORDEA BANK AB (PUBL), SVERIGE
DENMARK	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), DANMARK BRANCH
ECUADOR*	BANCO DE LA PRODUCCION S.A. <b>*** Use of this bank as a subcustodian requires written direction from client, additional documentation/agreements and approval from BBH. ***</b>
EGYPT*	CITIBANK, N.A. - CAIRO BRANCH
EGYPT*	HSBC BANK EGYPT S.A.E. FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
ESTONIA	SWEDBANK AS FOR NORDEA BANK AB (PUBL)
FINLAND	NORDEA BANK AB (PUBL), FINNISH BRANCH
FINLAND	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), HELSINKI BRANCH
FRANCE	BNP PARIBAS SECURITIES SERVICES
FRANCE	CACEIS BANK
FRANCE	DEUTSCHE BANK AG, AMSTERDAM BRANCH
GERMANY	BNP PARIBAS SECURITIES SERVICES - FRANKFURT BRANCH
GERMANY	DEUTSCHE BANK AG
GHANA*	STANDARD CHARTERED BANK GHANA LIMITED FOR STANDARD CHARTERED BANK
GREECE	HSBC FRANCE, ATHENS BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
HONG KONG	STANDARD CHARTERED BANK (HONG KONG) LIMITED FOR STANDARD CHARTERED BANK
HONG KONG	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

	(HSBC)
HUNGARY	CITIBANK EUROPE PLC, HUNGARIAN BRANCH OFFICE FOR CITIBANK, N.A.
HUNGARY	UNICREDIT BANK HUNGARY ZRT FOR UNICREDIT BANK HUNGARY ZRT AND UNICREDIT S.P.A.
ICELAND*	LANDSBANKINN HF.
INDIA*	CITIBANK, N.A. - MUMBAI BRANCH
INDIA*	DEUTSCHE BANK AG - MUMBAI BRANCH
INDIA*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - INDIA BRANCH
INDONESIA	CITIBANK, N.A. - JAKARTA BRANCH
INDONESIA	STANDARD CHARTERED BANK, INDONESIA BRANCH
IRELAND	CITIBANK, N.A. - LONDON BRANCH
IRELAND	NORTHERN TRUST FIDUCIARY SERVICES (IRELAND) LIMITED <b>***Utilized for nontransferable securities only. ***</b>
ISRAEL	BANK HAPOALIM BM
ISRAEL	CITIBANK, N.A., ISRAEL BRANCH
ITALY	BNP PARIBAS SECURITIES SERVICES - MILAN BRANCH
ITALY	SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES S.P.A. (SGSS S.P.A.)
IVORY COAST*	STANDARD CHARTERED BANK COTE D'IVOIRE FOR STANDARD CHARTERED BANK
JAPAN	MIZUHO BANK LTD
JAPAN	SUMITOMO MITSUI BANKING CORPORATION
JAPAN	THE BANK OF TOKYO-MITSUBISHI UFJ LTD.
JAPAN	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - JAPAN BRANCH
JORDAN*	STANDARD CHARTERED BANK, JORDAN BRANCH
KAZAKHSTAN*	JSC CITIBANK KAZAKHSTAN FOR CITIBANK, N.A.
KENYA*	STANDARD CHARTERED BANK KENYA LIMITED FOR STANDARD CHARTERED BANK
KUWAIT*	HSBC BANK MIDDLE EAST LIMITED - KUWAIT BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)
LATVIA	"SWEDBANK" AS FOR NORDEA BANK AB (PUBL)
LITHUANIA	"SWEDBANK" AB FOR NORDEA BANK AB (PUBL)
LUXEMBOURG	BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

**\*\*\* Utilized for mutual funds holdings only. \*\*\***

LUXEMBOURG	KBL EUROPEAN PRIVATE BANKERS S.A.
MALAYSIA*	HSBC BANK MALAYSIA BERHAD (HBMB) FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD. (HSBC)
MALAYSIA*	STANDARD CHARTERED BANK MALAYSIA BERHAD FOR STANDARD CHARTERED BANK
MAURITIUS*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - MAURITIUS BRANCH
MEXICO	BANCO NACIONAL DE MEXICO, SA (BANAMEX) FOR CITIBANK, N.A.
MEXICO	BANCO SANTANDER (MEXICO) S.A. FOR BANCO SANTANDER, S.A. AND BANCO SANTANDER (MEXICO) S.A.
MOROCCO	CITIBANK MAGHREB FOR CITIBANK, N.A.
NAMIBIA*	STANDARD BANK NAMIBIA LTD. FOR STANDARD BANK OF SOUTH AFRICA LIMITED
NETHERLANDS	BNP PARIBAS SECURITIES SERVICES
NETHERLANDS	DEUTSCHE BANK AG, AMSTERDAM BRANCH
NEW ZEALAND	THE HONGKONG AND SHANGHAI BANKING CORPORATON LIMITED (HSBC) - NEW ZEALAND BRANCH
NIGERIA*	STANBIC IBTC BANK PLC FOR STANDARD BANK OF SOUTH AFRICA LIMITED
NORWAY	NORDEA BANK AB (PUBL), FILIAL I NORGE
NORWAY	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), OSLO BRANCH
OMAN*	HSBC BANK OMAN SAOG FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
PAKISTAN*	STANDARD CHARTERED BANK (PAKISTAN) LIMITED FOR STANDARD CHARTERED BANK
PERU*	CITIBANK DEL PERÚ S.A. FOR CITIBANK, N.A.
PHILIPPINES*	STANDARD CHARTERED BANK - PHILIPPINES BRANCH
PHILIPPINES*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - PHILIPPINE BRANCH
POLAND	BANK HANDLOWY W WARSZAWIE SA (BHW) FOR CITIBANK NA
POLAND	BANK POLSKA KASA OPIEKI SA
POLAND	ING BANK SLASKI S.A. FOR ING BANK N.V.
PORTUGAL	BNP PARIBAS SECURITIES SERVICES
QATAR*	HSBC BANK MIDDLE EAST LTD - QATAR BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)

ROMANIA	CITIBANK EUROPE PLC, DUBLIN - SUCURSALA ROMANIA FOR CITIBANK, N.A.
RUSSIA*	AO CITIBANK FOR CITIBANK, N.A.
RWANDA*	KCB BANK RWANDA LIMITED AND STANDARD CHARTERED BANK (MAURITIUS) LIMITED FOR STANDARD CHARTERED BANK <b>*** Use of this bank as a subcustodian requires written direction from client, additional documentation/agreements and approval from BBH. ***</b>
SAUDI ARABIA*	HSBC SAUDI ARABIA AND THE SAUDI BRITISH BANK (SABB) FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
SERBIA*	UNICREDIT BANK SERBIA JSC FOR UNICREDIT BANK AUSTRIA AG
SINGAPORE	DBS BANK LTD (DBS)
SINGAPORE	STANDARD CHARTERED BANK - SINGAPORE BRANCH
SINGAPORE	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - SINGAPORE BRANCH
SLOVAKIA	CITIBANK EUROPE PLC, POBOČKA ZAHRANIČNEJ BANKY FOR CITIBANK, N.A.
SLOVENIA	UNICREDIT BANKA SLOVENIJA DD FOR UNICREDIT BANKA SLOVENIJA DD & UNICREDIT S.P.A.
SOUTH AFRICA	SOCIÉTÉ GÉNÉRALE JOHANNESBURG BRANCH
SOUTH AFRICA	STANDARD BANK OF SOUTH AFRICA LIMITED (SBSA) <b>***Utilized for nontransferable securities only. ***</b>
SOUTH AFRICA	STANDARD CHARTERED BANK, JOHANNESBURG BRANCH
SOUTH KOREA*	CITIBANK KOREA INC. FOR CITIBANK, N.A.
SOUTH KOREA*	KEB HANA BANK
SOUTH KOREA*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - KOREA BRANCH
SPAIN	BANCO BILBAO VIZCAYA ARGENTARIA SA
SPAIN	BNP PARIBAS SECURITIES SERVICES, SUCURSAL EN ESPAÑA
SPAIN	SOCIÉTÉ GÉNÉRALE SUCURSAL EN ESPAÑA
SRI LANKA*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - SRI LANKA BRANCH
SWAZILAND*	STANDARD BANK SWAZILAND LTD. FOR STANDARD BANK OF SOUTH AFRICA LIMITED
SWEDEN	NORDEA BANK AB (PUBL)
SWEDEN	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)
SWITZERLAND	CREDIT SUISSE (SWITZERLAND) LTD.
SWITZERLAND	UBS SWITZERLAND AG

TAIWAN*	BANK OF TAIWAN
TAIWAN*	HSBC BANK (TAIWAN) LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
TAIWAN*	JP MORGAN CHASE BANK, N.A., TAIPEI BRANCH <b>** Use of this subcustodian is restricted. **</b>
TAIWAN*	STANDARD CHARTERED BANK (TAIWAN) LTD FOR STANDARD CHARTERED BANK
TANZANIA*	STANDARD CHARTERED BANK TANZANIA LIMITED AND STANDARD CHARTERED BANK (MAURITIUS) LIMITED FOR STANDARD CHARTERED BANK
THAILAND	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - THAILAND BRANCH
THAILAND*	STANDARD CHARTERED BANK (THAI) PUBLIC COMPANY LIMITED FOR STANDARD CHARTERED BANK
TRANSNATIONAL	BROWN BROTHERS HARRIMAN & CO. (BBH&CO.) (CLEARSTREAM)
TRANSNATIONAL	BROWN BROTHERS HARRIMAN & CO. (BBH&CO.) (EUROCLEAR)
TUNISIA*	UNION INTERATIONALE DE BANQUES (UIB)
TURKEY	CITIBANK ANONIM SIRKETI FOR CITIBANK, N.A.
TURKEY	DEUTSCHE BANK A.S. FOR DEUTSCHE BANK A.S. AND DEUTSCHE BANK AG
UGANDA*	STANDARD CHARTERED BANK UGANDA LIMITED FOR STANDARD CHARTERED BANK
UKRAINE*	PUBLIC JOINT STOCK COMPANY "CITIBANK" (PJSC "CITIBANK") FOR CITIBANK, N.A.
UNITED ARAB	
EMIRATES*	HSBC BANK MIDDLE EAST LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
UNITED KINGDOM	CITIBANK, N.A., LONDON BRANCH
UNITED KINGDOM	HSBC BANK PLC
UNITED KINGDOM*	HSBC BANK PLC (precious metals)
UNITED STATES	BBH&CO.
UNITED STATES	HSBC BANK USA, N.A.
	<b>***Utilized for custody of precious metals only. **</b>
URUGUAY	BANCO ITAÚ URUGUAY S.A. FOR BANCO ITAÚ URUGUAY S.A. AND ITAÚ UNIBANCO S.A.
VENEZUELA*	VENEZOLANO DE CREDITO S.A., BANCO UNIVERSAL

\*\*\* Use of this bank as a subcustodian requires written direction from client, additional documentation/agreements and approval from BBH. \*\*\*

VIETNAM\* HSBC BANK (VIETNAM) LTD. FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)

ZAMBIA\* STANDARD CHARTERED BANK ZAMBIA PLC FOR STANDARD CHARTERED BANK

ZIMBABWE\* STANDARD CHARTERED BANK ZIMBABWE LIMITED FOR STANDARD CHARTERED BANK

**\* IN THESE MARKETS, CASH HELD BY CLIENTS IS A DEPOSIT OBLIGATION OF THE SUBCUSTODIAN. FOR ALL OTHER MARKETS, CASH HELD BY CLIENTS IS A DEPOSIT OBLIGATION OF BBH & CO. OR ONE OF ITS AFFILIATES.**