

## **IVY Non Correlated Alternative Funds ICAV**

### **(a Retail Investor Alternative Investment Fund)**

AN IRISH COLLECTIVE ASSET-MANAGEMENT VEHICLE REGISTERED UNDER THE LAWS OF IRELAND UNDER REGISTRATION NUMBER C163991 WITH SEGREGATED LIABILITY BETWEEN SUB-FUNDS

AUTHORISED BY THE CENTRAL BANK OF IRELAND PURSUANT TO THE IRISH COLLECTIVE ASSET-MANAGEMENT VEHICLES ACT 2015 AND CHAPTER 1 OF THE AIF RULEBOOK

## **PROSPECTUS**

### **CROSSROADS CAPITAL MANAGEMENT LIMITED (the “AIFM”)**

This Prospectus is dated 8 September 2017

**This Retail Investor Alternative Investment Fund (“RIAIF”) may invest in unregulated investment funds which may not be subject to the same legal and regulatory protection as afforded by investment funds authorised and regulated in the European Union and other jurisdictions. Investment in unregulated investment funds involves special risks that could lead to the loss of all or a substantial portion of such investment.**

**An investment in this RIAIF is not suitable for all Investors. A decision to invest in this RIAIF should take into account your own financial circumstances and the suitability of the investment as part of your portfolio. You should consult a professional investment adviser before making an investment.**

The Directors of the ICAV whose names appear in the “Directors of the ICAV” section below 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 such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. Certain classes of Shares in the Funds have applied to be admitted to the official list and trading on the Main Securities Market of the Irish Stock Exchange. Details of the Shares of each Fund that have made application to be admitted to official list and traded on the Main Securities Market of the Irish Stock Exchange are set out in the Supplement for the relevant Fund. Application may be made to the Irish Stock Exchange for the listing of other classes of Shares of the Funds issued and available for issue to be admitted to official listing and traded on the Main Securities Market of the Irish Stock Exchange. This Prospectus together with the relevant Supplement which includes all information required to be disclosed by the listing requirements of the Irish Stock Exchange shall constitute listing particulars for the purpose of such application. The Directors do not anticipate that an active secondary market will develop in such Shares.

## IMPORTANT INFORMATION

The value of and income from Shares in the ICAV may go up or down and you may not get back the amount you have invested in the ICAV. Before investing in the ICAV you should consider the risks involved in such investment. An investment in the Shares has the potential for above average risk and is therefore suitable only for Investors who are in a position to take such risk. Please see the “Risk Factors” section below.

In addition, the ICAV or the AIFM may, in their discretion, and subject to each Funds’ redemption policy as set out in the relevant Supplement for a Fund, levy a redemption charge of up to 3% by reference to the Net Asset Value per Share of any Fund in respect of Shares that are redeemed within specified time periods of the original subscription date, solely for the benefit of the existing Shareholders. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.

The ICAV or the AIFM may, in their discretion, levy a Subscription Charge to certain classes of Shares in a Fund. Details of the maximum Subscription Charges, where relevant, are set out in the relevant Fund Supplements.

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

**Prices of Shares in the ICAV may fall as well as rise.**

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the latest published annual report and audited accounts of the ICAV and, if published after such annual report and audited accounts, a copy of the latest semi-annual report and unaudited accounts. Such reports and accounts and this Prospectus together form the prospectus for the issue of Shares in the ICAV.

**As of the date of this Prospectus, the ICAV has one sub-fund, Ivy Non Correlated Fund (the “Initial Fund”). Although the Initial Fund is open-ended with limited liquidity, the ICAV may establish additional Funds which are either open-ended, open-ended with limited liquidity or closed-ended. The ICAV has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.**

The ICAV is an Irish Collective Asset-management Vehicle with variable capital registered on 17 November 2016 and is authorised in Ireland as an Irish Collective Asset-management Vehicle pursuant to the Act. Such authorisation is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. In addition, the Central Bank shall not be liable by virtue of its authorisation of the ICAV or by reason of the exercise of the functions conferred on it by legislation in relation to the ICAV for any default of the ICAV. Authorisation of the ICAV does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties connected with the ICAV.

Neither the admission of Shares of the ICAV to official listing and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers, or

any other party connected with the ICAV or any Funds, the adequacy of information contained in the Prospectus or the suitability of the ICAV for investment purposes.

This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. In particular, the Shares have not been registered under the United States Securities Act of 1933 (as amended) and may not, except in a transaction which does not violate United States securities laws, be directly or indirectly offered or sold in the United States or to any US Person. The ICAV will not be registered under the United States Investment Company Act of 1940 (as amended).

The Instrument of Incorporation of the ICAV gives powers to the Directors to impose restrictions on the holding of Shares by (and consequently to repurchase Shares held by) or the transfer of Shares to any US Persons (unless permitted under certain exceptions under the laws of the United States) or by any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the ICAV incurring any liability to taxation or suffering pecuniary disadvantages or being in breach of any law or regulation which the ICAV might not otherwise have incurred, suffered or breached. The Instrument of Incorporation also permits the Directors where necessary to repurchase and cancel Shares held by a person who is or is deemed to be Irish Resident on the occurrence of a chargeable event for Irish taxation purposes.

**Potential subscribers and purchasers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Shares.**

Any information given or representations made, by any dealer, salesman or other person not contained in this Prospectus or in any reports and accounts of the ICAV forming part hereof must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus. This Prospectus may from time to time be updated and intending subscribers should enquire of the Administrator as to the issue of any later Prospectus or as to the issue of any reports and accounts of the ICAV.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument of Incorporation of the ICAV, copies of which are available as mentioned herein.

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## **DIRECTORY**

### **REGISTERED OFFICE**

1st Floor  
Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland.

Dublin 2  
Ireland

### **IRISH LEGAL ADVISORS TO THE ICAV**

LK Shields Solicitors  
40 Upper Mount  
Dublin 2  
Ireland.

### **DIRECTORS OF THE ICAV**

Jeremy Bloomer\*  
Donnacha Loughrey  
Fergus Redahan\*  
Mark Fitzgerald\*

*\* denotes that these Directors are also members of the Investment Committee*

### **SECRETARY**

Apex Fund Services (Ireland) Limited  
1<sup>st</sup> Floor  
Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland.

### **AUDITORS**

KPMG  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland.

### **AIFM**

Crossroads Capital Management Limited  
Block 4, Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland.

### **ADMINISTRATOR**

Apex Fund Services (Ireland) Limited  
1st Floor  
Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

### **DEPOSITARY**

SMT Trustees (Ireland) Limited  
Block 5  
Harcourt Centre  
Harcourt Road

## DEFINITIONS

**Accounting Date** means 31 December in each year or such other date as the Directors may from time to time decide.

**Accounting Period** means the period ending on the Accounting Date and commencing, in the case of the first such period on the date of registration of the ICAV and, in subsequent such periods, on the day following expiry of the last accounting period.

**Act** means the Irish Collective Asset-management Vehicles Act 2015 as amended, supplemented or re-enacted from time to time.

**Administrator** means Apex Fund Services (Ireland) Limited or any successor appointed by the ICAV and the AIFM in accordance with the requirements of the Central Bank.

**Administration Agreement** means the agreement by which the AIFM has appointed the Administrator to provide administrative services to the ICAV.

**AIF Rulebook** means the rulebook issued by the Central Bank in respect of alternative investment funds from time to time affecting the ICAV and each Fund.

**AIFM** means Crossroads Capital Management Limited or any successor thereto appointed in accordance with the requirements of the Central Bank and as required and in compliance with AIFMD, as the alternative investment fund manager to the ICAV.

**AIFM Regulations** means the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) as amended, supplemented or re-enacted from time to time.

**AIFMD** means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers as supplemented by the European Commission's delegated regulations of 19 December 2012.

**AIFMD Information Card** means the AIFMD information card at Appendix II to this Prospectus, specifying certain investor disclosure information in accordance with Article 23 of AIFMD.

**Application Form** means the application form for Shares in the ICAV.

**Base Currency** means in relation to any Fund such currency as specified in the Supplement for the relevant Fund.

**Business Day** means a day on which banks are open for business in such jurisdictions and cities specified in the Supplement for the relevant Fund or such other day(s) as the Directors may, with the approval of the Depositary, determine in relation to each Fund.

**Central Bank** means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the ICAV.

**Connected Person** means the persons defined as such in the section headed "Portfolio Transactions and Conflicts of Interest".

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

**Dealing Day** a day which is a Dealing Day for Subscription and/or a Dealing Day for Redemption in any particular class of Shares in a Fund as specified in the relevant Supplement.

**Dealing Day for Redemptions** has the meaning set out in the relevant Supplement.

**Dealing Day for Subscriptions** has the meaning set out in the relevant Supplement.

**Dealing Deadline** means in relation to applications for subscription, repurchase or conversion of Shares in a Fund, the day and time specified in the Supplement for the relevant Fund and as may be modified from time to time by the Directors provided that once the calculation of the Net Asset Value of a Fund has commenced, the Administrator will not accept any late applications.

**Depository** means SMT Trustees (Ireland) Limited or any successor appointed by the ICAV and the AIFM in accordance with the prior approval of the Central Bank.

**Depository Agreement** means the agreement by which the ICAV and the AIFM have appointed the Depository to provide depository services to the ICAV in respect of the assets of the Funds.

**Director(s)** means the directors of the ICAV.

**Distribution Date** means in respect of each Fund such date (if any) as is specified in the Supplement for the relevant Fund on which dividends are declared.

**Distribution Payment Date** means in respect of each Fund such date (if any) as is specified in the Supplement for the relevant Fund on which dividends shall be paid.

**Euro, EUR or €** means the lawful currency of the European Monetary Union Member States.

**Exempt Irish Shareholder** means categories of persons Resident or Ordinarily Resident in the Republic of Ireland for tax purposes, as listed below, that are exempt from tax on the occurrence of a chargeable event where a Relevant Declaration for the purposes of Section 739D TCA has been provided to the ICAV and the ICAV has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Investor must notify the ICAV if it ceases to be an Exempt Irish Shareholder. However, it is important to note that full details and conditions for each type of Exempt Irish Shareholder can be found in Sections 739B and 739D TCA..

- 1.1 a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the TCA applies;
- 1.2 a company carrying on a life business within the meaning of Section 706 of the TCA;
- 1.3 an investment undertaking within the meaning of Section 739(B)(1) of the TCA;
- 1.4 an investment limited partnership within the meaning of Section 739J;
- 1.5 a special investment scheme within the meaning of Section 737 of the TCA;
- 1.6 a unit trust to which Section 731(5)(a) of the TCA applies;
- 1.7 a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;

- 1.8 a qualifying fund manager within the meaning of Section 784A(1)(a) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- 1.9 a qualifying management company within the meaning of Section 739B(1) of the TCA;
- 1.10 a personal retirement savings account (“**PRSA**”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA and the Shares are assets of a PRSA;
- 1.11 a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- 1.12 an Irish resident company that is or will be within the charge to corporation tax in accordance with Section 739G(2) of the TCA, but only where the Fund is a money market fund;
- 1.13 the National Asset Management Agency;
- 1.14 a company which is within the charge to corporation tax in accordance with Section 110 (2) of the TCA, in respect of payments made by it to the ICAV;
- 1.15 the National Treasury Management Agency or a Fund investment vehicle within the meaning of Section 739D(6)(kb) TCA;
- 1.16 a specified company within the meaning of Section 734(1) TCA;
- 1.17 an Intermediary acting on behalf of Shareholder listed at 1.1 to 1.17 above;
- 1.18 an Intermediary acting on behalf of persons who are neither Resident nor Ordinarily Resident in Ireland for tax purposes;
- 1.19 any other Irish Resident or Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the ICAV or jeopardising tax exemptions associated with the ICAV giving rise to a charge to tax in the ICAV.

**FATCA** means:

- 1.1 sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;
- 1.2 any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph 1.1 above; or
- 1.3 any agreement pursuant to the implementation of paragraphs 1.1 or 1.2 above with the US Internal Revenue Service, the US government or any Government Authority or taxation authority in any other jurisdiction.

**FDI** means a financial derivative instrument (including an OTC derivative);

**Foreign Shareholder** means a Shareholder who is neither resident nor ordinarily resident in Ireland for tax purposes and who has provided the ICAV with a Relevant Declaration and the ICAV is not in possession of any information that would reasonably suggest that the declaration is incorrect or has at any time been incorrect;

**Fund** means a separate portfolio of assets which is invested in accordance with the investment objective and policies as set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such Fund shall be applied and charged, and **Funds** means all or some of the Funds as the context requires or any other funds as may be established by the ICAV from time to time with the prior approval of the Central Bank.

**GBP or Sterling** means the lawful currency of the United Kingdom or any successor currency.

**ICAV** means IVY Non Correlated Alternative Funds ICAV.

**Initial Issue Price** means the price (excluding any Subscription Charge) per Share at which Shares are initially offered in a Fund during the Initial Offer Period as specified (if relevant) in the Supplement for the relevant Fund.

**Initial Offer Period** means the period during which Shares in a Fund are initially offered at the Initial Issue Price specified (if relevant) in the Supplement for the relevant Fund.

**Instrument of Incorporation** means the Instrument of Incorporation of the ICAV.

**Investors** shall be understood to mean existing Shareholders or prospective investors as the context applies.

**Irish Resident** means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Shareholder.

**Irish Stock Exchange** means The Irish Stock Exchange plc.

**Level 2 Regulation** means Commission Delegated Regulation (EU) No. 231/2013 as may be amended from time to time.

**Member State** means a member state of the European Union.

**MiFID** means Directive 2004/39/EC (Markets in Financial Instruments Directive) as amended and updated and any successor legislation repealing and replacing Directive 2004/39/EC.

**Minimum Initial Investment Amount** means such amount (if any) as the Directors may from time to time prescribe as the minimum initial subscription required by each Shareholder for Shares of the relevant class in a Fund as is specified in the Supplement for the relevant Fund.

**Month** means calendar month.

**Net Asset Value or Net Asset Value per Share** means in respect of the assets of a Fund, the amount determined in accordance with the principles set out in the "Calculation of Net Asset Value" section below as the Net Asset Value of a Fund or the Net Asset Value per Share.

**Relevant Declaration** means a correctly completed declaration relevant to Shareholders which meets the requirements set out in Schedule 2B of the TCA.

**Relevant Period** means an eight year period beginning with the acquisition of the Shares by the Shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

**Repurchase Fee** means in respect of a Fund, the charge (if any) payable on an application for the repurchase of Shares as is specified in the Supplement for the relevant Fund.

**Retail Investor Alternative Investment Fund** means a retail investor alternative investment fund, a category of collective investment scheme that is not an Undertaking for Collective Investment in Transferable Securities (“UCITS”) scheme authorised by the Central Bank pursuant to chapter 1 of the AIF Rulebook.

**Revenue Commissioners** means the Irish Revenue Commissioners.

**Securities Financing Transaction or SFT** means:

- a. a repurchase transaction;
- b. securities or commodities lending and securities or commodities borrowing;
- c. a buy-sell back transaction or sell-buy back transaction;
- d. a margin lending transaction;

as defined in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

**Settlement Date** means in respect of receipt of monies for payment of subscription monies for subscription for Shares or dispatch of monies for the repurchase of Shares the date specified in the Supplement for the relevant Fund.

**Series** means in relation to each class of Shares of a Fund, a series of that class.

**Side Pockets** means a particular division of Shares in the ICAV created at the discretion of the Directors as more particularly described under the heading “Side Pockets” in this Prospectus.

**Shares** means participating shares in the ICAV representing interests in a Fund and includes, where the context so permits or requires, any class or Series of participating Shares representing interests in a Fund.

**Shareholders** means holders of Shares, and each a **Shareholder**.

**Subscription Charge** means in respect of a Fund, the charge (if any) payable on the subscription for Shares as is specified in the Supplement for the relevant Fund.

**Supplement** means any supplement to the Prospectus issued on behalf of the ICAV in connection with a Fund from time to time.

**Taxable Irish Shareholder** means any person, other than

- a Foreign Shareholder; or

- an Exempt Irish Shareholder.

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

**“Underlying Fund”** means a collective investment scheme in which a Fund may acquire an interest as more fully described in the relevant Supplement for a Fund.

**United States** means the United States of America (including each of the states, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction.

**US Dollars** or **US\$** means the lawful currency of the United States.

**US Person** means a citizen or resident of the United States, a partnership organised or existing in the United States, a corporation organised under the laws of the United States or any estate or trust, other than an estate or trust the income of which comes from sources outside the United States (which is not effectively connected with the conduct of a trade or business within the United States) and is not included in gross income for the purpose of computing United States Federal income tax.

**Valuation Day** has the meaning specified in a relevant Supplement.

**Valuation Point** such point in time by reference to which the Net Asset Value of a Fund is calculated and as disclosed in the Supplement for a relevant Fund, as the Directors (with the consent of the Depositary) may determine in relation to the valuation of the assets and liabilities of the relevant Fund, provided there will be a Valuation Point in respect of each Dealing Day.

## **INTRODUCTION**

Details of the existing Fund are set-out in the relevant Supplement. As the ICAV is structured as an umbrella fund with segregated liability between its Funds, further Funds may be created from time to time by the Directors with the prior approval of the Central Bank.

A separate Fund will be maintained for each portfolio of assets and will be invested in accordance with the investment objective applicable to such Fund. Each Fund may issue one or more classes of Shares, and each class of Shares in a Fund may have different charging structures (i.e. different management, distribution and performance fees) and different Minimum Initial Investment Amounts. Classes of Shares may be further sub-divided into Series of Shares.

Particulars relating to individual Funds and the class or classes and where applicable, Series of Shares, available therein are set out in a Supplement for the relevant Fund. Information in relation to the fees applicable for other classes of Shares is available on request.

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

The Administrator may decline any application for Shares in whole or in part on the advice of the AIFM without assigning any reason therefor and may not accept an initial subscription for Shares of any amount (exclusive of the Subscription Charge, if any) which is less than the Minimum Initial Investment Amount for the relevant class in the relevant Fund.

A Subscription Charge represented as a percentage of the Initial Issue Price for Shares (plus VAT, if any) or as the case may be the Net Asset Value per Share (plus VAT, if any) may be charged by the ICAV in relation to any Fund. Any Subscription Charge levied is payable to the AIFM. Such Subscription Charge will not exceed such amount as is set out in the Supplement for the relevant Fund. The ICAV may waive in whole or in part any Subscription Charge. In the event the Subscription Charge is waived, the waiver will apply to all Shareholders in the relevant Fund.

After the Initial Offer Period, Shares will be issued, repurchased and converted on the relevant Dealing Days for each Fund. All Shares will be issued, converted or repurchased, subject to the limitations set out in this Prospectus, generally at Net Asset Value. The Net Asset Value of the Shares of each class or Series will be calculated in accordance with the provisions summarised under "Calculation of Net Asset Value" below.

All holders of Shares will be entitled to the benefit of, will be bound by and deemed to have notice of the provisions of the Instrument of Incorporation of the ICAV summarised under "General Information" below, copies of which are available as detailed under "Documents for Inspection" below.

Information in this summary is selective and should be read in conjunction with the full text of this Prospectus.

## **STRUCTURE AND MANAGEMENT OF THE ICAV**

### **Structure**

The ICAV is an Irish Collective Asset-management Vehicle with variable capital and limited liability which has been registered under the Act and is authorised by the Central Bank pursuant to the AIFM Regulations. The minimum authorised share capital of the ICAV is EUR 2 divided into 2 Subscriber Shares of EUR 1 each and 500,000,000,000 Shares of no par value each having the rights provided for and as hereinafter appearing. The minimum issued share capital of the ICAV is EUR 2 and the maximum issued share capital of the ICAV is EUR 500,000,000,000 or its equivalent in any other currency.

The ICAV is structured as an umbrella fund with segregated liability between its Funds. The Funds may be open-ended, closed-ended or provide for open-ended with limited liquidity. Under the Instrument of Incorporation, the Directors have power to issue Shares in a Fund and to further sub-divide any Fund into classes or Series of Shares within each Fund upon prior notification to the Central Bank, provided however that separate portfolios of investments shall not be maintained with respect to individual Classes or Series within a Fund.

Additional Funds may be added to the ICAV by the Directors from time to time with the prior approval of the Central Bank.

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

Since the date of registration, no accounts have been made up and no dividends have been declared as at the date of the Prospectus.

### **Directors of the ICAV**

The Directors of the ICAV are described below:

#### **Jeremy Bloomer (Chairman)**

Jeremy Bloomer has significant financial institution start-up experience in alternative asset classes. He founded and ran GLS Inc., a specialty finance company in 2006 which purchased \$650 million of life insurance policies. In 2016, all the assets in GLS Inc. were sold. From inception in 2002 until 2008 he was senior portfolio manager for the Airlie Opportunity Fund, a \$1.1 billion credit hedge fund focused on small cap high yield bonds. From 2000 to 2002 through the Ivy Group LLC, a development stage incubator, he made numerous private equity investments. From 1989 to 2000 he co-founded Credit Research and Trading, a leading research investment bank and managed its research and investment banking divisions. He was an investment banker at E.F. Hutton from 1984 to 1988 and began his career in 1980 at Chemical Bank.

Mr Bloomer received a BA from the University of Pennsylvania in 1980 and an MBA from the Amos Tuck School of Business Administration at Dartmouth College in 1985. He also is Vice Chairman of the Cancer Trust, which fosters team science with major academic research universities, and acts as a board member of Neurovation Labs, which is focused on researching a cure for PTSD. He is a board member of GLS Inc., GLS Ireland, and serves on the advisory boards of Skyworks Capital, an aviation advisory firm, Brevet Capital, a direct lending hedge fund and CTrack, a foreign exchange volatility hedge fund.

#### **Donnacha Loughrey**

Mr Loughrey joined the AIFM in December 2015. Prior to his appointment he was a founding member and Head of Alternative Investments and Third Party Funds at KBC Fund

Management Ltd which was established in 2003. Over the last 13 years, he has been involved in all aspects of the creation, development, marketing and management of both the Fund of Hedge Funds and Liquid Alternative Fund (UCITS) products, in addition to coordinating the activities of the third party fund advisory business. He designed and developed comprehensive and disciplined multi-stage investment and operational processes to ensure a robust operating framework for both fund management and fund selection businesses encompassing strategy allocation fund origination, sourcing and selection, operational and investment due diligence, portfolio construction, risk management, monitoring and reporting. He was formerly a member of the board of directors of KBC Life Fund Management (Ireland) Ltd, the management company of the KBC Life Alternative Investment Trust.

Prior to joining KBC, Mr Loughrey was an Associate Director at Goldman Sachs within their highly regarded Global Strategy team, specialising in quantitative, bottom-up and top-down, fundamental country and sector equity valuation modelling and research. The team produced the monthly World Investment Strategy Highlights and a variety of regular topical/thematic research publications. It had an excellent reputation and was well recognised within the market, consistently ranking highly in a number of leading surveys.

He began his career as an analyst within the Global Asset Allocation team at Merrill Lynch Asset Management. He was responsible for structuring and trading all types of derivative instruments across a variety of markets for a number of funds. In addition, he created and implemented a suite of proprietary models for risk management, portfolio optimisation, portfolio construction and performance attribution. He co-developed the centralised equity trading desk in London.

Mr Loughrey has successfully completed the Chartered Alternative Investment Analyst Association (CAIA) exams. He is currently a Candidate for Financial Risk Management (FRM) and is a member of the Global Association of Risk Professionals (GARP). He is also an Associate member of the Chartered Financial Analyst Institute (CFA), formerly as an Associate member of the Institute of Investment Management and Research (IIMR) since 1994. His professional qualifications include the Investment Management Certificate (IMC) and registered membership of both the Institute of Investment Management and Research and the Securities and Futures Authority (SFA). He received his Bachelor Business Studies (BBS) from Trinity College Dublin in 1991, and holds a MSc in Investment & Treasury (Hons.) from Dublin City University Business School since 1994. He has established a large network of relationships with a variety of global asset managers and service providers and has been a regular contributor and presenter at funds industry conferences.

### **Fergus Redahan**

Fergus Redahan has over 30 years of experience working in capital markets. After qualifying as a Chartered Accountant with Deloitte, Mr Redahan took up a role as a financial analyst with the Industrial Development Authority (IDA). From 1986 through to 1994 Mr Redahan held senior positions in the Capital Markets division of Davy Stockbrokers, initially as an investment analyst and then as a senior executive on institutional sales. From 1994 to date Mr Redahan has held a number of senior positions in Goodbody Stockbrokers, including Head of Equities and Senior Portfolio Manager in the Wealth Management division.

Mr Redahan is a Fellow of the Institute of Chartered Accountants (FCA), a Fellow of the Chartered Institute for Securities & Investment (FCSI), an Accredited Product Adviser with the Institute of Banking (APA) and a member of the Certified Investment Fund Director Institute (CIFD). Fergus holds a B.Comm degree and a Professional Diploma in Accounting from UCD.

### **Mark Fitzgerald**

Mark Fitzgerald has over 25 years' experience in management and senior leadership roles up to and including Executive Board level in Banking, Financial Services and International Fund Services. He is currently a full time independent non- executive director. Mark was the founding Chief Operating Officer of Citibank Europe plc and served in that role from 2001 to 2014. Mark served as an executive board member both of Citibank Europe plc and its immediate parent company Citibank Holdings Ireland Limited (CHIL) from 2004 until 2014. Mark served as Director and Head of Trustee Services for Citibank Trustees Ireland Limited (CTIL) from 1997 to 2001. Mark was Head of Trustee Services for Ulster Bank Custodial Services (UBCS) from 1994 to 1997. Mark started his career in Allied Irish Investment Bank (AIIB) in 1987. He is a former President of the Irish Exporters Association. Mark is a past Council Member of the Irish Funds Industry Association and a past chairman of its Trustee Committee. He holds a Barrister-At-Law degree from Kings Inns and a Bachelor of Commerce degree from University College Cork. He is a member of the Certified Investment Fund Director Institute.

No Director has:

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

For the purposes of this Prospectus, the address of all the Directors is the registered office of the ICAV.

The ICAV has delegated the day to day management and running of the ICAV to the AIFM. All the Directors of the ICAV are non-executive.

### **The Investment Committee**

In order to assist the AIFM to carry out its duties in relation to the management of the Funds' portfolios, the Directors intend to establish an Investment Committee comprised of members of the board of the ICAV (the "**Investment Committee**"). The Investment Committee will have responsibility for sourcing, reviewing, analysing and evaluating potential investment opportunities for the Funds. The Investment Committee will, based on the outcome of its evaluation of potential investment opportunities for the Funds, issue investment recommendations to the AIFM for consideration and approval or decline.

In order to assist with the AIFM's and the Investment Committee's activities, the AIFM may engage specialist professional support services from third party entities, including assistance with the sourcing, reviewing, analysing and evaluating potential investment opportunities for the Funds and with the carrying out of due diligence on potential investment opportunities. The fees of such third parties will be paid by the ICAV out of the AIFM's management fee.

All material decisions relating to the acquisition or disposal of the investments of the Funds will be made by the AIFM.

Members of the Investment Committee shall have no role in relation to the management of the Funds and shall have no discretionary powers over the investments of the Funds.

The members of the Investment Committee will be Jeremy Bloomer, Fergus Redahan and Mark Fitzgerald. The members are selected based on the fact that they have gained relevant

knowledge and experience in investment related matters throughout their professional careers and such knowledge and experience will be used in order to assist the AIFM in carrying out its duties in relation to the management of the Funds' portfolios. Members of the Investment Committee will not be separately remunerated for their services which will be included within the scope of their Director responsibilities and for which fees are paid by the ICAV to individual Directors (although any Director may decide to waive some or all of his remuneration in his sole discretion).

The Investment Committee will also provide guidance and recommendations to the AIFM in respect of efficient portfolio management activities carried out on behalf of the Funds, as detailed in the applicable Supplement to the Prospectus, for consideration, approval or decline and subsequent execution by the AIFM (if applicable).

The Investment Committee and its members may not be held accountable or responsible for decisions taken by the AIFM or the performance of the Funds.

## **AIFM**

The ICAV has appointed Crossroads Capital Management Limited as the alternative investment fund manager of the ICAV. The AIFM was incorporated in Ireland on 11 April 2014 as a private limited company with registered number 54245. The AIFM was approved by the Central Bank with effect from 7th September 2015 to act as an alternative investment fund manager. The AIFM has an issued and fully paid up share capital of €1,000 and has been capitalised by a capital contribution of €314,000.

The AIFM has been appointed to manage the assets of each Fund in accordance with its investment objective and policies as determined by the AIFM and any subsequent changes thereto pursuant to a Management Agreement (summarised under General Information below). The AIFM has responsibility for the investment management and general administration of the ICAV with power to delegate such functions subject to the overall supervision and control of the Directors.

The AIFM shall also be responsible for the distribution of Fund Shares under the terms of the Management Agreement. The AIFM has authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank. The fees and expenses of any sub-distributor appointed by the AIFM may be paid by the AIFM out of the Subscription Charge and/or from the AIFM fees it receives or alternatively may be discharged out of the assets of the relevant Fund and shall be at normal commercial rates.

Any delegation arrangements will be notified to the Central Bank and made in accordance with the AIFM's delegation policy and the AIFM Regulations and the AIF Rulebook. The AIFM will notify the Central Bank before any delegation becomes effective and will be able to justify its entire delegation structure with objective reasons.

Among other requirements of AIFMD, the AIFM shall:

- (subject to the overall policy and supervision of the Directors) have full power, authority and right to exercise the functions, duties, powers and discretion exercisable by the Directors under the Instrument of Incorporation either itself or wholly or in part through authorised officers, directors, employees, agents or delegates to manage the investment and re-investment of each Fund with a view to achieving its investment objectives;
- be responsible for the management of the assets of each Fund;
- be responsible for making available to prospective Investors the information required by the AIFM Regulations;

- comply with all duties, obligations and functions of an AIFM as are contained in the AIFM Regulations, the Level 2 Regulation and the AIF Rulebook as they apply to the services it provides to the ICAV; and
- be responsible for marketing and distributing the Shares of the ICAV and performing such other duties as required under AIFMD.

The AIFM's senior management is responsible for: valuation policies; compliance function; investment policy; investment strategy; risk limits and investment decision-taking monitoring. The AIFM's senior management shall receive regular (at least annual) written reports on compliance, internal audit and risk management and regular reports on (i) the implementation of investment strategies; and (ii) internal procedures for taking investment decisions.

The AIFM shall ensure that its decision-making procedures and its organisational structure ensure fair treatment of Shareholders in the ICAV.

The Directors of the AIFM are:

#### **Noel Ford (Irish Resident), Independent and Non-Executive Chairman**

Mr Ford is an independent non-executive director and managing director of A&M Investment Fund Services. He has an extensive experience (over 25 years) in the international investment services industry. He has served as the CEO of Skandia Global Funds plc and Head of Operations for the Skandia Investment Group. Mr Ford has also served as Chairman of Skandia Life Ireland Limited and President of Skandia America Securities inc. Prior to joining Skandia in 2002, Mr Ford served as Vice President of Operations for Hemisphere Management (Ireland) Limited and managing director of Globevest Trust Limited, both being specialists in fund administration. Mr Ford is a certified investment funds director and a graduate of the Irish Institute of Banking/University College Dublin. He is a director of Governance Ireland Limited, an Irish company specialising in governance assessment. Mr Ford is also a contributor to the Certified Investment Funds Director course with the Irish Banking Institute.

#### **Donnacha Loughrey (Irish Resident), Executive Director and Head of Investments**

See Section "Directors of the ICAV" above.

#### **John Bohan (Irish Resident), Executive Director and Head of Finance & Operations**

Mr Bohan joined Apex group in April 2004 and is currently the Chairman of Ireland and regional managing director of Europe for Apex Fund Services (Ireland) Limited. Apex Fund Services (Ireland) Limited is a specialist fund and private equity administration company founded in 2003. Mr Bohan is a co-owner of the Apex group which currently stands at 35 separate offices around the world with over 550 staff. Mr Bohan qualified as an accountant in 1999 and became a fellow of the Chartered Association of Certified Accountants in early 2004.

Prior to his time at Apex Fund Services (Apex Group) Mr Bohan held senior management roles with BNY Mellon and Citigroup from 1998-2003, a position he worked up to from general accounting and analysis. He began work at Citi Group as a Team Supervisor in June of 1997, within this role Mr Bohan would manage the day-to-day operations, housekeeping and logistics of a team of 12 Accountants/Administrators for 10 clients, producing over 400 NAV's per month. Mr Bohan would also meet with investment managers and/or fund managers along with legal counsel and appointed auditors to co-ordinate the taking on of new funds and setup new funds on the systems, submitting central statistics office and quarterly returns in line with domestic and foreign legislation.

Mr Bohan left Citi group in June of 2000 to join the Bank of Ireland Asset Management (BIAM) division as a manager of the “Ownership Unit,” where he managed a number of tasks around the funds industry. These tasks would include collating performance data across the range of funds offered by BIAM in offices both home and abroad and providing summarized 1yr, 3yr, 5yr and 10yr performance figures to Lipper statistical reporting and other agencies. He would also replicate BIAM controls and processes in the UK, Jersey and Isle of Man offices through on-site audits and monitoring of reports produced by those offices, review all funds offered by BIAM to ensure compliance with requirements listed in the offering memoranda along with all regulatory requirements of the funds, ensure all new unit funds are set up correctly from prospecting stage to implementation, and then draft a detailed review of the financial reports and accounts and fund profitability.

Mr Bohan left BIAM in 2001 for an account manager of operations position at the Bank of New York’s Alternative Investment Services division (BNY-AIS). In 2004, he was promoted to Vice President & Client Relationship Manager at BNY-AIS’ Bermuda office. Throughout this three year work period, he managed a team of supervisors and fund accountants who were responsible for the overall relationship with clients for the Bermuda office, which they perpetuated through the financial control and valuation of diverse investment companies and hedge funds. He coordinated hedge fund and investment company launches that involved liaising with investment managers, brokers, lawyers and auditors. Through these tasks Mr Bohan gained exposure to strategies from master/feeder structures, equalisation, series and fund of funds.

### **Administrator**

The ICAV has appointed Apex Fund Services (Ireland) Limited to act as administrator, registrar and transfer agent to the ICAV under the terms of the Administration Agreement.

The Administrator was incorporated in Ireland as a private limited company on 26 January 2007 with registration number 433608, pursuant to the Companies Acts 2014, with its registered office at Harcourt Centre, Harcourt Street, Dublin 2, Ireland and is engaged in the business of administration of collective investment schemes.

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

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

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

Further details of the Administration Agreement are set out in the section entitled “General Information” below.

### **Depositary**

The ICAV and the AIFM have appointed SMT Trustees (Ireland) Limited as depositary of the assets of the ICAV pursuant to the Depositary Agreement (summarised under the section headed "General Information" below).

The Depositary is a limited liability company incorporated in Ireland on 14 January 1993. Its ultimate parent is Sumitomo Mitsui Trust Holdings, Inc., a Japanese company quoted on the Tokyo Stock Exchange. The Depositary has been authorised by the Central Bank of Ireland to carry on the business of custodial operations involving the safe keeping and administration of investment instruments under the Investment Intermediaries Act 1995.

In accordance with the provisions of the AIFM Regulations, the Level 2 Regulation, the AIF Rulebook and the terms of the Depositary Agreement, the Depositary shall carry out functions in respect of the ICAV including, but not limited to the following key functions:

- (i) the Depositary shall hold in custody all financial instruments capable of being registered or held in a financial instruments account opened in the Depositary's books and all financial instruments capable of being physically delivered to the Depositary;
- (ii) the Depositary shall verify the ICAV's ownership of all assets (other than those referred to in (i) above) and maintain and keep up-to-date a record of such assets it is satisfied are owned by the ICAV;
- (iii) the Depositary shall ensure effective and proper monitoring of the ICAV's cash flows;
- (iv) the Depositary shall be responsible for certain fiduciary and oversight obligations in respect of the ICAV – see "*Summary of Fiduciary and Oversight Obligations*" below. Duties and functions in relation to (iii) and (iv) above may not be delegated by the Depositary.

*Summary of Fiduciary and Oversight Obligations:*

The Depositary is obliged to ensure, among other things, that:

- (i) the sale, issue, repurchase and cancellation of Shares effected on behalf of the ICAV are carried out in accordance with the applicable national law, the conditions imposed by the Central Bank and the Instrument of Incorporation;
- (ii) the value of Shares is calculated in accordance with the applicable national law and the Instrument of Incorporation;
- (iii) in transactions involving the ICAV's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
- (iv) the ICAV and each Fund's income is applied in accordance with the applicable national law and the Instrument of Incorporation;
- (v) the instructions of the AIFM are carried out unless they conflict with the applicable national law or the Instrument of Incorporation; and
- (vi) it has enquired into the conduct of the ICAV in each Accounting Period and reports thereon to the Shareholders. The Depositary's report will be delivered to the ICAV in good time to enable the AIFM to include a copy of the report in the annual report of each Fund. The Depositary's report will state whether in the Depositary's opinion each Fund has been managed in that period:
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund imposed by the Instrument of Incorporation and/or the Central Bank under the powers granted to the Central Bank under the Act; and
  - (ii) otherwise in accordance with the provisions of the Act and the Instrument of Incorporation.

If the ICAV has not complied with (i) or (ii) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken to rectify the situation. The duties provided for above may not be delegated by the Depositary to a third party.

In discharging its role, the Depositary shall act honestly, fairly, professionally, independently and in the interests of the ICAV and the Shareholders.

Pursuant to the Depositary Agreement, the Depositary will be liable to the ICAV and the Shareholders for the loss of any financial instruments held in custody (determined in accordance with AIFMD) by the Depositary or a third party to whom the custody of financial instruments held in custody has been delegated, and shall be responsible for the return of identical financial instruments or a corresponding amount to the ICAV without undue delay (unless it can prove in accordance with AIFMD that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary). It shall also be liable to the ICAV and to Shareholders for any loss arising from the Depositary's negligence or its intentional failure properly to fulfil its obligations pursuant to the AIFMD.

The Depositary's liability shall not be affected by any delegation of its safekeeping functions unless it has discharged itself of its liability in accordance with Article 22(13) or (14) of the AIFM Regulations.

The AIFM will inform Shareholders of any arrangement made by the Depositary to discharge itself of liability and of any changes regarding the Depositary's liability.

#### Delegation and Conflicts

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

The Depositary has delegated to its global sub-custodian, Sumitomo Mitsui Trust (UK) Limited, responsibility for the safekeeping of the ICAV's financial instruments and cash. The global sub-custodian further delegates these responsibilities to its sub-delegate, Brown Brothers Harriman & Co who may delegate the settlement and the safekeeping of assets to sub-delegates. The Depositary will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depositary or a delegate on its behalf.

The Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any consequential or indirect, or special damages or losses arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where

an appointed delegate is an affiliated group company and is providing a product or service to the ICAV and has a financial or business interest in such product or service, or receives remuneration for other related products or services it provides to the ICAV. The Depositary maintains a conflict of interest policy to address this.

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

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the ICAV and will treat the ICAV and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the ICAV than if the conflict or potential conflict had not existed.

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

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

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

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

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

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

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

## **INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS**

### **Investment Objective and Policies**

The AIFM is responsible for the formulation of the investment objective and policies and any subsequent changes thereto. Details of the investment objective and policies for each Fund of the ICAV are set out in the Supplement for each Fund.

It is a requirement of the Central Bank that any change in the investment objective or any material change to the investment policy of a Fund may only be made with the approval of an ordinary resolution of the Shareholders of the Fund. Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective and/or policies of a Fund a reasonable notification period must be given to each Shareholder of the Fund to enable a Shareholder to have its Shares repurchased prior to the implementation of such change.

### **Investment Restrictions**

The investment restrictions for each Fund are formulated by the Directors at the time of the creation of the Fund.

The following general investment restrictions apply to each Fund save to the extent that such restrictions are expressly or implicitly dis-applied by investment policies and restrictions contained in the Supplement for the relevant Fund and any additional restrictions specified therein.

The investment restrictions applying to a Fund are as follows:

- 1 A Fund shall not grant loans or act as guarantor on behalf of third parties nor shall it seek to raise capital from the public through the issue of debt securities.
- 2 A Fund shall not invest more than 20% of its net assets in securities which are not traded in or dealt on a regulated market which operates regularly and is recognised and open to the public.
- 3 Subject to paragraph 5 below, a Fund shall not invest more than 20% of its net assets in securities issued by the same institution. Where a Fund's investment policy is to replicate an index, this limit is increased to 35% in the case of a single issuer where this is justified by exceptional market circumstances.
- 4 A Fund shall not hold more than 20% of any class of security issued by any single issuer. This requirement does not apply to investments in other open-ended investment funds.
- 5 A Fund may only invest more than 20% and up to 100% of its net assets in transferable securities issued or guaranteed by any state, its constituent states, its local authorities, or public international bodies of which one or more states are members with the prior approval of the Central Bank by the following issuers:
  - OECD Governments (provided the relevant issues are investment grade), 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.
- 6 A Fund shall not keep on deposit more than 10% of its net assets with any one institution; this limit is increased to 30% of net assets for deposits with or securities evidencing deposits issued by or securities guaranteed by the following:
- a credit institution authorised in the European Economic Area (EEA) (European Union Member States, Norway, Iceland, Liechtenstein);
  - a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basel Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States);
  - a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
  - the Depositary; or
  - with the prior approval of the Central Bank, a credit institution which is an associated or related company of the Depositary.
- 7 A Fund shall not invest more than 30% of net assets in any one open-ended investment fund.
- 8 A Fund which invests more than 30% of net assets in other investment funds shall ensure that the investment funds in which it invests are prohibited from investing more than 30% of net assets in other investment funds. Any such investments must not be made for the purpose of duplicating management and/or investment management fees.
- 9 A Fund shall not invest more than 20% of net assets in unregulated open-ended investment funds except to the extent that the Fund is authorised as a Fund of Unregulated Funds Retail Investor Alternative Investment Fund in accordance with the AIF Rulebook.
- 10 A Fund shall only invest in units of an investment fund managed by its management company or AIFM or by an associated or related company of either of these, where the management company or AIFM has waived the preliminary/initial/redemption charge which it would normally charge. A Fund shall ensure that any commission or other fee

received by the management company or AIFM must be paid into the property of the relevant Fund.

- 11 Any commission received by the AIFM in consideration of an investment in an Underlying Fund will be paid into the relevant Fund.
- 12 A Fund shall not have a risk exposure to a counterparty in an OTC derivative transaction which exceeds the following:
  - where the counterparty is a relevant institution, 10% of the relevant Fund's net assets; or
  - in any other case, 5% of the relevant Fund's net assets.

A Fund shall ensure that its global exposure relating to derivative instruments will not exceed the total net asset value of its portfolio. When a transferable security or money market instrument contains an embedded derivative, the latter shall be taken into account when complying with the requirements herein.

Where a Fund invests in financial derivative instruments dealt in over-the-counter, "OTC derivatives" the counterparty will be a relevant institution or an investment firm, authorised in accordance with MiFID in an EEA Member State, or will be an entity subject to regulation as a Consolidated Supervised Entity ("CSE") by the US Securities and Exchange Commission; or in the case of a counterparty which is not a relevant institution, the counterparty will have a minimum credit rating of A-2 or equivalent, or will be deemed by the Fund to have an implied rating of A-2 or equivalent or alternatively, an unrated counterparty will be acceptable where the ICAV is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which maintains a rating of A-2 or equivalent.

- 13 A Fund shall not acquire nor shall it appoint an AIFM which would acquire any securities carrying voting rights of any issuer which would allow it to exercise a significant influence or legal and management control of such issuer.

The Central Bank may allow Funds to derogate from the provisions set out in paragraphs 2,3,4,5,6,7,9, 10 and 11 above for a period of six months from the date of launch of the relevant Fund provided that the relevant Fund observes the principle of risk spreading. The investment limits set out above are deemed to apply at the time of purchase of the investments. The ICAV need not comply with the above investment limit percentages when exercising subscription rights attaching to securities which form part of the assets of the ICAV. If the investment limit percentages are exceeded for reasons beyond the control of the ICAV or as a result of the exercise of subscription rights, the Directors will adopt as a priority objective for the ICAV's sale transactions the remedying of that situation, taking due account of the interests of Shareholders.

It is intended that the ICAV shall have the power subject to the prior approval of the Central Bank to avail itself of any change in the investment and borrowing restrictions specified pursuant to the Central Bank's requirements. Any changes to the investment or borrowing restrictions will be disclosed in an updated Prospectus.

### **Efficient Portfolio Management**

Subject to the specific provisions (if any) relating to efficient portfolio management set out in the relevant Supplement for the relevant Fund, the ICAV may utilise techniques and instruments relating to transferable securities and /or other financial instruments in which it invests for the purposes of efficient portfolio management and under the conditions and

within the limits applicable to Retail Investor Alternative Investment Funds laid down by the Central Bank in the AIF Rulebook details of which (if any) shall be set out in the relevant Supplement. The ICAV shall not enter into efficient portfolio management transactions if such transaction would result in change to the relevant Fund's declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described.

Efficient portfolio management techniques may only be effected in accordance with normal market practice. All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set out above in relation to collateral. All the revenues arising from efficient portfolio management techniques employed shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees, (which are all fully transparent) which shall not include hidden revenue, shall include fees and expenses payable to counterparties engaged by the ICAV, in respect of the relevant Fund from time to time which, may include the Depositary or entities related to the Depositary. The identity of the entities to which such direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the ICAV. Counterparties will not be related to the AIFM. All revenues generated through the use of derivatives, net of direct and indirect operational costs and fees, will be returned to the relevant Fund.

In advance of commencing any activity in financial derivative instruments, the AIFM shall notify the Central Bank in writing of the risk management processes that have been established and the manner in which they are maintained. Financial derivative instruments not included in the risk management process filing will not be utilised until such time as a revised submission has been provided 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 investments in the financial derivative instruments.

### **Hedged Classes**

The ICAV may (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular class into the currency of denomination of the relevant class for the purposes of efficient portfolio management.

The ICAV may also (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of a Fund where the Fund invests in assets denominated in currencies other than the Base Currency. In addition, a class designated in a currency other than the Base Currency may be hedged against exchange rate fluctuation risks between the designated currency of the class and the Base Currency. Any financial instruments used to implement such strategies with respect to one or more classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant class(es) and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant class. However, Investors should note that there is no segregation of liability between Share classes. Shareholders are therefore exposed to the risk that hedging transactions undertaken in one class may impact negatively on the Net Asset Value of another class.

Where a class of Shares is to be hedged, this will be disclosed in the Supplement for the Fund in which such class is issued. Any currency exposure of a class may not be combined with or offset against that of any other class of a Fund. The currency exposure of the assets attributable to a class may not be allocated to other classes. Where the AIFM seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or

under-hedged positions due to external factors outside the control of the ICAV. However, over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level which review will also incorporate a procedure to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular class, the performance of the class is likely to move in line with the performance of the underlying assets, with the result that Shareholders in that class will not gain/ lose if the class currency falls/ rises against the Base Currency.

The ICAV will only engage in interest rate hedging at a class level where the benefits and costs of such hedging will be accrued and attributed solely to Shareholders in the relevant class and where such arrangements are in accordance with the Central Bank's requirements.

### **Collateral Policy**

In the context of utilisation of financial derivative instruments for efficient portfolio management techniques, hedging and/or investment purposes, collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of the ICAV. Any receipt or posting of collateral by the ICAV will be conducted in accordance with the requirements of the Central Bank and the terms of the ICAV's collateral policy outlined below.

#### **Collateral – Received by the Fund**

Collateral posted by the counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. A Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

The ICAV will liaise with the Depositary in order to manage all aspects of the counterparty collateral process.

#### **Non-Cash Collateral**

Collateral received must, at all times, meet with the following criteria:

- 13.1 Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.
- 13.2 Valuation: Collateral received should be valued on at least a daily basis and must be marked to market daily.
- 13.3 Issuer credit quality: where the collateral issuer is not rated A-1 or equivalent, conservative haircuts must be applied.
- 13.4 Until the expiry of any relevant repurchase contract or securities lending arrangement, collateral obtained under such contracts or arrangements must equal or exceed in value, at all times the value of the amount invested or securities loaned;
- 13.5 Must be transferred to the Depositary, or its agent; and

- 13.6 Must be immediately available to the ICAV, without recourse to the counterparty in the event of default by that entity.

### **Non-Cash Collateral**

- 13.7 Cannot be sold, pledged or re-invested;
- 13.8 Must be held at the risk of the counterparty;
- 13.9 Must be issued by an entity independent of the counterparty; and
- 13.10 Must be diversified to avoid concentration in one issue, sector or country.

### **Cash Collateral**

Cash collateral may not be invested other than in the following:

- 13.11 deposits with relevant institutions;
- 13.12 government or other public securities;
- 13.13 certificates of deposit issued by relevant institutions;
- 13.14 letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by relevant institutions;
- 13.15 repurchase agreements provided collateral received falls under sections 12.11 to 12.14 of this paragraph; and
- 13.16 daily dealing money market funds which have and maintain a rating of AAA or equivalent.

Invested cash collateral should be held in a diversified manner. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for a Fund.

### **Collateral – Posted by the Fund**

Collateral posted to a counterparty by or on behalf of a Fund must be taken into account when calculating counterparty risk exposure. Collateral posted to a counterparty and collateral received by such counterparty may be taken into account on a net basis provided the Fund is able to legally enforce netting arrangements with the counterparty.

### **Borrowings and Leverage**

Where a Fund is permitted to employ leverage, this shall be disclosed in the relevant Supplement together with the extent to which it may employ such leverage and the method used to calculate the relevant Fund's global exposure. For the avoidance of doubt, where no such disclosure is made in a Supplement, such Fund will not be geared or permitted to employ leverage.

In accordance with the requirements of the Central Bank, a Fund may borrow up to 25 per cent of its net assets at any time for the account of any Fund and may charge or pledge the assets of such Fund as security for any such borrowings. Without prejudice to the powers

of the ICAV to invest in securities, the ICAV may not lend to, or act as guarantor on behalf of third parties nor shall it raise capital from the public through the use of debt securities. A Fund may acquire debt securities and securities which are not fully paid.

### **Securities Financing Transactions**

The ICAV is not permitted to enter into Securities Financing Transactions. As the ICAV will not be engaging in Securities Financing Transactions it does not propose to detail a description or rationale for the use of Securities Financing Transactions, the acceptable collateral or counterparties. The Depositary and any duly appointed sub-custodian shall have a right to re-use the ICAV's assets with the prior consent of the ICAV or the AIFM acting on behalf of the ICAV.

As the ICAV will not be engaging in Securities Financing Transactions, it has not formulated a policy on the sharing of returns generated by Securities Financing Transactions by the ICAV or the AIFM.

### **RISK FACTORS**

Potential Investors should consider the following risks relevant to the ICAV and its Funds before investing. Although the investment objective and policies of each Fund are set forth in the Supplement for the relevant Fund, as the investment policies of each Fund contemplate investing in shares of the Funds of the ICAV, the risks that are applicable to the Funds of the ICAV are risks that a prospective Investor in the ICAV should keep in mind and are as follows. Certain of the risks outlined below are also directly applicable to each Fund of the ICAV.

#### **General Risks**

(Applicable to all Funds of the ICAV)

An investment in a Fund is subject to all risks incidental to the ownership of securities and other assets, which the Fund may own. These factors include, without limitation, changes in government rules and fiscal and monetary policies, changes in laws and political and economic conditions throughout the world, and changes in general market conditions.

There can be no guarantee that losses will not be realised by a Shareholder. Under certain circumstances, the AIFM or the managers of underlying collective investment schemes may be unable to liquidate portfolio securities due to the absence of a liquid market and consequently a Fund may not be able to repurchase shares in other collective investment schemes.

Because many managers trade on a fully discretionary basis, their results (and hence a Fund's results), apart from normal market risk, depend entirely upon such portfolio managers' abilities and efforts.

As is customary in alternative asset management, to which a high level of trading activity is generally associated, there are high transactional and management charges and potential conflicts of interest. In addition, the Funds incur administrative and operational costs and bear, indirectly, their proportionate share of similar expenses incurred by, and management and incentive fees payable by such underlying collective investment schemes.

Investment in a Fund is speculative and involves substantial risks that should be carefully considered by any prospective Investor.

The Funds may invest in collective investment schemes which are unregulated and which will not provide a level of investor protection equivalent to collective investment schemes authorised under Irish laws and subject to Irish regulations and conditions.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund. Prospective Investors should read the Supplement for the relevant Fund and consult their own solicitor and advisors before deciding to invest.

### **Investment Risk**

The price of shares and the income from them may fall as well as rise and investors may not get back the amount they have invested and accordingly an investment should be viewed as medium to long term. In addition to market factors, changes in exchange rates may cause the value of shares to go up or down.

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

An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

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

### **Currency Risk**

The net asset value per share will be computed in the base currency of the relevant Fund, whereas each Fund's investments may be acquired in a wide range of currencies, some of which may be affected by currency movements of a more volatile nature than those of developed countries and some of which may not be freely convertible. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the AIFM may consider it desirable not to hedge against such risk. The AIFM may enter into cross currency hedging transactions.

### **Market Risk**

Some of the recognised exchanges on which each Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which each Fund may liquidate positions to meet repurchase requests or other funding requirements. Potential Investors should also note that the securities of small capitalisation companies are less liquid and this may result in fluctuations in the price of the shares of the relevant Fund.

### **Valuation Risk**

A Fund may invest a limited proportion of its assets in unquoted securities. Such investment will be valued at the probable realisation value as determined in accordance with the valuation provisions set out below. Estimates of the fair value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. Each Fund may, for the purpose of efficient portfolio management, engage in derivative instruments in which case there can be no assurance that the valuation as determined in accordance with the valuation provisions set out below reflects the exact amount at which the instrument may be "closed out".

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

Where any Fund acquires securities on over-the-counter markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### **Segregated Liability between the Funds**

The ICAV has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund. However, while the provisions of the Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. In the event that a foreign court refuses to recognise segregated liability at the Fund level, the assets of one Fund could be applied in satisfaction of the liabilities of another Fund. Accordingly, it is not free from doubt that the assets of any Fund of the ICAV may not be exposed to the liabilities of other Funds of the ICAV.

In addition, where a Fund has more than one Share class and where a transaction is entered into by the ICAV in respect of one class of Shares only, it will be clearly attributable to that class and any costs and gains/losses of the transaction will accrue solely to the relevant class. However, it is not possible for the ICAV to fully achieve or guarantee segregation of liability between Share classes within a Fund of the ICAV.

### **Futures and Options**

The investment policies of a Fund may permit the AIFM to make use of futures and options for efficient portfolio management purposes. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to the Fund. On execution of an option, a Fund may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.

### **Subscription and Repurchase Charges**

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

### **Withholding Tax Risk**

The ICAV may be subject to local withholding and other taxes in respect of income or gains derived from its investments in underlying investee countries. Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of subscribing, holding, selling, converting or otherwise disposing of Shares in the Fund under the laws of jurisdictions in which they may be subject to tax. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the ICAV and to its investors may change from time to time. A summary of some of the Irish tax consequences applicable to the ICAV is set out in the section entitled "Taxation". However Shareholders and potential investors should note that the information contained in that section does not purport to deal with all of the tax consequences applicable to the ICAV or all categories of investors, some of whom may be subject to special rules.

### **FATCA**

As of 1 July 2014, the ICAV may be required to comply with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply with these requirements may subject the Fund to U.S.

withholding taxes on certain U.S.-sourced income and gains. Shareholders may be requested to provide additional information to the ICAV to enable the ICAV to satisfy these obligations. Failure to provide such information when requested may subject an investor to liability for any resulting U.S. withholding taxes or U.S. tax information reporting or compulsory redemption of Fund interests. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Fund. For further information refer to the “Taxation – Foreign Account Tax Compliance Act (“FATCA”)” section of this Prospectus.

### **Irish Real Estate Investment Funds**

Finance Act 2016 introduced a new 20% tax which is applicable to investments made by certain investors in Irish Real Estate Funds (“IREFs”). In broad terms an IREF is a regulated Irish fund which derives 25%+ of its value directly or indirectly from certain Irish real estate assets. This tax is separate from the existing exit tax regime and, in general, should only apply to certain investors who would otherwise be exempt from exit tax.

The new IREF withholding tax will apply to distributions and redemptions made by IREFs to certain types of investors on or after 1 January 2017. It will apply irrespective of whether the affected profits and gains arose to the IREF before this date.

Not all profits or gains from Irish real estate assets are subject to the new tax; in particular, the capital gain on the disposal of certain properties may be excluded from the tax for certain investors. The Directors expect that the ICAV will not be considered an IREF and that, consequently, IREF withholding tax will not need to be applied to future distributions and redemptions made to affected investors out of relevant profits and gains.

### **Limitation on liability of Shareholders**

The liability of Shareholders is limited to any unpaid amount of the nominal value of its Shares and all Shares in the ICAV will only be issued on a fully paid basis. However, under the Application Form and/or the Instrument of Incorporation (to which each Shareholder will subscribe as a member), Investors will be required to indemnify the ICAV and certain other parties for certain matters including the following:

- losses incurred as a result of the holding or acquisition of Shares by a person other than a qualified holder under the terms of the Instrument of Incorporation;
- any liabilities arising due to any tax the ICAV is required to account for on an Investor’s behalf, including any penalties and interest thereon;
- any loss arising as a result of a failure to process an application for Shares if due to required information not being provided by the applicant; or
- losses incurred as a result of any misrepresentation or breach of any warranty, condition, covenant or agreement set forth in the Application Form or in any document delivered by the Investor to the ICAV or breach of any applicable laws, rules and regulations by the Investor.

### **Accounting Standards Risk**

Investors’ attention is drawn to the fact that the accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some of the countries in whose markets a Fund may invest do not necessarily provide the same degree of shareholder protection and information to Investors as would generally apply in more developed markets.

### **Depositary Risk**

Investors should note that local custody services in some of the market countries in which a Fund may invest may not be the same as those in more developed market countries and there is a transaction and custody risk involved in dealing in such markets.

### **Premium Risk**

Where a Fund acquires or values securities in the over-the-counter market there is no guarantee that the Fund will be able to realise such securities at a premium due to the nature of the over-the-counter market.

### **Illiquidity**

It is not anticipated that there will be an active secondary market for the Shares and it is not expected that such a market will develop. Whilst Shareholders will normally be able to realise their investment in the ICAV by redeeming or transferring their Shares, the calculation of the Net Asset Value may be suspended in certain circumstances and the redemption of Shares may be suspended or deferred in certain circumstances.

### **Risks Relating to Counterparties**

The ICAV may be exposed to a risk of inability of any counterparty, or any entities in or with which an investment or transaction is made, to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **Diversification**

Although the ICAV plans to seek diversification in the investment of the assets of the Funds, it is possible that, at times, a Fund's assets may be disproportionately concentrated in certain sectors or issuers.

A Fund may invest in a limited number of investments and it is possible that, at times, this Fund's assets may be very concentrated in certain investments. A Fund which pursues a concentrated investment strategy may be subject to a greater degree of volatility and risk than a Fund following a more diversified strategy. Such concentration of capital in a limited number of investments may tend to result in more rapid changes in the Fund's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Fund's Net Asset Value. The Fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, and may experience increased risk of loss and increased volatility.

### **Currency Risk**

Assets of a Fund and share classes of a Fund may be denominated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and the currency of a share class of a Fund and the currency of such assets may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency or the relevant share class. The AIFM may or may not try to mitigate this risk by using financial instruments. A Fund may invest in emerging markets and the currencies of emerging market countries are more likely to experience a significantly higher degree of volatility and possibly currency devaluations than established markets which could adversely affect returns on investments.

A Fund may also enter into forward contracts to hedge against a change in such currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the Base Currency of that Fund. For example, a Fund could enter into a forward contract to sell the currency in which the investment is

denominated or principally traded in exchange for the Base Currency of that Fund. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the forward contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured.

The adoption of a currency hedging strategy for a class of Share may substantially limit the holders of such class from benefiting if the currency of such class depreciates against the currencies in which the assets of the relevant Fund are denominated.

Investments in any Fund in which the base currency is different to the currency of a Share class of the Fund or subscriptions or redemptions to a class of Shares denominated other than in US Dollars means an exposure to possibly adverse currency fluctuations. Investors should note that currency conversion will take place on subscription, redemption, switching and distributions at prevailing exchange rates.

If the ICAV considers it appropriate, any class of Shares that is not designated in the base currency of the Fund can be hedged as an overlay on the Fund base currency Net Asset Value. Therefore it cannot be assumed that there is no currency exposure.

The Funds may employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses.

### **Time required to maturity of investments**

There may be a significant period of time before the underlying funds have invested all their committed capital. Once such investments are made, it may take several years from the date of initial investment to reach such a state of maturity that realisation can be achieved (if at all). Proceeds from the realisation of investments in underlying funds may be retained by a Fund to meet its obligations and pay expenses. It is therefore possible that no cash returns to Shareholders will occur for some years, if at all.

### **Risks relating to Cash Accounts**

The ICAV may hold cash assets in a single account in the name of the Fund. For the purposes of this Section, "Cash Assets" refer to subscription monies received from Investors and redemption or dividend payments due to Investors. In the event that Shares are allotted prior to settlement of subscription monies, the ICAV reserves the right to reverse such allotment of Shares in the event of a failure by the Shareholder to settle the subscription monies on a timely basis. In such circumstances, the ICAV shall compulsorily redeem any Shares issued and the Shareholder shall be liable for any loss suffered by the ICAV in the event that the redemption proceeds are less than the amount originally subscribed for.

Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of redemption proceeds which shall remain an asset of the ICAV and the Shareholder will rank as an unsecured general creditor of the ICAV until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which redemption proceeds will be released. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the ICAV until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid.

Subscription monies will become the property of the ICAV upon receipt and accordingly Investors will be treated as unsecured general creditors of the ICAV during the period between receipt of subscription monies and the issue of Shares. In the event of an insolvency of a Fund, there is a possibility that money held in the cash account, correctly owned by another Fund, may be incorrectly allocated to the insolvent Fund. In such an event the ICAV and the Depositary will provide all relevant details and supporting documentation to the insolvency practitioner and assist and petition the insolvency practitioner as necessary to ensure the timely recovery of the monies due to the other Fund. This may, however, result in a delay in payment of redemption or dividend monies to Investors, or a delay in the issuance of Shares.

### **Substantial Fees and Expenses**

A Fund may have to make substantial trading profits in order to avoid depletion of its assets as a result of fee structures in underlying collective investment schemes and managed accounts. In addition, incentive fees payable by underlying collective investment schemes and managed accounts may be based on realised and unrealised gains and losses as of the end of the applicable period. As a result, incentive fees could be paid on unrealised gains which may never be realised. Further, payment of a fee based on profits may create an incentive for the portfolio managers of the underlying collective investment schemes or managed accounts to select riskier or more speculative investments than would be the case in the absence of such a fee. Finally, a Fund may be obligated to pay incentive fees based on the performance of individual collective investment schemes or managed accounts in which it invests even if a Fund as a whole generated no new profits or lost money during a particular period.

### **Emerging Market Risks**

In the case of the relevant Funds there may be limited exposure to emerging markets and Investors should be aware of risks attached to investing in such markets which could have a limited impact on the performance of such relevant Funds. In particular, the following risks should be noted.

### **Settlement and Credit Risks**

The trading and settlement practices of some of the stock exchanges or markets on which a relevant Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by a relevant Fund. In addition, a relevant Fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. The Depositary may be instructed by the AIFM or other relevant investment manager to settle transactions on a delivery free of payment basis where the AIFM / investment manager believes and the Depositary agrees that this form of settlement is common market practice. Shareholders should be aware, however, that this may result in a loss to a relevant Fund if a transaction fails to settle.

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

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

## **Political Risks**

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

## **Custody Risks**

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a relevant Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in “book-entry” form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a relevant Fund’s holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a relevant Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

## **Political considerations**

Investment in the markets targeted by the Funds involves investment in certain emerging markets that entail risks of a nature and degree not typically encountered in developed markets. There is a higher than usual risk of regulatory or administrative action (arbitrary or otherwise), nationalisation, expropriation or confiscation, punitive taxation, political changes, social instability or diplomatic developments which could adversely affect the value of investments made in those countries. Macroeconomic developments, including intervention by governments can have a direct bearing on markets which may disrupt trade. Such disruption and intervention may result in unfavourable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, trade balances and imbalances and social, economic or political instability which could impact on the investments made by the Fund.

## **Risks associated with the UK leaving the European Union**

On 23 June 2016, the UK voted in a referendum to leave the European Union (informally known as “**Brexit**”). As at the date of this Prospectus, the UK Parliament has not commenced the formal process for leaving required by Article 50 of the Lisbon Treaty. The political, economic and legal consequences of the referendum vote are not yet known and the mechanics of the UK leaving the European Union are unclear.

In the short term, it is likely there will be volatility in the financial markets, particularly those in the UK and Europe but possibly also in the US and Asia. The UK may be less stable than it has been in recent years and investments in the UK may be difficult to value, to assess for suitability or risk, harder to buy or sell or subject to greater or more frequent rises and falls in value. Changes in currency exchange rates may make it more expensive for the Funds to buy investments that are not denominated in Sterling. Funds may see higher levels of redemption. In the event that the AIFM is unable to accurately value the assets of the Funds, or in the event of high levels of redemption, the AIFM working in conjunction with the Board may use certain liquidity management tools permitted by the Central Bank rules, including deferred redemptions, the implementation of fair value pricing or suspension of the Funds.

In the longer term, there is likely to be a period of significant political, regulatory and commercial uncertainty as the UK seeks to negotiate its exit from the European Union. The UK's laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the Funds or the rights of Investors. Depending on the terms of the agreement reached with the European Union, funds such as the ICAV may or may not be treated in the same way as is currently the position and it may not be possible for the Funds to be sold to Investors in the United Kingdom.

### **Paying Agent Risk**

Shareholders who choose or are obliged under local regulations to pay or receive subscription or repurchase monies or dividends via an intermediate entity rather than directly to the ICAV or the relevant Fund (e.g. a paying agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the ICAV or the relevant Fund and (b) repurchase monies payable by such intermediate entity to the relevant Shareholder.

### **Past Performance**

The past performance of the ICAV or any of the Funds cannot be construed as any indication of the future results of an investment in the ICAV or any of the Funds.

### **Repatriation restrictions**

The funds in which the Funds invest may be subject to foreign exchange controls which may adversely affect the ability to repatriate the income or proceeds of sale arising from their investment. Repatriation of income, capital and the proceeds of sale to the Funds may require governmental consents. Delays in or a refusal to grant any such approval or a revocation or variation of consents granted prior to investments being made in any particular country or the imposition of new restrictions may adversely affect those funds' investments.

### **Foreign ownership restrictions**

Due to local investment restrictions or for other local reasons, the funds in which the Funds invest may hold minority equity positions which may inhibit their ability to influence policy and ensure adequate protection of their investments.

### **Financial risk**

Some underlying funds will make private equity investments which involve an above average risk including a degree of financial risk (including risks associated with relatively high leverage) and in some cases operating risk, which may give rise to the risks of insolvency and total loss of funds invested.

### **Management control**

All decisions with respect to the management of underlying funds will be made by their managers and accordingly, Funds will not have control over the activities of any underlying funds invested in by the Fund. Managers of underlying funds in which a Fund may invest may take undesirable tax positions, employ excessive leverage, or otherwise manage the underlying funds in a manner not anticipated by a Fund. Funds will have no right or power to take part in the management of the underlying funds. Any Fund investing in underlying funds will generally have minority positions in underlying funds and the ability to influence their affairs and protect the relevant Fund's interests will be limited. Shareholders have no management control over the Fund.

### **General Economic Environment and Credit Conditions**

Future deterioration in the economic environment, including a sustained slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the trading performance of the portfolio assets of the underlying funds, which in turn could translate into a lower interim or exit valuation. Any accompanying weakness in public markets would further impact the valuations of unlisted portfolio assets of the underlying funds (as they are generally valued using public market comparables), as well as the valuation of any publicly listed portfolio assets of the underlying funds. The ability of a fund manager of an underlying fund to realise its interest in certain portfolio assets of an underlying funds in whole or in part may be subject to contractual restrictions such as lock-up arrangements. It may therefore also be the case that the Fund decides to pay calls to underlying funds with debt finance rather than relying upon receiving distributions from investments which it has made, which may increase a Fund's borrowings and risk and volatility for Shareholders.

## **Derivatives Risk**

### **General**

FDIs may be used as a means of gaining indirect exposure to a specific asset, rate or index and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Use of FDIs involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other investments. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

Investing in FDIs could cause the Fund to lose more than the principal amount invested. Also, suitable FDIs may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

The prices of FDIs, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other FDIs are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, national and international political and economic events and changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of FDIs also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates; (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged; (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities; (4) the possible absence of a liquid market for any particular instrument at any particular time; and (5) possible impediments to effective portfolio management or the ability to meet repurchases.

### **Absence of Regulation; Counterparty Risk**

In general, there is less government regulation and supervision of transactions in the "over-the-counter"/ "OTC" markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on exchanges. In addition, many of the protections afforded to participants on some exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual Investor. These

options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than an exchange, and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may refrain from settling a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

### **Correlation Risk**

The prices of FDIs may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements.

### **Collateral Risk**

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions. Assets deposited as collateral or margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

### **Reinvestment of Cash Collateral**

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### **Forward Trading**

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

### **Foreign Exchange Transactions**

Where a Fund utilises FDIs which alter the currency exposure characteristics of Transferable Securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

### **Futures and Options Trading is Speculative and Volatile**

Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which a Fund may trade. Certain of the FDIs in which a Fund may invest are sensitive to interest rates and foreign exchange rates, which means that their value and,

consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and foreign exchange rates, and to utilise appropriate strategies to maximise returns to the Fund, while attempting to minimise the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

### **Legal Risk**

The use of OTC derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Funds to the risk that the legal documentation of the relevant OTC contract may not accurately reflect the intention of the parties.

### **Liquidity of Futures Contracts**

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

### **Necessity for Counterparty Trading Relationships**

Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the ICAV believes that it will be able to establish the necessary counterparty business relationships to permit a Fund to effect transactions in the OTC currency market and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Fund's activities and could require a Fund to conduct a more substantial portion of such activities in the cash or exchange traded markets. Moreover, the counterparties with which a Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### **Fund of Funds Risks**

A Fund established as a fund of funds may be subject to valuation risk due to the manner and timing of the valuations of the relevant Fund's investments. Underlying Funds may be valued by fund administrators affiliated to fund managers or by the fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly, there is a risk that the valuations of a Fund may not reflect the true value of underlying fund holdings at a specific time which could result in significant losses or inaccurate pricing for these Funds.

A Funds investment strategy may require consideration of certain factors, including but not limited to those set forth below, not typically associated with investing in the more broadly based securities categories. Moreover, such investments tend to be more directly impacted by levels of economic activity, inflationary or deflationary movements, related hedging activity, including speculative hedging for investment purposes, as well as environmental and other political considerations.

Since a relatively high percentage of a Fund's assets may from time to time be invested indirectly in the securities of a limited number of issuers held by an even more limited number

of collective investment schemes, the Net Asset Value of a Fund could be adversely affected by a single economic, political or regulatory occurrence or other development. In any event, the value of the Shares will be especially affected by factors particular to the hedge fund sector and may fluctuate more widely than the value of shares of a more broadly based or “blue chip” investment program.

While the AIFM will adhere to the general principles of diversification with respect to transactions, and acknowledges that no change will be made to the fundamental investment policies of a Fund save in exceptional circumstances and then only with the consent of the Shareholders (by way of resolution of a simple majority of the Shareholders passed at a general meeting of the Shareholders of the relevant Fund), a Fund may face certain risks in respect of its investment program, including the following:

#### *Risks associated with investing in Underlying Funds*

A Fund may invest in Underlying Funds which may be invested wholly independently of one another and may at times hold economically offsetting positions. To the extent that such Underlying Funds do, in fact, hold such positions, a Fund, considered as a whole, cannot achieve any gain or loss despite incurring expenses.

Furthermore, while the Directors or their delegate will exercise reasonable care to comply with the investment restrictions applicable to a particular Fund, the manager of and/or service providers to the Underlying Funds in which a Fund may invest may not be obliged to comply with such investment restrictions in their management / administration of such funds. No assurance can be given that the investment restrictions of a Fund with respect to individual issuers or other exposures will be adhered to by such Underlying Funds or that, when aggregated, exposure by such Underlying Funds to individual issuers or counterparties will not exceed the investment restrictions applicable to a Fund.

In addition, concentration of capital in a limited number of Underlying Funds may tend to result in more rapid changes in a Fund’s portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on a Fund’s Net Asset Value.

#### *Illiquidity of Underlying Funds and limitations on repurchase requests.*

Certain Underlying Funds may have quarterly or less frequent dealing days than a Fund. This could impair a Fund's ability to distribute redemption proceeds to a Shareholder who wishes to redeem its Shares because of a Fund's inability to realise its investments. In circumstances where the Underlying Funds have less frequent dealing days than a Fund, it may be necessary for the Directors to retain up to 10% of the redemption proceeds, as a Fund is unable to realise its investments in the Underlying Funds or where this reflects the redemption policy of the Underlying Funds until such time as the full redemption proceeds from the Underlying Funds are received. This may mean that a Shareholder's redemption request is not met on that Dealing Day and will then be dealt with on a pro-rata basis on the next and subsequent Dealing Days. It may take a considerable length of time from the notification by a Shareholder of a request for redemption to the payment of the remaining redemption proceeds.

#### *Pricing of Underlying Funds*

There may be difficulties in obtaining a reliable price for the net asset value of the Underlying Funds as only estimated and indicative valuations of certain Underlying Funds are available at the Valuation Point for the relevant Valuation Day where a redemption is effected. The Underlying Funds may not have dealing days for redemptions which are the same as the Dealing Days for a Fund. This will lead to pricing risk because the net asset value of the

Underlying Funds (on the basis of which a Fund's NAV is calculated) may increase or decrease between a Fund's Dealing Day and the Underlying Fund's dealing day. Accordingly, the value of an Underlying Funds used for the purpose of valuing a Fund, at the Valuation Point for the relevant Valuation Day, may differ from the amount received by a Fund when it redeems its interests in the Underlying Funds.

#### *Legal considerations*

The laws relevant to the rights of foreign Investors and the entities through which they may invest are often unclear in those countries where the assets of the Fund may ultimately be invested and in which the Underlying Funds invest and operate. These jurisdictions may not accord equivalent rights (or protection for such rights) to those which Investors might expect in countries with more sophisticated laws and regulations. Furthermore, it may be more difficult for the Underlying Funds to obtain effective enforcement of their rights by legal arbitral proceedings than in countries with more mature legal systems.

#### **Underlying Funds – Liquidity Risks**

A Fund may be subject to liquidity risk due to the manner and timing of potential redemptions from the Underlying Funds. Underlying Funds may be entitled to delay acceptance of redemption requests or payment of redemption proceeds from a Fund.

#### *Lock-up liquidity risk*

A Fund may invest in Underlying Funds which provide for "lock-up" periods, typically one to five years, during which the investments in the Underlying Funds may not be redeemed or alternatively may only be redeemed on the payment of an early redemption penalty.

If a Fund cannot redeem its investment in an Underlying Fund at a time when there are net redemptions from a Fund, a Fund may be forced to redeem its investment in other Underlying Funds which do not operate a lock in period but which the AIFM believes is a superior investment to the Underlying Funds operating the lock in.

Alternatively, the presence of lock in Underlying Funds increases the likelihood that the ICAV may decide to exercise its power to refuse to redeem Shares in excess of one tenth of the total number of Shares of a Fund in issue or deemed to be in issue if it considers that to do so would require a Fund to incur early redemption penalties or dispose of desirable investments. In addition the lock in periods may mean that a Fund holds Underlying Funds with unsatisfactory performance for longer than would otherwise be the case. If the ICAV, working with the AIFM, decides to redeem an investment in an Underlying Fund with a lock in period and an early redemption penalty, the redemption penalty could cause a significant reduction in a Fund's performance. Shareholders should be aware that in the event of a Fund incurring costs in the disposal of Underlying Funds (including early redemption penalties) the AIFM may impose "an anti-dilution levy".

#### **Underlying Funds – Leverage Risks**

Where a Fund invests in Underlying Funds, these Underlying Funds may have the ability to employ leverage through borrowing or the use of derivative instruments. Underlying Funds may without limitation utilise high levels of leverage in achieving their investment objectives. A Fund may therefore be exposed to much higher levels of leverage through the Underlying Fund than a Fund is permitted to engage in itself. While leverage presents opportunities for increasing the total return on investments, it also has the effect of potentially increasing losses.

#### **Underlying Funds – Valuation Risks**

A Fund may be subject to valuation risk due to the manner and timing of valuations of a Fund's investments. Underlying Funds may be valued by fund administrators affiliated to fund managers, or by the fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that (i) the valuation of a Fund may not reflect the true value of Underlying Funds' holdings at a specific time which could result in significant losses or inaccurate pricing for a Fund and/or (ii) valuation may not be available at the Valuation Point for a Fund so that some or all of the assets of a Fund may be valued on an estimated basis.

### **Risks of investing in unregulated Underlying Funds**

A Fund may invest in unregulated Underlying Funds. The unregulated Underlying Funds in which a Fund may invest may be established in jurisdictions which do not have an equivalent level of investor protection as that provided in Ireland by collective investment schemes authorised under Irish laws and subject to Irish regulations and conditions. The following is a list of certain of the risk factors that apply in relation to a Fund's investment in an unregulated Underlying Fund:

#### *Underlying Fund Investment Strategies*

An unregulated Underlying Fund may use a wide variety of investment styles and strategies and in most cases the organisational or mandate documents of the Underlying Funds will allow them to be reasonably flexible across strategies. Moreover, even among unregulated Underlying Funds that follow seemingly similar investment strategies, there are many different ways of implementing those strategies. Therefore, it is often difficult to assign unregulated Underlying Funds into specific investment categories. Although classification systems vary, investment methods are still often classified into broad strategy categories. Investment strategies utilised by the unregulated Underlying Funds in which a Fund will invest vary and may include some or all of investment styles listed below.

Any of these investment styles may involve short selling assets. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of an asset involves the risk of a theoretically unlimited increase in the market price of the asset, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that assets necessary to cover a short position will be available for purchase.

Some additional risks associated with each style category are noted below.

Broadly, the investment styles that may be used by the unregulated Underlying Funds are described as follows:

#### **Arbitrage/Relative Value**

Arbitrage/Relative Value strategies exploit pricing discrepancies between closely related assets. These may include the following:

##### *Equity Market Neutral*

Market Neutral strategies are based on both long and short positions in securities which seeks to profit by exploiting pricing inefficiencies between related securities. Positions are often diversified so that no one position has a disproportionate effect on the portfolio. Related short positions hedge out much of the market risk in long positions so that the overall portfolio has a limited exposure to market moves. Stock selection is based on either fundamental or statistical

methods. There is a risk that the positions taken by the Underlying Fund operating market neutral strategies in certain market conditions may result in pricing volatility which forces a mismatch between the long and short positions taken. Such moves may result in the neutrality of the portfolio being compromised and may result in loss. Market neutral Underlying Funds will also face risks associated with the selection of each individual stock.

### *Relative Value*

Relative value strategies attempt to take advantage of price or spread inefficiencies between securities including equities, debt, options and futures. Performance of relative value strategies is not generally dependent on the direction of the bond, equity or other markets unlike many directional hedge funds which can be up to 100% exposed to market risk. These relative value strategies include yield curve arbitrage, equity pairs trading, mortgage backed securities arbitrage and futures arbitrage. Relative value strategies bear a risk that the markets or stocks in which the Underlying Fund is invested may not move in the anticipated direction. The price or spread inefficiencies which the Underlying Fund hopes to take advantage could broaden significantly and/or remain for long periods. Such a broadening of a spread could result in the Underlying Fund having to liquidate its position at a loss. Failure of a price inefficiency to narrow for a long period may mean that the Underlying Fund's investment yields no return or a negative return. Any such losses could be magnified if the Underlying Fund has engaged in leveraged to maximise its return.

### *Fixed Income Arbitrage*

Fixed income arbitrage strategies attempt to exploit pricing inefficiencies between correlated fixed income securities while neutralising exposure to interest rate risk. The positions consist of government bonds, investment-grade corporate bonds, government agency securities, swap contracts, and futures and options on fixed-income instruments. Specialities include mortgage arbitrage where the Underlying Fund takes positions in mortgage-backed securities. There is a risk that the positions taken by the Underlying Fund operating fixed income arbitrage strategies will not perform as expected resulting in a realised loss. For example, an Underlying Fund may employ a strategy of holding a series of corporate bonds and selling short a government bond of similar maturity. If for unexpected reasons the series of corporate bonds react negatively due to poor earnings announcements or concerns over the solvency of an issuer, the corporate bonds would fall in price greater than the offsetting short position in the government bond. In such a circumstance a loss will be incurred by the Underlying Fund.

### *Convertible Arbitrage*

Convertible arbitrage strategies involves taking long positions in a company's convertible bonds, preferred stock, or warrants and short positions in the underlying equity shares in an attempt to exploit the mispricing between the two. These strategies usually employ leverage. A convertible Underlying Fund effectively takes an exposure to the volatility of the equity and/or the credit risk of the bond, hedging out the other factors. There is a risk that the positions taken by the Underlying Fund operating convertible arbitrage strategies will not perform as expected resulting in a realised loss. For example, an Underlying Fund may purchase a convertible bond, (i.e. a bond which contains a provision that permits conversion of the bond to the issuers common stock at a fixed exchange ratio), and short the issuers stock. If unexpectedly, the issuer cannot meet the obligations on the convertible bond held, the price of the bond may fall greater than the short position on the stock. In such an instance a loss will be incurred by the Underlying Fund.

### **Event-Driven**

Event-Driven strategies attempt to take advantage of opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganisations, recapitalisations and share buybacks.

For Underlying Funds utilising Event-Driven strategies there is a risk that a transactional event, such as a merger or acquisition, fails to materialise. In this case there is a risk that a considerable loss is realised due to the negative price impact on the securities the manager invests in. For example, the spread on a merger between the transaction price and the market price of the target company may widen considerably if the merger is not executed. Such a movement may force the manager to realise a loss on the positions taken.

### *Merger Arbitrage*

The merger arbitrage (or risk arbitrage) strategy involves taking positions in companies that are, or are likely to be, engaged in a merger, leveraged buyout or take-over. Underlying Funds following this strategy typically buy shares in the target company and sell an appropriate quantity of shares in the acquirer or vice versa. Factors that affect returns include the extent of the spread that can be earned through this transaction, the likelihood of a deal coming to fruition and the likely date of completion of the deal. For Underlying Funds utilising Merger Arbitrage strategies the main risk is the uncertainty of whether or not the underlying transactions will or will not be completed. If the Underlying Fund was to take a position that a merger was likely to be successful and that merger subsequently failed the Underlying Fund would be likely to realise a loss on the positions taken.

### *Special Situations*

Special situation strategies seek profit opportunities from a broad range of corporate events. They are typically based on corporate events such as a mergers and acquisitions, distressed securities, changes in index composition, share buy backs (where companies repurchase their own share) or initial public offerings. They may also be based on an attempt to systematically exploit undervalued obligations such as bank debt or trade claims. They also include capital structure arbitrage, i.e. investing long and short in different parts of the capital structure of the same firm, or other relative-value trades, such as trading between ADRs and local shares or voting versus non-voting shares, as well as strategies involving trading a holding company versus positions in its listed subsidiaries (a "stub" trade). They also include closed end fund arbitrage, which involves the purchase and hedging of closed-end funds that may be trading at a significant difference from their net asset values (although the Underlying Fund itself will be open ended) As special situation strategies by their nature depend on the occurrence of a broad range of corporate events the risks associated with such strategies are difficult to specify precisely. Generally they will face the risk that the outcome of the corporate event will not be as anticipated which could lead to substantial loss to the Underlying Fund, such loss possibly being magnified if the Underlying Fund has utilised leverage to maximise its returns. For example a the Underlying Fund may anticipate a change in the composition of an equity index will result in the fall in value of the shares which are excluded from the index and/or a rise in the value of shares newly included in the index. The Underlying Fund however risks losses if the anticipated shares are not excluded / included or if the exclusion/inclusion does not lead to the anticipated change in value of the share.

### *Distressed*

Distressed security funds generally invest or take short positions in securities of financially troubled companies, i.e. those involved in bankruptcies, exchange offers, workouts, financial reorganisations, and other special credit event-related situations. These strategies may concentrate on distressed securities in general or focus on particular segments of the market. Investments are made with a view to an exit via the secondary market, or with the expectation

that the company will be re-capitalised, restructured, or liquidated. The Underlying Fund may either seek to be actively or passively involved in the process. For Underlying Funds investing in distressed securities the main risk is the uncertainty of whether or not the distressed security will or will not exit the distressed phase or enter liquidation as expected by the Underlying Fund. If the Underlying Fund was to take a position that a reorganisation was likely to be successful but the reorganisation subsequently failed, the Underlying Fund would be likely to realise a loss on the positions taken.

### ***Directional/Tactical***

These strategies exploit broad market trends in various securities and asset classes. These may include the following:

#### ***Long/Short Equity***

Long/Short strategies are similar to market neutral strategies and are based on both long and short positions in securities however in long/short strategies little or no effort may be made to ensure a correlation between the long and the short positions to make the Underlying Fund market neutral. Where short positions are unrelated or only mildly related to long positions they will not hedge out the market risk in the long positions. This will have the effect of making the overall portfolio more sensitive to market moves. Stock selection is based on either fundamental or statistical methods. In addition positions may be concentrated so that a small number of positions have a disproportionate effect on the portfolio. There is a risk that the price movements in the equity positions taken by the Underlying Funds operating equity long/short strategies will not perform as expected resulting in a realised loss. Where the long and the short positions taken by an Underlying Fund operating long/short strategies are not correlated the Underlying Fund will face a risks relating to general market movement as well as stock selection risks. For example, an Underlying Fund may have invested in a group of equities and hedged the position with a short sale of an index. If the group of equities fell in price more than the index, due to unexpected poor equity selection, losses will be incurred by the Underlying Fund.

#### ***Long or Short Only Equity***

Long or short only equity strategies involve the taking long or short stock positions in particular stocks, industries and/or markets and attempt to profit may be based on fundamental stock analysis, technical analysis, market trends and sentiment factors. Long or short only equity Underlying Funds may specialise by industry, sector or market. There is a risk that the positions taken by Underlying Funds operating long or short only equity strategies will not perform as expected resulting in a loss.

The long or short positions taken by an Underlying Fund will be in the expectation of the movement of a particular stock or market in a particular direction. If the stock or market fails to move in the anticipated direction the Underlying Fund will suffer a loss. In the case of long only equity strategies the risk of loss is generally limited to the amount that has been invested by the Underlying Fund. The losses may be magnified however where the Underlying Fund has utilised leverage or borrowing in order to maximise returns. For example, where an Underlying Fund has bought a particular stock in the expectation that it will rise in value, if the stock were to fall losses will be incurred by the Underlying Fund up to the value of the shares purchased. If the Underlying Fund had borrowed money in order to purchase some or all of the shares then the Underlying Fund could stand to lose more than if it had invested solely with its own monies. In the case of short only equity strategies the risk of loss is generally not limited to the amount that has been invested by the Underlying Fund and is potentially unlimited. The losses may be further magnified where the Underlying Fund has utilised leverage or borrowing in order to maximise returns. For example, where an Underlying Fund

has sold a security that the Underlying Fund does not own in the expectation that the stock will subsequently fall in value, if the stock were to rise losses will be incurred by the Underlying Fund up to the value of the increase in value of the shares above the price at which the shares were sold. This amount is potentially unlimited. If the Underlying Fund had borrowed money in order to borrow some or all of the shares then the Underlying Fund could stand to lose more than if it had invested solely with its own monies. For example, an Underlying Fund may be positioned for a particular stock market to rise, if therefore the stock market were to fall due to reasons not anticipated by the manager, losses will be incurred by the Underlying Fund.

### *Managed Futures*

Managed futures strategies are typically employed by Underlying Funds who take long and short positions in liquid financial futures such as currencies, interest rates, stock indices, and commodities. Managed futures programs typically base their investment decisions either on systematic methods, notably, trend-following models or discretionary views. Managed futures strategies encompass a very broad range of possible strategies and many of the risks associated with the other investment strategies in this section are applicable to this strategy. Managed futures strategies will also bear risks associated with the use of financial futures.

### *Global Macro*

Macro strategies take long and short positions in currencies, bonds, equities, and commodities. The Underlying Fund tries to exploit perceived divergences between and within these various asset classes. The investment decisions are based on top-down views of the world, including business conditions, economic policy, price development, and market sentiment. The Underlying Fund may also base investment decisions on relative valuations of financial instruments within or between asset classes. There is a risk that the directional positions taken by Underlying Funds operating global macro strategies will not perform as expected resulting in a loss. For example, an Underlying Fund may be positioned for a particular stock market to rise, if therefore the stock market were to fall due to reasons not anticipated by the manager, losses will be incurred by the Underlying Fund.

### *Direct Lending Strategies*

Direct lending strategies are designed to achieve superior returns by identifying inefficiencies that exist in niche segments of non-publically traded markets due to perceived complexity associated with the sector, the sector being underserved, or the sector had no need for prior financing. These Underlying Funds specialise in making senior secured loans that provide growth or bridge financing primarily to lower middle-market companies or emerging asset-rich enterprises.

Underlying Funds pursuing such a direct lending strategy will seek to take senior or structurally senior positions that are collateralised through secured financings, alternative investment structures, or direct acquisition of assets. These include but are not limited to, bankruptcy remote vehicles or direct asset purchases (with or without a repurchase agreement) having cash equity and asset level over-collateralisation (low loan to value). Positions are normally held to maturity, pre-payment or until they are paid down.

A fundamental risk associated with this investment strategy is that the companies in whose debt the Underlying Fund invests will be unable to make principal and interest payments when due, or at all. Investments could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn or legal, tax or regulatory changes. Investments that are expected to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position

or may otherwise have a weak financial condition or be experiencing financial distress. This will have implications for the performance of the Underlying Fund.

In addition, direct lending strategies may be subject to the risk that the Underlying Fund's security interests in the underlying collateral are not properly or fully protected. Compounding these risks, the collateral securing debt investments will often be subject to devaluation risks. Of paramount concern in investing in loans is the possibility of material misrepresentation or omission on the part of borrowers or guarantors. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the lender to perfect or effectuate a lien on the collateral securing the loan.

Underlying Funds may invest in subordinated loans. If a borrower defaults on a subordinated loan or on debt senior to the Underlying Fund's loan, or in the event of the bankruptcy of a borrower, the loan held by the Fund will be satisfied only after the senior loans are repaid in full. Under the terms of typical subordination agreements, senior creditors may be able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as creditors. Accordingly, the Underlying Fund may not be able to take the steps necessary or sufficient to protect its investment in a timely manner or at all. In addition, subordinated loans may not always be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. If a borrower declares bankruptcy, the Underlying Fund may not have full or any recourse to the assets of the borrower or the assets of the borrower may not be sufficient to satisfy the loan. Further, the Underlying Fund's ability to amend the terms of the loans, assign its loans, accept prepayments, exercise its remedies (through "standstill periods") and control decisions made in bankruptcy proceedings may be limited by intercreditor arrangements if debt senior to the Underlying Fund's loan exists. The level of risk associated with investments in subordinated loans increases if such investments are loans of distressed or below investment grade issuers.

### *Volatility Based Strategies*

In essence, these models look to profit from non-linearity in the present and future value of option prices. Instruments traded pursuant to these models will include various FX products (including spot, forwards (both deliverable and non-deliverable), options (both listed and unlisted), futures contracts and swaps. Other futures contracts and listed or unlisted options on bonds, equity indices and commodities may also be used. Strategy diversification will be part of the risk management process for this trading strategy, as well as limits on various risk measures such as delta, vega and/or gamma.

As well as the risk factors applicable to the other investment strategies outlined above, volatility based strategies utilise certain trading systems which are technical in nature. The profitability of trading under such systems depends on, among other things, the occurrence of significant price movements. Technical systems may underperform other trading methods during periods when there are no price movements or when fundamental factors dominate price movements in a given market. Further, external market events may have a material impact on prices, and it is possible that the Underlying Fund manager's historic price analysis may lead it to establish positions on the wrong side of price movements caused by such events.

The Underlying Fund manager may rely on quantitative analysis and pricing models in developing its technical trading systems. There can be no assurance that the Underlying Fund manager will be successful in implementing the calculations or models correctly. Such errors may be difficult to detect and may cause the trading system to generate results different from the intended results. Technical trading systems also require continuous monitoring and adjustment to account for changing trends, the absence of which may cause the Underlying

Fund manager to retain positions that are no longer profitable or to fail to identify positions that will be profitable in the future.

In recent periods, the proportion of funds traded pursuant to trend-following trading systems and competition among such trading systems have increased significantly. The Underlying Fund manager may find it more difficult to implement its trading strategy to the extent such increases alter trading patterns or affect the execution of trades. To the extent that the confidentiality of the Underlying Fund manager's trading positions is not maintained, other market participants may attempt to reverse-engineer and exploit the Underlying Fund manager's trades.

### *Insurance-linked Strategies*

Insurance linked strategies seek to realise superior risk adjusted returns by successfully analysing and executing investments in a portfolio of instruments, the returns on which primarily depend on, in whole or in part (i) risks embedded in property and casualty insurance and reinsurance relating to the nature, magnitude and effects of certain catastrophic events or meteorological conditions, including, but not limited to "cat bonds" and equity in cat bonds issuers and casualty insurance linked derivatives ("**Catastrophic Investments**") and (ii) risks embedded in life, accident, health, property and casualty insurance other than Catastrophic Investments.

Insurance linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes. Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Underlying Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Fund. Although an Underlying Fund's exposure to such events may be diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Underlying Fund's Net Asset Value.

### **DIVIDEND POLICY**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. The Instrument of Incorporation of the ICAV empowers the Directors to declare dividends in respect of any Shares in the ICAV out of the net income of the ICAV (i.e. income less expenses) (whether in the form of dividends, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised gains net of all realised and unrealised losses), subject to certain adjustments.

Any dividends paid which are not claimed or collected within six years of payment shall revert to and form part of the assets of the relevant Fund.

Any dividends payable to Shareholders not reinvested will be paid by electronic transfer to the relevant Shareholder's bank account of record on the initial Application Form in the currency of denomination of the relevant Class of Shares, at the expense of the payee and will be paid within four months of the date the Directors declared the dividend.

### **APPLICATIONS FOR SHARES**

Under the Instrument of Incorporation, the Directors are given authority to effect the issue of Shares and to create new classes of Shares and have absolute discretion to accept or reject in whole or in part any application for Shares.

It is intended that issues of Shares will normally be made with effect from a Dealing Day in respect of applications received on or prior to the Dealing Deadline. Dealing Days and Dealing Deadlines relating to each Fund are specified in the Supplement for the relevant Fund. Applications for the issue of Shares should be made to the ICAV c/o the Administrator and applications received after the Dealing Deadline for the relevant Dealing Day shall, be deemed to have been received prior to the following Dealing Deadline, subject to the discretion of the Directors provided that once the Net Asset Value of a Fund has been calculated, the Administrator will not accept any further applications in respect of that Dealing Day.

All applicants applying for the first time for Shares in the ICAV must complete the Application Form prescribed by the Directors in original format signed by the authorised signatories on the account. The signed original Application Form should be sent to the Administrator.

During the Initial Offer Period of the relevant class of Shares in the relevant Fund, the Initial Issue Price for the relevant class of Shares in the relevant Fund shall be the amount set out (if relevant) in the Supplement for the relevant Fund.

The issue price at which Shares of any Fund will normally be issued on a Dealing Day, after the Initial Offer Period, is calculated by ascertaining the Net Asset Value per Share of the relevant class on the relevant Dealing Day. The Net Asset Value per Share of the relevant Fund is calculated by dividing the value of the assets of the relevant Fund, less its liabilities, by the total number of Shares of the relevant Fund in issue on the relevant Dealing Day. Where there is more than one class of Shares in issue in a Fund, the Net Asset Value per Share of each class shall be calculated by determining that proportion of the Net Asset Value of the relevant Fund which is attributable to such class and dividing the resulting sum by the number of Shares in issue of such class. The Net Asset Value per Share of the relevant class is the resulting sum rounded to four decimal places.

The ICAV may add to the issue price for its own account, a charge sufficient to cover stamp duties and other costs in connection with the issue of Shares.

The ICAV may also require any person to whom Shares of any class are to be allotted to pay to the AIFM a Subscription Charge in respect of each Share to be allotted. The Subscription Charge (if any) payable on the allotment of Shares of each Fund is set out in the Supplement for the relevant Fund. The Subscription Charge is calculated as a percentage of the Net Asset Value per Share, is added thereto, and the resulting sum is rounded to four decimal places.

The Instrument of Incorporation permits the issue of Shares in consideration of the vesting in the ICAV of investments approved by the Directors. Any investments transferred to the ICAV will be valued in accordance with the valuation principles described under the heading "Calculation of Net Asset Value" below. In exercising their discretion, the Directors shall consider whether the terms of any such allotment are such as would result in any material prejudice to existing Shareholders.

The Minimum Initial Investment Amount for each class of Shares of each Fund that may be subscribed for by each Shareholder on initial application is set out in the Supplement for the relevant Fund.

Payment in respect of the issue of Shares must be made by the relevant Settlement Date, in the Base Currency of the relevant Fund. The Administrator may accept payment in other freely

exchangeable currencies, but such payments will be converted into the Base Currency at the then prevailing exchange rate available to the Administrator and only the net proceeds (after deducting the conversion expenses) will be applied towards payment of the subscription monies. If payment in full has not been received by the Settlement Date or in the event of non-clearance, any allotment of Shares made in respect of such application may, at the discretion of the Directors, be cancelled. In such a case and notwithstanding cancellation of the application, the ICAV may charge the applicant for any resulting loss incurred by the ICAV.

Fractions of not less than 1/100 of a Share may be issued. Subscription moneys representing smaller fractions of Shares will not be returned to the applicant but will be retained as part of the assets of the relevant Fund. Subscription monies representing less than 1/1000 of a Share will be retained by the ICAV in order to defray administration costs.

The Application Form contains certain conditions regarding the application procedure for Shares in the ICAV and certain indemnities in favour of the ICAV, the AIFM and Administrator, the Depositary and the other Shareholders for any loss suffered by them as a result of such applicant or applicants acquiring or holding Shares in the ICAV.

The method of establishing the Net Asset Value of any Fund and the Net Asset Value per Share of any class of Shares in a Fund is set out in the Instrument of Incorporation and described under the heading "Calculation of Net Asset Value" below.

Shares may not be issued or sold by the Directors during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for Shares will be notified of such postponement or cancellation and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

### **Series of Shares**

Prospective Investors should note that unless otherwise specified in the relevant Supplement, the Shares of any class of a Fund shall be divided into as many Series, and each Series comprising such Shares, as the Directors may from time to time determine in their entire discretion.

Separate Series shall be established in the books of the relevant Fund to accurately measure the Net Asset Value per Share of each Series. Initially the net proceeds of the issue of Shares in a Series will be credited to a Series account. Adjustments are subsequently made to each Series account to reflect the fees, costs and expenses (including any performance fee, dividend or other entitlement (if any)) including profits and losses, allocated to that Series. Profits and losses of the relevant Fund as at each Valuation Point (as defined in the relevant Supplement) shall be allocated on a semi-annual basis beginning on 1 July and 1 January each calendar year to the Series account of each Series in proportion to the respective balances in the Series accounts at the beginning of the next semi-annual period before the accrual of any dividend.

In order to keep the number of different Series outstanding to a minimum at any time, all profitable Series may be consolidated on the first Dealing Day following the close of each semi-annual period of the relevant Fund. Series will be consolidated on the basis of the Net Asset Value per Share of the original Series and that of the Series being consolidated.

### **Collection Accounts**

Subscription monies will be paid into a cash account in the name of the Fund which will be operated in accordance with the Instrument of Incorporation. Dividends and redemption

monies will also be paid into the cash account in the name of the Fund for onward transmission to Investors. This cash account will be deemed to be an asset of the Fund. Any balances in this cash account at year end, which may be due to early receipt of monies or blocked payments due to be paid, will be reflected in the financial statements for the ICAV.

### **Anti-Money Laundering**

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of an Investor's identity, address and source of funds and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship in order to comply with Irish law anti-money laundering obligations. Politically exposed persons (“**PEPs**”), defined as any individuals who are or have, at any time in the preceding year, been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified.

By way of example, an individual may be required to produce an original certified copy of a passport or identification card together with two original copies of evidence of his/her address, i.e. utility bills or bank statements, date of birth and tax residence. In the case of corporate Investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), a certified copy of the corporate Investor's authorised signatory list and the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where, for example, the application is made through a recognised intermediary located in a jurisdiction recognised by Ireland as having equivalent anti-money laundering protections.

The Administrator and the ICAV each reserves the right to request such information as is necessary to verify the identity, address and source of funds of an Investor in order to comply with Irish law anti-money laundering obligations. In the event of delay or failure by an Investor or applicant to produce any information required for verification purposes, the Administrator or the ICAV may refuse to accept the application and subscription monies and, subject to applicable law, return all subscription monies or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid if the Shareholder fails to produce such information). None of the ICAV, the Directors, the AIFM or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator will, subject to applicable law, return application monies or the balance thereof by telegraphic transfer to the account from which it was paid at the cost and risk of the applicant. The Administrator may refuse to pay or delay payment of repurchase proceeds where the requisite information for verification purposes has not been produced by a Shareholder.

### **DATA PROTECTION**

Investors should note that by completing the Application Form they are providing personal information to the ICAV, which may constitute personal data within the meaning of data protection legislation in Ireland. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with the European Savings Directive, delegates, advisers and service providers of the ICAV and their or the ICAV's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) for the purposes specified. By signing the Application Form,

Investors consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the Application Form.

Investors have a right of access to their personal data kept by the ICAV and the right to amend and rectify any inaccuracies in their personal data held by the ICAV by making a request to the ICAV in writing.

### **INELIGIBLE APPLICANTS**

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

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

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

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

Each applicant for, and transferee of, Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete the appropriate Application Form.

### **REPURCHASES OF SHARES**

The repurchase price per Share is based on the Net Asset Value per Share of the relevant class of the relevant Fund calculated on the relevant Dealing Day.

In addition, the Directors may, in calculating the repurchase price, deduct such sum as they consider fair, in respect of repurchase requests which will necessitate the ICAV breaking deposits at a penalty or realising investments at a discount in order to realise assets to

provide monies to meet such repurchase requests or, in the event that the ICAV borrows funds, to meet the cost of such borrowing.

The Directors may require a Shareholder to pay to the AIFM or as it directs a Repurchase Fee (as set out in the Supplement for the relevant Fund, if any) in respect of each Share to be repurchased not exceeding 3% of the Net Asset Value per Share of the relevant class in the relevant Fund.

Subject to the redemption policy in place for each Fund as detailed in the relevant Supplement, and at the absolute discretion of the Directors in consultation with the AIFM, Investors may be unable to redeem their investment for a period of 12 months (or such longer period as the Directors may decide) after their initial subscription for Shares.

Requests for the repurchase of Shares (using a signed original redemption request form) should be made to the ICAV c/o the Administrator in writing or by facsimile and requests by facsimile will be treated as definite orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Administrator. Requests received on or prior to the Dealing Deadline will, subject as mentioned in this section and in the Supplement for the relevant Fund, normally be dealt with on the relevant Dealing Day. Repurchase requests received after the Dealing Deadline shall be treated as having been received prior to the following Dealing Deadline, subject to the discretion of the Directors provided that once the Net Asset Value of a Fund has been calculated, the Administrator will not accept any further repurchase requests in respect of that Dealing Day.

If Shares are held in certificated form, the duly endorsed Share certificate together with the repurchase instruction should be sent to the ICAV c/o the Administrator. Payment of repurchase proceeds will be made to the registered Shareholder or in favour of the joint registered Shareholders as appropriate.

The amount due on repurchase of Shares will be paid by negotiable instrument or telegraphic transfer in the Base Currency of the relevant Fund by the Settlement Date. Payment may be made in other currencies. Such payments shall be converted from the Base Currency into such other freely exchangeable currency at the then prevailing exchange rate available to the Administrator and only the net proceeds (after deducting the conversion expenses) will be paid to the Shareholder. The Directors may, at the request, risk and expense of the Shareholder requesting repurchase remit the amount due on repurchase by telegraphic transfer to an account in the name of the Shareholder. The proceeds of the repurchase of the Shares will only be paid on receipt by the Administrator of any relevant repurchase documentation.

The Directors, in their discretion, are entitled to limit the number of Shares of any Fund repurchased on any Dealing Day to Shares representing 10 per cent of the total Net Asset Value of Shares of that Fund in issue on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of such Shares and Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next Dealing Day and will be dealt with on a pro-rata basis on the next and subsequent Dealing Days. If requests for repurchase are so carried forward, the Administrator will inform the Shareholders affected.

In the case of Funds which are classified as open-ended with limited liquidity, redemption proceeds will normally be paid within 180 calendar days of the relevant Dealing Deadline, or on such later date as may be notified to Shareholders.

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

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

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

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

When a repurchase request has been submitted by an investor who is or is deemed to be an Irish Person or is acting on behalf of an Irish Person, the ICAV shall deduct from the repurchase proceeds an amount which is equal to the tax payable by the ICAV to the Irish Revenue Commissioners in respect of the relevant transaction.

The Instrument of Incorporation permits the ICAV where necessary to repurchase and cancel Shares held by a person who is or is deemed to be an Irish Person or is acting on behalf of an Irish Person on the occurrence of a chargeable event for taxation purposes and pay the proceeds thereof to the Irish Revenue Commissioners.

Shares of the relevant Fund may not be repurchased and no repurchase proceeds shall be paid by the ICAV during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for repurchases of Shares in the relevant Fund will be notified of such postponement or cancellation and, unless withdrawn, their repurchase applications will be considered as at the next Dealing Day following the ending of such suspension.

## **CONVERSION OF SHARES**

Shareholders will be able to apply to convert on any Dealing Day all or part of their holding of Shares of any class in a Fund (the **old class**) into Shares of another class which are being offered at that time (the **new class**) provided that all the criteria for applying for Shares in the new class have been met and by giving notice to the Administrator on behalf of the ICAV on or prior to the Dealing Deadline for the relevant Dealing Day. The general provisions and procedures relating to repurchases will apply equally to conversions.

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

$$S = [R \times (RP \times ER)] - F$$

## **SP**

where:

**R** = the number of Shares of the old class to be converted;

**S** = the number of Shares of the new class to be issued;

**RP** = the repurchase price per Share of the old class on the relevant Dealing Day;

**ER** = in the case of a conversion of Shares designated in the same Base Currency is 1. In any other case it is the currency conversion factor determined by the Directors on the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the old and new classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;

**SP** = the issue price per Share of the new class for issue on the applicable Dealing Day; and

**F** = the fee payable (if any) to the AIFM on the conversion of Shares.

The ICAV may charge a fee payable to the AIFM in connection with conversions. This fee shall be calculated as a percentage of the value of the Shares of the old class being converted which percentage shall not exceed two per cent of the Net Asset Value per Share of the new class for issue on the applicable Dealing Day (See F in the above formula).

When requesting the conversion of Shares of any class as an initial investment in a Fund, Shareholders should ensure that the value of the Shares converted is equal to or exceeds the Minimum Initial Investment Amount for the relevant new class of Shares in the relevant Fund as specified in the Supplement for the relevant Fund hereof.

Shares may not be converted from one class to another class during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Shareholders applying to have their Shares converted will be notified of such postponement or cancellation and unless withdrawn their conversion applications will be considered as of the next Dealing Day following the ending of such suspension.

### **CALCULATION OF NET ASSET VALUE**

The Administrator is responsible for ensuring that the Net Asset Value per Share is calculated and disclosed to Shareholders. The procedures and methodology for calculating the Net Asset Value per Share are summarised below. As part of its control function, the AIFM shall verify and update as necessary these calculation procedures and methodologies.

The AIFM is responsible for ensuring that proper and independent valuation of the assets of the ICAV can be performed. The assets and liabilities of each Fund will be valued in accordance with the valuation policy of the AIFM, consistent with the valuation provisions relating to various types of assets as outlined below. Specific details on the method of valuation of the assets and liabilities of the ICAV are set out in the valuation policy of the AIFM and reflected below as appropriate.

The Net Asset Value of a Fund shall be expressed in the Base Currency of the relevant Fund and shall be calculated by the Administrator on each Dealing Day by ascertaining the value

of the assets of the Fund and deducting from such amount the liabilities of the Fund on the Dealing Day.

The Net Asset Value per Share of each class shall be calculated on each Dealing Day by determining that proportion of the Net Asset Value of the relevant Fund which is attributable to such class and dividing the resulting sum by the number of Shares in issue in such class on the relevant Dealing Day. The Net Asset Value per Share of the relevant class is the resulting sum rounded to four decimal places of the unit of account of the relevant Base Currency.

The assets of a Fund shall be valued by reference to the close of business prices/values on the Business Day immediately preceding the relevant Dealing Day, unless specified otherwise in the Supplement for the relevant Fund, as follows:

- a) any investment listed or dealt on a Recognised Exchange shall be calculated by reference to the last traded price as at the Valuation Point, provided that the value of any investment listed or traded on a Recognised Exchange but acquired or traded at a premium or at a discount outside or off the relevant Recognised Exchange may be valued taking into account the level of premium or discount as at the Valuation Point provided that the Depositary must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the investment. Such premia or discounts thereon above shall be provided by an independent broker or market maker or if such premia/discounts are unavailable, by the AIFM;
- b) if an investment is listed on several Recognised Exchanges, the last traded price as at the Valuation Point on the Recognised Exchange which in the opinion of the Directors or their delegate, constitutes the main market for such investments will be used;
- c) investments which are not listed or traded on a Recognised Exchange or which are listed or traded on a Recognised Exchange but in respect of which a last traded price is not available or in respect of which the available last traded price does not in the opinion of the Directors, or of a competent person, firm or corporation appointed by the Directors and who has been approved for the purpose by the Depositary, represent fair market value shall be valued at their probable realisation value estimated with care in good faith by (i) the Directors or (ii) a competent person, firm or entity appointed by the Directors and who has been approved for the purpose by the Depositary;
- d) exchange traded derivative instruments dealt in on a Recognised Exchange shall be valued at the settlement price for such instruments on such market as at the Valuation Point provided that where such settlement price is not available for any reason as at a Valuation Point, such value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or (ii) a competent person, firm or entity appointed by the Directors and who has been approved for the purpose by the Depositary. The value of any off-exchange traded derivative instruments shall be the valuation provided by the relevant counterparty at the Valuation Point and shall be valued weekly. The valuation shall be approved or verified at least monthly by a party independent of the counterparty appointed by the Directors and who has been approved for this purpose by the Depositary (who may be the AIFM). Forward foreign exchange contracts which are dealt in on a Recognised Exchange shall be valued by reference to freely available market

quotations provided that if such price is not available, shall be valued as per off-exchange traded derivative instruments;

- e) An over-the-counter derivative contract shall not be entered into unless it can be valued with reasonable accuracy and on a reliable basis and has the ability to be sold, liquidated or closed by an offsetting transaction at fair value, at any time, at the initiative of the ICAV. Forward foreign exchange contracts which are dealt in on a Recognised Exchange shall be valued by reference to freely available market quotations provided that if such price is not available shall be valued as per off exchange traded derivative instruments.
- f) units or shares in collective investment schemes shall be valued at the last available net asset value per unit or share as at the Valuation Point as advised by the collective investment scheme or its manager;
- g) assets denominated in a currency other than in the Base Currency of a Fund shall be converted into that Base Currency at the rate which the Directors or such competent person appointed by the Directors and approved for such purpose by the Depositary deems appropriate in the circumstances;
- h) the value of any cash in hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued and not yet received as at the Valuation Point will be valued at its face value plus accrued interest, where applicable, as at the Valuation Point (unless in any case the Directors or their delegate are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors or their delegate may consider appropriate in such case to reflect the true value thereof);
- i) certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable investments should each be valued at each Valuation Point at the latest available mid-market dealing price on the market in which these investments are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors or their delegate is the principal market on which the investments in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired. The value of any certificate of deposit or treasury bill which is not listed or admitted for trading shall be the probable realisation thereof estimated with care and good faith by the Directors or another competent person appointed by the Directors, provided that the Directors or such other competent person has been approved for such purpose by the Depositary;
- j) the Directors or their delegate may, where a Fund invests in money market instruments, value those instruments using amortised cost, in accordance with the requirements of the Central Bank;
- k) the Directors or their delegate may, with the approval of the Depositary, adjust the value of any investment if, having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof as at any Valuation Point. The rationale and methodology for adjusting the value will be clearly documented; and
- l) if in any case a particular value is not ascertainable as provided from paragraphs (a) to (h) above or if the Directors or their delegate shall consider

that some other method of valuation better reflects the probable realisation value of the relevant investment, then in such case the method of valuation of the relevant investment shall be such as the Directors or other competent person appointed by the Directors shall determine, such method of valuation to be approved by the Depositary.

In valuing the assets of each Fund, the Directors or their delegate may, in their sole discretion, permit any other method of valuation to be used if it considers that such method of valuation better reflects value and is in accordance with accepted accounting practice, provided that such alternative method of valuation is approved by the Depositary.

The Administrator shall determine the Net Asset Value.

Notwithstanding the above provisions applicable to the rounding of calculations, in the case of a redemption application for the redemption of the entire Net Asset Value of a particular Share class, the Administrator will calculate a Net Asset Value per Share which rateably allocates the entire Net Asset Value of the Share class to the Shareholders making the redemption.

### **SUSPENSION OF CALCULATION OF NET ASSET VALUE**

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the issue, repurchase and conversion of Shares and the payment of repurchase proceeds during (i) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the relevant Fund from time to time are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders of the relevant Fund or if, in the opinion of the Directors the Net Asset Value of the Fund cannot be fairly calculated; or (iii) any breakdown in the means of communication normally employed in determining the price of a substantial portion of any of the investments of the relevant Fund or when for any other reason the current prices on any market or stock exchange of any of the investments of the relevant Fund cannot be promptly and accurately ascertained; or (iv) any period during which any transfer of funds involved in the realisation or acquisition of investments of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or (v) any period during which the Directors are unable to repatriate funds required for the purpose of making payments due on repurchase of Shares in the relevant Fund; or (vi) any period when the Directors consider it to be in the best interest of the ICAV. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Any suspension in the calculation of the Net Asset Value will be notified to the Central Bank and to the Irish Stock Exchange immediately and in any event within the same working day on which such suspension occurs.

### **SIDE POCKETS**

The ICAV may subject to the provisions of the Instrument of Incorporation and in accordance with the requirements of the Central Bank and the conditions set out herein, create and issue at its discretion a new Class or Classes of Shares ("Side Pocket Class") to which assets (and liabilities arising in connection with such assets) of the ICAV are allocated at the discretion of the Directors at any time after the acquisition thereof, as being or having

become investments that are illiquid or are otherwise difficult to value or realise ("**Illiquid Investments**") plus such additional cash representing a reserve for commitments and contingencies as may arise in connection with the Illiquid Investments as the ICAV in its discretion determines. If following the initial creation and issue of a Side Pocket Class the ICAV determines to allocate further Illiquid Investments, such Illiquid Investments will be allocated to a separate Side Pocket Class. Shares in a Side Pocket Class ("**Side Pocket Shares**") shall be redeemable only when the investments are attributable to such Side Pocket Class become liquid, mature or are otherwise disposed of. The creation of a Side Pocket Class will involve the ICAV effecting a pro-rata reduction in the number of Shares held by a Shareholder in the ICAV excluding the assets and liabilities attributable to the Side Pocket Class and creating for the benefit of such Shareholder a corresponding pro-rata interest in the Side Pocket Class. The value of assets and liabilities attributed to a Side Pocket Class shall be determined by the ICAV as outlined under the Section headed "Calculation of Net Asset Value".

The ICAV may only create a Side Pocket Class in respect of current investments held by a Fund which become illiquid or otherwise difficult to value after acquisition. Further, prior to the creation of a Side Pocket Class (i) the Directors must approve in advance the parameters which will apply to the creation of the Side Pocket Class; (ii) the AIFM must demonstrate to the Directors how the illiquid investments come within the parameters approved by the Board; and (iii) the proposed arrangements must be in accordance with the Instrument of Incorporation and the measures set out herein. The AIFM will report to the Board on an annual basis confirming that the parameters continue to be fulfilled and outlining the prospects for the Side Pocket investments.

In the event Side Pocket Investments become liquid and otherwise increase in value, the Directors will, taking into account the interests of Shareholders, take steps to liquidate the Investments and redeem Side Pocket Shares. In the event that the Directors, in consultation with and on the advice of the AIFM consider that the Side Pocket investments are likely to remain illiquid and/or hard to value, the Directors will take such steps as they consider fair and reasonable in the circumstances and in the best interests of Shareholders, including the continuation of the Side Pocket Class.

Shareholders may be required to maintain their Side Pocket Shares for a significant period of time as they cannot redeem Side Pocket Shares until the investments within the Side Pocket Class become liquid, mature or are otherwise disposed of. Side Pocket Classes are generally valued at probable realisation value. Given the illiquid nature of the assets held in the Side Pocket Classes, these valuations may not reflect the actual amount that the Directors may at their discretion determine.

#### *Redemption of Side Pocket Shares*

Notwithstanding the provisions set out above, the ICAV shall redeem Side Pocket Shares only when so determined by the Directors and in accordance with such procedures as may be determined from time to time.

### **CHARGES AND EXPENSES**

A Subscription Charge of up to 4 per cent of the Initial Issue Price (plus VAT, if any) or the Net Asset Value per Share (plus VAT, if any) as the case may be may be charged by the ICAV for payment on the issue of Shares to the AIFM but it is the intention of the Directors that any such Subscription Charge should not, until further notice, exceed such amount (if any) as is set out in the Supplement for the relevant Fund.

The Directors may require a Shareholder to pay to the AIFM or as it directs a Repurchase Fee (as set out in the Supplement for the relevant Fund, if any) in respect of each Share to be repurchased not exceeding 3% of the Net Asset Value per Share of the relevant class in the relevant Fund.

A conversion fee of up to 2% may be charged on applications to convert Shares of any class to Shares of another class.

Particulars of the fees (including performance fees, if any) payable to the AIFM and the Depositary out of the assets of each Fund are set out in the Supplement for the relevant Fund. The maximum fee payable to the AIFM may not be increased without the prior approval of Shareholders on the basis of a majority of votes cast at a general meeting of the ICAV. In the event of an increase of the maximum fee payable to the AIFM, Shareholders will be given reasonable notice of such change to enable them to repurchase their Shares prior to implementation of such increase.

Each Director will be entitled to remuneration for his services as a director out of the assets of each Fund, provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period out of the assets of the ICAV shall not exceed €100,000. In addition, the Directors will be entitled to be reimbursed for their reasonable out of pocket expenses incurred in discharging their duties as Directors.

#### *Duplication of Costs*

It should be noted that a Fund will incur costs and fees payable to the AIFM (out of which the AIFM may discharge the fees of other service providers).

In addition, a Fund may incur costs in its capacity as an investor in Underlying Funds which in turn pay fees to their underlying scheme managers and other service providers. Some of the Underlying Funds may be required to pay performance fees to their underlying scheme managers. Under these arrangements the underlying scheme managers may benefit from the appreciation, including unrealised appreciation of the investments of such underlying schemes, but they may not be similarly penalised for realised or unrealised losses.

#### *Fee Impact on Overall Performance*

Underlying Funds typically have management fees that are in the region of 2%. Underlying Funds may also charge a performance fee based on a percentage of the increase in the value of the assets in the Underlying Fund. Such performance fees may be up to 20%. There may also be duplication of fees for example in relation to administration fees, legal fees, audit fees, listing fees and registration fees. This may have a negative impact on the overall performance of a Fund.

#### *Investment in Underlying Funds that are Master-Feeder Funds*

Potential investors should further be aware that there may be a further duplication of fees if an Underlying Fund in turn invests in another underlying collective investment scheme. As a consequence, the costs of a Fund may represent a higher percentage of the Net Asset Value than would typically be the case with direct investment or in the case of underlying collective investment schemes which invest directly.

Where applicable, access to certain Underlying Funds may only be permissible through a master / feeder structure in accordance with the requirements of the Central Bank. In such cases the master and feeder schemes must, in effect act as a singular structure rather than two separate schemes and must have the same investment manager, administrator and

depository. Where a Fund proposes to invest in such a scheme the AIFM must be happy that there will be no double charging of investment management fees (including performance fees) and depository fees although these fees may be borne at the level of the master scheme, the level of the feeder scheme or alternatively they may be split between the two schemes. Such an investment will nevertheless face some duplication of fees for example in relation to administration fees, legal fees, audit fees, listing fees and registration fees. The annual and semi-annual reports issued by a Fund will provide full information in relation to an investment in an Underlying Fund.

#### *AIFM Remuneration Policy*

The AIFM has in place a remuneration policy which is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds. The AIFM's remuneration policy is in line with the business strategy, objectives, values and interests of the AIFM and the Funds and contains measures to avoid conflicts of interest to ensure that they can be managed appropriately at all times. In accordance with the AIFM Regulations, the AIFM shall ensure that staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. In addition, when delegating certain of its investment management functions (if applicable), the AIFM shall ensure that such entities are subject to regulatory requirements on remuneration that are equally effective as those applicable to the AIFM or that appropriate contractual arrangements are put in place with such entities to ensure there is no circumvention of the remuneration rules as set out in the AIFM Regulations. Any such contractual arrangements shall cover any payments made to the entities' identified staff (as defined in the AIFM Regulations) as compensation for the performance of portfolio or risk management activities on behalf of the AIFM.

The ICAV will pay out of the assets of each Fund the fees and expenses payable to the AIFM and Administrator and the fees and expenses payable to the Depository appointed in respect of such Fund and the Directors (as referred to above), (together with VAT if chargeable), any fees in respect of circulating details of the Net Asset Value, stamp duties, taxes, secretarial fees, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, tax, legal advisers, investment consultants and the costs of obtaining and maintaining a listing of any class of Shares on the Irish Stock Exchange or on any other recognised exchange. The costs of printing and distributing reports, accounts and any explanatory memoranda, any necessary translation fees, publishing prices and any costs incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) will also be paid by the ICAV.

Such fees, duties and charges will be charged to the Fund in respect of which they were incurred or, where an expense is not considered by the Administrator to be attributable to any one Fund, the expense will be allocated by the Administrator approved for such purpose by the Depository, in such manner and on such basis as the Administrator in its discretion deems fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Administrator may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

The cost of establishing the ICAV, obtaining authorisation from any authority, the initial issue of Shares on the Irish Stock Exchange, the preparation and printing of the Prospectus, marketing costs and the fees of all professionals relating to establishment will be amortised over the first five years of the ICAV. The cost of establishing subsequent Funds, obtaining

authorisation from any authority, regulatory or other body, listing the Shares on the Irish Stock Exchange, filing fees and the preparation and printing of this Prospectus, marketing costs and the fees of all professionals relating to it will be borne by the relevant Fund.

## **PORTFOLIO TRANSACTIONS AND CONFLICTS OF INTEREST**

Subject to the provisions of this section, the AIFM, the Administrator, the Depositary, any Shareholder and any of their respective subsidiaries, affiliates, associates, agents or delegates (“**Connected Persons**” and each a “**Connected Person**”) may contract or enter into any financial, banking or other transaction with one another or with the ICAV including, without limitation, investment by the ICAV in securities of a Shareholder or investment by any Connected Persons in any company or bodies any of whose investments form part of the assets comprised in any Fund or be interested in any such contract or transactions and in particular, without limitation, they may invest in and deal with Shares relating to any Fund or any property of the kind included in the property of the ICAV for their respective individual accounts or for the account of someone else.

In addition, any cash of the ICAV may be deposited, subject to the provisions of the Central Bank Acts 1942 to 1998 as amended by the Central Bank and Financial Services Authority of Ireland Acts 2003 to 2004 with any Connected Person (being a banker or other financial institution) and such banker or other financial institution shall allow interest thereon in accordance with normal banking practice for deposits at a rate not lower than the prevailing rate for deposits of a similar size and duration.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments to or from the ICAV through or with any Connected Person. There will be no obligation on the part of any Connected Person to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and are consistent with the best interests of Shareholders and

- a) a certified valuation of such transaction by a person approved by the Depositary or the ICAV in the case of transactions involving the Depositary, as independent and competent has been obtained; or
- b) such transaction has been executed on best terms on an organised investment exchange under its rules; or
- c) where (a) and (b) are not practical such transaction has been executed on terms which the Depositary is satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length.

In order to facilitate the ICAV discharging its obligation to provide the Central Bank with a report within its annual and semi-annual report in respect of all related party transactions, the Connected Person will disclose details of each transaction to the ICAV (including the name of the related party involved and where relevant, fees paid to that party in connection with the transaction).

The AIFM and the Administrator may also, in the course of their business, have potential conflicts of interest with the ICAV in circumstances other than those referred to above. Each of the AIFM and the Administrator will, however, have regard in such event to its obligations under the Administration Agreement and, in particular, to its obligations to act in the best interests of the ICAV so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will seek to

resolve such conflicts fairly. In the event that a conflict of interest does arise the AIFM and the Administrator, as the case may be, will endeavour to ensure that such conflicts are resolved fairly.

The AIFM may subscribe for and deal in Shares in any Fund.

As the fees of the AIFM are based on the Net Asset Value of a Fund, if the Net Asset Value of a Fund increases so too do the fees payable to the AIFM. Accordingly, there is a conflict of interest for the AIFM in cases where the AIFM is responsible for determining the valuation price of a Fund's investments.

## **SOFT COMMISSIONS**

The AIFM, Administrator and Depositary and any of their respective subsidiaries, affiliates, associates, agents or delegates (“**Connected Persons**” and each a “**Connected Person**”) may effect transactions through the agency of another person with whom the Connected Persons or the ICAV, in case of transactions involving the Depositary, have an arrangement under which that party will from time to time provide or procure for the Connected Persons goods, services or other benefits such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc., the nature of which is such that their provision shall assist in the provision of investment services to a Fund as a whole and may contribute to an improvement in a Fund's performance and that of any Connected Person in providing services to a Fund and for which no direct payment is made but instead the Connected Person undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees salaries or direct money payments. In any event the broker/counterparty will provide best execution of transactions and brokerage rates will not be in excess of customary institutional full-service brokerage rates. Details of any such soft commission arrangements will be disclosed in the periodic reports of the Funds.

## **TAXATION**

***The following is of a general nature and does not purport to deal with all of the tax consequences applicable to the ICAV or to all categories of Investors, some of whom may be subject to special rules. Accordingly, its applicability will depend on the particular circumstances of each Shareholder. This summary does not constitute legal or tax advice. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the date of this Prospectus will apply at any other date. Shareholders and potential Investors are advised to consult their own professional advisors concerning possible taxation, exchange control and other implications or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.***

Dividends, interest and capital gains (if any) which the ICAV receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the ICAV may not be able to benefit from reduced rates of withholding tax

provided for by double taxation agreements between Ireland and such countries. The Directors will have sole discretion as to whether the ICAV will apply for such benefits and may decide not to apply for such benefits if they determine that it may be administratively burdensome, cost prohibitive or otherwise impractical. If this position changes in the future and the application of a lower rate results in a repayment to the ICAV the Net Asset Value will not be re-stated and the benefit will be prorated between the existing Shareholders at the time of the repayment.

## **Ireland**

### **General**

The ICAV will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the ICAV is not regarded as resident elsewhere. It is the intention of the Directors that the business of the ICAV will be conducted in such a manner as to ensure that it is Irish resident for tax purposes. The Directors have been advised that the ICAV qualifies as an Investment Undertaking as defined in Section 739B of the Taxes Consolidation Act (TCA).

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

### **The ICAV**

#### ***Tax arising on occurrence of a “chargeable event”***

Under current Irish law and practice, the ICAV is not liable to Irish tax on its income and gains so long as the ICAV is resident for tax purposes in Ireland. However, tax can arise on the happening of a “chargeable event” in the ICAV. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period), cancellation or transfer of Shares or appropriation or cancellation of Shares of a Shareholder by the ICAV for the purposes of meeting the amount of tax payable on a gain arising on a transfer. There are a number of circumstances whereby a chargeable event will not be considered to have occurred, or where a tax liability will not arise on the occurrence of the chargeable event.

Specifically, a chargeable event does not include any of the following:

- An exchange by a Shareholder, effected by way of an arm’s length bargain where no payment is made to the Shareholder, of Shares in the ICAV for other Shares in the ICAV;
- Any transactions (which might otherwise be a chargeable event) in relation to Shares in the ICAV held in a recognised clearing system as designated by order of the Irish Revenue Commissioners, irrespective of the tax status of the Shareholder holding the Shares;
- A transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses or civil partners and former spouses, subject to certain conditions;
- An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the ICAV with another investment undertaking;

- The cancellation of Shares arising from an exchange in relation to a scheme of amalgamation (as defined in Section 739HA of the TCA);
- An exchange of Shares arising on a scheme of amalgamation (within the meaning of Section 739D(8c) TCA subject to certain conditions; or
- A scheme of migration (within the meaning of Section 739D(8e) TCA subject to certain conditions.

Where the Shares are not held in a recognised clearing system, the ICAV will not be subject to Irish tax on chargeable events for certain types of Investors including, inter alia, non-Irish Resident Investors (see “*Definitions*” section on residence for further information) and particular types of Irish Investors such as charities, pension schemes, life assurance companies etc. known as “Exempt Irish Investors”, if a signed and completed Relevant Declaration from such Shareholder to the effect that the Shareholder is not an Irish Resident has been provided to the ICAV and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a Relevant Declaration there is a presumption that the Investor is Resident in the Republic of Ireland or Ordinarily Resident in the Republic of Ireland and the ICAV must deduct tax on the happening of a chargeable event in relation to such Shareholder. The tax deducted will generally not be refunded.

Where the ICAV becomes liable to account for Irish tax when a chargeable event occurs, the rate of tax is currently 41%. However, where a chargeable event arises in connection with a corporate Shareholder who is Irish resident, tax will be deducted at the rate of 25%. The ICAV shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event.

The ending of a Relevant Period is also considered a chargeable event, whereby an automatic exit tax applies for Shareholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Shares held by them in the ICAV at the ending of a Relevant Period. Similar to other forms of chargeable event a gain may arise unless the Shareholder giving rise to the chargeable event is either (1) Non-Irish Resident and Non-Irish Ordinarily Resident at the time of the chargeable event or (2) an Exempt Irish Investor (provided in either case the Investor has provided a Relevant Declaration in the form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA).

For those Investors (both companies and individuals) impacted by the ending of the Relevant Period, it is essentially a deemed disposal for Irish tax purposes. They will be charged to tax at the current rate on any deemed gain, calculated without the benefit of indexation relief, accruing to them based on the increased value (if any) of the Shares since purchase or since the previous exit tax applied, whichever is later. There are provisions which seek to ensure double taxation does not arise where an actual disposal follows a deemed disposal. In the case of Shares held in a recognised clearing system, no chargeable event is deemed to arise and the Shareholders may have to account for the appropriate tax arising at the end of a Relevant Period on a self-assessment basis.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed

disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the ICAV will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the ICAV will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

The ICAV may elect not to account for Irish tax in respect of deemed disposals in certain circumstances.

#### *10% Threshold*

Where the total value of the Shares held by Shareholders who are Irish Resident or Ordinarily Resident in Ireland (other than Exempt Irish Investors) is less than 10% of the Net Asset Value of the Fund or in the case of an umbrella fund, 10% of the Net Assets Value of the relevant Fund immediately before a deemed disposal, then the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Shareholder on a self-assessment basis (“self-assessors”) as opposed to the ICAV (or its service providers) provided:

- the ICAV has made an appropriate election in accordance with Section 739E(2A)(ii) of the TCA; and
- the ICAV has advised the relevant Shareholder accordingly in this regard.

Shareholders should contact the ICAV to ascertain whether the ICAV has made such an election in order to establish their responsibilities to account for Irish tax. To the extent that any tax arises on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares. In the case of Shares held in a recognised clearing system, the Shareholders may have to account for the appropriate tax arising at the end of a Relevant Period on a self-assessment basis.

#### *15% Threshold*

Where Shareholders who are Irish Resident or Ordinarily Resident in Ireland (other than Exempt Irish Investors) hold less than 15% of the ICAV (calculated by value of Shares) or in the case of an umbrella fund, 15% of the relevant Fund (calculated by value of Shares) immediately before the deemed disposal and (i) a refund of tax arises (e.g. due to a subsequent loss on an actual disposal), (ii) the ICAV has made an appropriate election in accordance with Section 739E(1A)(b)(ii)(II) of the TCA and (iii) the ICAV has advised the relevant Shareholder accordingly in this regard, then, in such circumstances, the relevant Shareholder(s) must (if they wish to receive a refund of tax), seek to be refunded the amount of excess of the first tax over the “second tax” directly from the Irish Revenue Commissioners as opposed to the ICAV seeking same (on receipt of a claim by the Shareholder) but see next paragraph.

#### *Other*

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

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

In accordance with the Instrument of Incorporation, the Directors (or their agent) may (1) deduct from any payment to a Shareholder all sums necessary or (2) compulsorily repurchase from a Shareholder's holding of Shares, Shares of such value as is necessary to offset any liability to taxation or withholding tax arising in respect of a holder of Shares, holding of Shares of his/her beneficial ownership of them (whether arising as a result of a distribution to, a redemption of by or transfer by a Shareholder). The relevant shareholder shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax in relation to the relevant shareholder if no such deduction or redemption has been made.

Where an item has been correctly included in a withholding tax return but, within one year of making the withholding tax return, the ICAV proves to the satisfaction of the Revenue Commissioners of Ireland that it is just and reasonable that such an amount of appropriate tax which has been paid should be repaid to the ICAV, then such amount may be repaid to the ICAV. Similarly, where an item has been incorrectly included in a withholding tax return as appropriate tax, the Revenue Commissioners of Ireland may make such adjustment as is necessary to ensure that the resulting liabilities are as far as possible as they would have been if the item had not been included in the withholding tax return.

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

On the basis that the ICAV qualifies as an investment undertaking within the meaning of Section 739B TCA, generally, no stamp duty, documentary transfer or registrations tax is payable in Ireland on the issue, sale, transfer, cancellation, subscription, repurchase or redemption of Shares in the ICAV, provided that no application for Shares or repurchase or redemption of Shares is satisfied by an in specie transfer of any Irish situated property. The stamp duty implications for subscriptions for Shares or transfer or repurchase of Shares in specie should be considered on a case by case basis.

Irish Stamp Duty applies at the rate of 1% of the value, on the acquisition of Irish stocks and marketable securities by the ICAV. No Irish stamp duty will be payable by the ICAV on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA) which is registered in Ireland. Foreign interest, dividends and other annual payments entrusted to any person in Ireland for payment to the ICAV are exempt from Irish encashment tax.

## **Taxation of Shareholders**

### ***General***

For the purpose of determining the Irish tax liability of any Shareholder, payments made by the ICAV to a Shareholder who holds Shares which are held in a recognised clearing system, will be deemed to be payments from which tax has not been deducted.

Where Shares in the ICAV are denominated in currency other than a Euro denominated currency, certain Irish Resident Shareholders will be liable to tax on chargeable gains at a current rate of 33% on the foreign exchange difference between the foreign currency and the Euro for the duration of the Shareholding period. Persons who are neither Resident nor Ordinarily Resident in the Republic of Ireland would normally only be liable to this charge if the Shares are held for the purpose of a trade carried on through a branch or agency in the Republic of Ireland.

### ***Taxable Irish Shareholders***

Taxable Irish Shareholders will not be subject to further Irish tax on income from their Shares or gains made on disposal of their Shares where tax has been correctly deducted by the ICAV on payments received by the Shareholder.

Taxable Irish Shareholders who receive payments from the ICAV in respect of which tax has not been deducted, or has been incorrectly deducted, will be taxable on such payments. The applicable rate of tax will be 41%, irrespective of the nature of the chargeable event. Where the payment is in respect of cancellation, redemption, repurchase or transfer of Shares, or the ending of a Relevant Period, the amount of income which is subject to tax can be reduced by the amount of consideration in money (or money's worth) given by the Shareholder for acquisition of the Shares.

Where a Taxable Irish Shareholder which is a corporate Shareholder receives distributions from which tax has been deducted, the Shareholder will be treated as having received an annual payment from which tax at the standard rate had been deducted and which is chargeable to tax under Case IV of Schedule D.

Any corporate Shareholders who are Resident in the Republic of Ireland and receive a payment from the Company from which tax has not been deducted will be fully taxable on that payment under Case IV of Schedule D (except where the Shares are held on a trading account in which case they are taxable under Case I of Schedule D). However, where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares or the ending of a Relevant Period, such income shall be reduced by the amount of the consideration in money or money's worth given by the Shareholders for the acquisition of the Shares.

Shareholders may also be liable to tax on any foreign currency gains as outlined above. In addition, the provisions below regarding Personal Portfolio Investment Undertakings may give rise to an increased rate of tax.

The ending of a Relevant Period will be considered a "chargeable event" and is more commonly referred to as an "eight year deemed disposal". There are provisions which allow the ICAV to elect in certain circumstances whether to levy the tax arising at fund level or whether investors should self-assess the tax due. Where the ICAV makes such an election it is required to inform Shareholders in writing.

In the case of a corporate Shareholder, tax, currently at the rate of 25%, will have to be deducted by the ICAV on any distribution or gain arising on an encashment, redemption, cancellation or transfer of shares by the corporate shareholder (once the corporate Shareholder has provided a declaration to the ICAV evidencing its corporate status and including its Irish corporation tax reference number). Tax will also have to be deducted in respect of Shares held at the end of a Relevant Period (in respect of any excess in value over

the cost of the relevant Shares) to the extent that the Shareholder is Resident in the Republic of Ireland or Ordinarily Resident in the Republic of Ireland and is not an Exempt Irish Investor who has made a Relevant Declaration.

Irish Resident corporate Shareholders who receive distributions or realise a gain on an encashment, redemption, cancellation or transfer of their Shares from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D of the TCA from which tax, currently at the rate of 25%, has been deducted. Corporate non-Exempt Irish Investors whose Shares are held on a trading account in connection with a trade will be taxable on any income or gains (grossed up for any tax deducted) as part of that trade with a set-off against corporation tax payable for any tax deducted by the ICAV. Any corporate Shareholders who are Resident in the Republic of Ireland and receive a payment from the ICAV from which tax has not been deducted will be fully taxable on that payment under Case IV of Schedule D (except where the Shares are held on a trading account in which case they are taxable under Case I of Schedule D). However, where the payment is in respect of the cancellation, redemption, repurchase or transfer of Shares or the ending of a Relevant Period, such income shall be reduced by the amount of the consideration in money or money's worth given by the Shareholders for the acquisition of the Shares. Such Shareholders may also be liable to tax on foreign currency gains as outlined in the interpretation section above.

### ***Foreign Shareholders and Exempt Irish Shareholders***

The ICAV will not deduct tax in respect of any Foreign Shareholder or Exempt Irish Shareholder who does not hold Shares in connection with a trade or business carried on in Ireland through a branch or agency, so long as the ICAV is in possession of a completed Relevant Declaration from those persons and the ICAV has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Shareholder must notify the ICAV if it ceases to be an Exempt Irish Shareholder. Exempt Irish Shareholders in respect of whom the ICAV is not in possession of a Relevant Declaration will be treated by the ICAV as if they are not Exempt Irish Shareholders.

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are Foreign Shareholders or Exempt Irish Shareholders, no tax will have to be deducted by the ICAV on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct

### ***Refunds of tax withheld by the ICAV***

Where tax is withheld by the ICAV on the basis that no Relevant Declaration has been filed by the Shareholders, Irish legislation does not provide for a refund of tax to non-corporate Shareholders or to corporate Shareholders who are not Resident in the Republic of Ireland and who are not within the charge to Irish corporation tax other than in the following circumstances:

- 1 The appropriate tax has been correctly returned by the ICAV and within one year of making the return the ICAV can prove to the satisfaction of the Revenue Commissioners that it is just and reasonable for the tax which has been paid by the ICAV to be repaid.
- 2 Where a claim is made for a refund of Irish tax under Section 189, 189A and 192 of the TCA (relieving provisions relating to certain incapacitated persons).

### ***Personal Portfolio Investment Undertaking (PPIU)***

An investment undertaking will be considered a PPIU in relation to a specific Shareholder where that Shareholder has influence over the selection of some or all of the property held by the investment undertaking, either directly or through persons acting on behalf of or connected to the Shareholder. An investment undertaking will only be considered a PPIU in respect of those individuals who can “influence” selection. Those individuals who can “influence” the selection of investments will be taxed at a penal rate of 60% on the occurrence of a chargeable event (80% where details of the payment/disposal are not correctly included in the individual's tax returns).

Specific exemptions apply where the property invested in has been widely marketed and made available to the public. An investment undertaking is not a personal portfolio investment undertaking if the only property which may be or has been selected was available to the public at the time that the property is available for selection by a Shareholder and is clearly identified in the investment undertaking's marketing or other promotional material. The investment undertaking must also deal with all Shareholders on a non-discriminatory basis. In the case of investments deriving 50% or more of their value from land, any investment made by an individual is limited to 1% of the total capital required. As a result, it is unlikely the provisions in respect of PPIUs will apply in respect of this investment undertaking.

### **Return of Values**

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares acquired by Investors on an annual basis. The details to be reported include the name, address, date of birth (if an individual) and the value of the Shares held. For new Shares acquired, the details to be reported will also include the tax reference number, or in the absence of the number, a special marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are:

- Exempt Irish Investors (provided the Relevant Declaration has been made); or
- Shareholders whose shares are held in a recognised clearing system; or
- Foreign Shareholders.

### **Capital Acquisitions Tax**

Provided the ICAV continues to qualify as an investment undertaking as defined by Section 739B TCA, no Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

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

### **Certain Irish Tax Definitions**

#### **Intermediary**

Means a person who:-

- a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking resident in Ireland on behalf of other persons; or

b) holds units in an investment undertaking on behalf of other persons.

### **Ordinary Residence – Individual**

- The term “Ordinary Residence” as distinct from “Residence”, relates to a person’s normal pattern of life and denotes residence in a place with some degree of continuity.
- An individual who has been resident in the State for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.
- An individual who has been ordinarily resident in the State ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in the State in the tax year 1 January 2017 to 31 December 2017 and departs from the State in that tax year will remain ordinarily resident up to the end of the tax year in 1 January 2020 to 31 December 2020.

### **PPIU means Personal Portfolio Investment Undertaking**

A PPIU is defined as an undertaking, under the terms of which some or all of the property of the undertaking may be, or was, selected by, or the selection of some or all of the property may be, or was, influenced by:-

- (i) the Shareholder;
- (ii) a person acting on behalf of the Shareholder;
- (iii) a person connected with the Shareholder;
- (iv) a person connected with a person acting on behalf of the Shareholder;
- (v) the investor and a person connected with the Shareholder; or
- (vi) a person acting on behalf of both the Shareholder and a person connected with the Shareholder.

An investment undertaking is not a PPIU if the only property which may or has been selected was available to the public at the time that the property is available for selection by a Shareholder and is clearly identified in the investment undertaking’s marketing or other promotional material. The investment undertaking must also deal with all Shareholders on a non-discriminatory basis. In the case of investments deriving 50% or more of their value from land, any investment made by an individual is limited to 1% of the total capital required;

### **Residence – Company**

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.

It should be noted that the determination of a company's Residence for tax purposes can be complex in certain cases and companies completing Relevant Declarations in relation to their tax residency are referred to the specific legislative provisions which are contained in section 23A of the TCA.

## **Residence – Individual**

An individual who will be regarded as being resident in Ireland for a twelve month tax year if s/he:

- 1) Spends 183 days or more in the State in that twelve month tax year;
- or
- 2) has a combined presence of 280 days in the State, taking into account the number of days spent in the State in that tax year together with the number of days spent in the State in the preceding year.

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two year test. Presence in Ireland for a day means the personal presence of an individual at any point during that day.

## **The United Kingdom**

### **General**

This summary does not address the tax consequences for non UK resident persons who hold the shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch, agency or permanent establishment). In addition, the summary only addresses the tax consequences for UK Shareholders holding Shares as an investment and not as trading stock. It does not deal with the position of certain classes of investors, such as dealers in securities and insurance companies, trusts, authorised investment funds or investment trust companies and persons who have acquired their Shares by reason of their or another's employment. It does not deal with the position of individuals who are UK resident but non UK domiciled.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the ICAV is made will endure indefinitely. The statements below are based on current UK tax legislation, together with HM Revenue &

Customs (“HMRC”) practice, which are subject to change at any time, possibly with retrospective effect.

The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching or disposing of Shares under the laws of any jurisdiction in which they may be subject to tax

### **Taxation of the ICAV**

The Directors intend to conduct the affairs of the ICAV so that it does not become resident in the UK and does not carry on a trade within the UK for UK taxation purposes. Accordingly, whilst the position cannot be guaranteed, the ICAV should not be subject to UK income tax or corporation tax other than on certain UK source income.

Further comfort in this regard can be obtained from the provisions of s363A Taxation (International and Other Provisions) Act 2010 which provide that, where a corporate fund is authorised as an Alternative Investment Fund in a country other than the UK, then the corporate fund should not be resident for UK income tax, corporation tax or capital gains tax purposes even if it would be so viewed under general UK tax principles.

If the ICAV invests in UK investments, any UK source income arising on those investments may be subject to a deduction of UK withholding tax at source. The entitlement of the ICAV to reclaim any such withholding tax from HMRC will depend on the nature of those investments and whether the ICAV can make a valid treaty claim to avoid or minimise such withholding tax.

### **Taxation of Shareholders who are resident for tax purposes in the UK**

Each Share Class of the ICAV should be treated as an “offshore fund” for the purposes of the UK Offshore Company’s tax regime, as set out in Section 355 of the Taxation (International and Other Provisions) Act 2010. The UK reporting fund regime, as set out in the Offshore Funds (Tax) Regulations 2009 (Statutory Instrument 2009/3001) can therefore apply to the Share Classes of the ICAV.

The tax treatment applicable to a UK tax resident Shareholder in the ICAV will depend on whether the Share Class in which the Shareholder has an interest has received certification as a “reporting fund” from HMRC. Broadly speaking, under the UK reporting fund regime, UK tax resident Shareholders can secure capital gains tax treatment on disposal of their investment in Shares of the ICAV, where the Share Class has been certified by HMRC as a “reporting fund” through the entire period over which the UK tax resident Shareholder held their investment. Otherwise, an offshore income gain is likely to arise.

There are additional specific rules applicable to distributions (including deemed distributions) received by Shareholders in any Share Class in the ICAV which is categorised as a ‘bond fund’. Further details in this regard are set out below.

### ***Taxation of UK resident and domiciled individual investors in a reporting fund Share Class***

The relevance of reporting fund status for such Shareholders is that gains realized on disposals of investments in reporting funds, which retain their reporting fund status for the entire period in which the shareholder holds the investment, will in most circumstances be treated as a ‘capital disposal’ for UK taxation purposes.

Such Shareholders may therefore be liable to capital gains tax (as opposed to income tax) in respect of capital disposals of their Shares where those shares are in a Share Class which has received approval as a reporting fund and maintained this status throughout the entire period of their ownership.

Any capital increase in the value of the Shares realised on eventual sale (when compared to deductible costs) is likely to be taxable under the UK capital gains code (current headline rate of 20%), subject to the availability of various exemptions and/ or reliefs. Deductible costs should include the amount initially paid for the Shares, as well as any accumulated and not distributed amounts that have been taxable as income in the hands of the individual on the basis set out below.

An investor will be taxed on income accruing in a reporting fund Share Class on an annual basis irrespective of whether any income is physically distributed/ accumulated to a reporting fund Share Class shareholder in any period in respect of his/ her holding.

UK investors will be viewed as receiving income equivalent to their proportionate share of the “reported income” of the reported fund Share Class; which will be the excess of the reportable income over any distributions actually made by the reporting fund Share Class in respect of that reporting period. If actual dividends received by the Investor for any period exceed their proportionate share of the “reportable income” of the Share Class for that period then the UK investor will be taxed on the higher amount.

The tax point for distributions actually received by investors should be the ex-dividend date. The tax point for any “reported income” should be the date falling 6 months after the end of the reporting period.

For any Share Class in the ICAV that is not a ‘bond fund’ the excess of reported income over actual distributions should be viewed as foreign dividends for UK taxation purposes.

UK resident and domiciled investors will not have to pay tax on the first £5,000 (£2,000 from 6 April 2018) of dividend income, regardless of the quantum of non-dividend income received. However tax will be levied on any dividends received over £5,000 (£2,000 from 6 April 2018) at 7.5% on dividend income within the basic rate band, 32.5% on dividend income within the higher rate band and 38.1% on dividend income within the additional rate band.

In certain specified circumstances, investors in receipt of dividends can be viewed as receiving trading income. The above summary assumes that all investors will be viewed as holding the shares as investment assets and that the dividends are treated as investment, rather than trading, income for tax purposes.

### ***Taxation of UK resident and domiciled individual investors in a non-reporting fund Share Class***

Such Shareholders may be liable to capital gains tax in respect of capital disposals of Shares which have not been approved as reporting funds. However, gains realised on disposals of investments in non-reporting fund Share Classes are likely to be taxable as an income receipt (without credit for any indexation which would otherwise be available) in the hands of the investors as an offshore income gain under the UK offshore fund regime and any amounts taxable as an income receipt should be deducted from the proceeds from a capital gains tax perspective.

A UK resident investor in a non-reporting fund Share Class should only have a potential liability to UK tax in respect of actual distributions received (rather than on actual distributions and

'reported income'). The tax point for such distributions is likely to be the date on which such distributions were paid. These distributions should be viewed as foreign dividend income for UK individual investors in Share Classes which are not considered to be 'bond funds'.

As noted above, dividends and other income distributions paid to UK resident and domiciled individual Shareholders in respect of Shares in the ICAV which are deemed to be 'bond funds' may instead be taxed as 'interest', as opposed to 'dividends', under Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (**ITTOIA 2005**) and the Dividend Allowance would not be relevant. In such cases, where the interest distribution represents taxable income, the applicable rates of tax for individuals would be 20% for basic rate tax payers, 40% for higher rate taxpayers and 45% for additional rate taxpayers.

### ***Taxation of UK corporate investors***

UK corporate investors in reporting fund Share Classes which are not 'bond funds' may be exempt from UK corporation tax on the excess of reported income over actual distributions if any actual distribution would fall within one of the dividend exemption categories for corporate recipients. If the deemed distributions do not fall within one of the dividend exemption categories, they are likely to represent taxable income in the hands of the corporate investor at their marginal rate of UK corporation tax.

Deemed distributions received by the corporate investor throughout their period of ownership of reporting fund Shares may in certain circumstances represent additional base cost on sale of Shares in a Share Class which has been approved as a reporting fund.

UK corporate investors may be liable to UK corporation tax at their marginal rate in respect of capital disposals of Shares in a Share Class which has received approval as a reporting fund. Where a UK corporate Shareholder invests in a non-reporting Share Class, gains arising are likely to be taxed as an income receipt without credit for any indexation which would otherwise be available.

Similarly, UK corporate investors may be exempt from UK corporation tax on actual distributions in respect of non-reporting fund Shares which are not 'bond funds' if they fall within one of the dividend exemption categories. If the distributions do not fall within one of the dividend exemption categories, then they are likely to represent taxable income in the hands of the corporate investor at their marginal rate of UK corporation tax.

As noted above, UK resident corporate Shareholders within the charge to UK corporation tax should note that under the loan relationships regime, if at any time in an accounting period they hold an interest in a 'bond fund' that interest will be treated for that period as if it were rights under a creditor relationship for the purposes of the regime – which is likely to mean total returns from the Share Class are subject to corporation tax on a mark-to-market basis, and the offshore income gain regime should not apply.

### ***Overview of taxation of investors in 'bond funds'***

Broadly speaking, a Share Class is likely to be viewed as a 'bond fund' under UK tax legislation for an accounting period if at any time in that accounting period the market value of its 'qualifying investments' being broadly government and corporate debt, securities or cash on deposit (other than cash awaiting investment) or certain derivative contracts or holdings in other funds which at any time in the relevant accounting period are categorised as 'bond funds' exceed more than 60% of the market value of its total assets.

Whether a Share Class in the ICAV is a 'bond fund' for any period would need to be formally confirmed on an annual basis by review of the proportional weighting of the 'qualifying

investments' to total assets throughout that period on a sub-fund basis (as a separate pool of assets is maintained for each sub-fund).

There are specific rules applicable to investors in 'bond funds'. Under these rules, dividends and other income distributions paid or deemed to be paid to UK resident and domiciled individual Shareholders in respect of Share Classes in the ICAV which are deemed to be 'bond funds' may instead be taxed as 'interest' as opposed to 'dividends', under Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005) and the Dividend Allowance would not be relevant. In such cases, where the interest distribution represents taxable income, the applicable rates of tax for individuals would be 20% for basic rate tax payers, 40% for higher rate taxpayers and 45% for additional rate taxpayers.

UK resident corporate Shareholders within the charge to UK corporation tax should note that under the loan relationships regime, if at any time in an accounting period they hold an interest in a 'bond fund' that interest will be treated for that period as if it were rights under a creditor relationship for the purposes of the regime – which is likely to mean total returns from the Share Class are subject to corporation tax on a mark-to-market basis, and the offshore income gain regime should not apply.

### ***Certain UK anti-avoidance legislation***

UK tax legislation contains a wide range of anti-avoidance legislation which could, depending on the specific circumstances of an investor, apply to Shareholdings in the ICAV. The comments below are not intended to be an exhaustive list of such anti-avoidance legislation, or a comprehensive summary of any of the provisions referred to. Investors who are concerned about the potential application of these provisions, or any other UK anti-avoidance provisions should seek detailed tax advice based on their own circumstances. However, as a high level guide the attention of prospective investors resident in the UK for taxation purposes is particularly drawn to the following anti-avoidance provisions.

#### *i) Section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13").*

Section 13 applies to a "participator" in a company for UK taxation purposes (the term "participator" includes, but is not limited to, a Shareholder) if the company is controlled by a sufficiently small number of persons such that, if it were a body corporate resident in the UK for taxation purposes, it would be a "close company".

If at any time when (i) a gain accrues to the ICAV which constitutes a chargeable gain for UK purposes (such as on a disposal by the ICAV of any of its investments) and (ii) the provisions of Section 13 apply; a participator can be treated for the purposes of UK taxation as if a part of any chargeable gain accruing to the ICAV had accrued to that Shareholder directly. The gain accruing to the Shareholder is equal to the proportion of the gain that corresponds to that Shareholder's proportionate interest in the ICAV as a participator. A Shareholder could therefore incur a liability to tax even if the gain accruing to the ICAV had not been distributed by the ICAV. No liability under Section 13 will be incurred by such a Shareholder, however, where the proportionate interest of the Shareholder in the ICAV, together with their associates, means that 25% or less of the chargeable gain is apportioned to them under the Section 13 rules.

#### *ii) Chapter 2 of Part 13 of the UK Income Tax Act 2007 (transfer of assets abroad)*

The attention of individuals resident in the UK for taxation purposes is drawn to the provisions of Chapter 2 of Part 13 of the UK Income Tax Act 2007 (transfer of assets abroad). These provisions are aimed at preventing the avoidance of income tax by individuals through the transfer of assets or income to persons (including companies) resident or domiciled outside

the UK. These provisions may render them liable to taxation in respect of undistributed amounts which would be treated as UK taxable income and profits of the company (including, if the company or any company thereof were treated as carrying on a financial trade, profits on the disposition of securities and financial profits) on an annual basis. We would not expect these provisions to apply to income relating to a Share Class which has been certified by HMRC as a reporting fund. Where a Share Class has not been certified as a reporting fund, the provisions could apply but there are potential exemptions available where the transactions are genuine commercial transactions and avoidance of tax was not the purpose or one of the purposes for which the transactions were effected.

### *iii) Transaction in Securities*

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

### **UK stamp duty**

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

No UK stamp duty should be payable on the issue of the Shares. Legal instruments transferring the Shares should not be subject to UK stamp duty provided that such instruments are executed outside the UK and do not relate to matters done or to be done in the UK.

### **European Union Savings Directive (EUSD)**

On 10 November 2015, the Council of European Union adopted the Directive repealing the European Union Savings Tax Directive (EUSD). As a result of the repeal of the EUSD, Irish paying agents will no longer be required to report interest payment information to the Irish Revenue Commissioners on payments made to individuals resident in another EU Member State under the EUSD. The final period for which information is required to be exchanged under the EUSD for Irish paying agents is the period to 31 December 2015. The EU has adopted the Common Reporting Standard (see below) as the standard for automatic exchange of financial information for member states from 1 January 2016.

### **FATCA**

The foreign account tax compliance provisions contained in Sections 1471 to 1474 of the United States Internal Revenue Code and the regulations promulgated thereunder ("FATCA") impose a reporting regime on non-US financial institutions ("FFIs"). The ICAV expects that it will constitute a FFI. In accordance with FATCA the IRS may impose a 30 per cent withholding tax on certain US source payments, including interest (and original issue discounts), dividends, other fixed or determinable annual or periodical gains, profits and income, made on or after 1 July 2014 and the gross proceeds from a disposition of property of a type which can produce US source interest or dividends made on or after 1 January 2017 (collectively "Withholdable Payments"), if paid to a FFI that fails to enter into, or fails to comply with once entered into, an agreement with the US Internal Revenue Service to provide certain information about their US accountholders, including direct and indirect holdings. This withholding tax will not be imposed on payments made under obligations that constitute debt (for US federal income tax purposes) outstanding on 1 July 2014 unless such obligations are deemed reissued as a result of a "significant modification" on or after 1 July 2014.

The United States and the Government of Ireland have entered into an intergovernmental agreement to facilitate the implementation of FATCA (the "IGA"). The United States and the Government of Ireland have entered into a Model 1 intergovernmental agreement to facilitate the implementation of FATCA (the "IGA"). FATCA was implemented in Ireland pursuant to Section 891E of the TCA and the Financial Accounts Reporting (United States of America) Regulations 2014.

A FFI (such as the ICAV) that complies with the terms of the IGA, as well as applicable local law requirements will not be subject to withholding under FATCA with respect to US source income. Further, a FFI that complies with the terms of the IGA will not be required to withhold under FATCA on payments it makes to accountholders of such FFI (unless it has agreed to do so under the US "qualified intermediary," "withholding foreign partnership" or "withholding foreign trust" regimes). Pursuant to the IGA, a FFI is required to report certain information in respect of certain accountholders to its home tax authority, whereupon such information will be provided to the US Internal Revenue Service. The ICAV undertakes to comply with the IGA and any local implementing legislation, but there is no assurance it will be able to do so.

The first reporting to the Irish Revenue Commissioners under FATCA was required by 31 July 2015 in respect of 2014. Going forward reporting will be required by 30 June of the year following the calendar year being reported.

### **Common Reporting Standard**

The Common Reporting Standard (CRS) was implemented within the EU under Council Directive 2014/107/EU ("DAC2") and came into effect in Ireland on 1 January 2016, pursuant to Section 891F of the TCA and implementing regulations. The aim of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local financial institutions relating to account holders who are tax resident in other CRS participating jurisdictions. The ICAV is expected to fall under the definition of financial institution and is required to comply with CRS. The OECD leveraged the FATCA Model 1 IGA to design the CRS and, as such, it is broadly similar to the FATCA requirements, albeit with numerous differences. It should result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported. To date, more than 100 jurisdictions have publically committed to the implementation of CRS.

The CRS contains the due diligence and reporting that underpins the automatic exchange of financial account information. Ireland has provided for the implementation of CRS through Section 891F of the TCA and the Returns of Certain Information by Reporting Financial Institutions Regulations 2015. From 1 January 2016, Irish Financial Institutions, such as the ICAV, will be required to obtain certain tax information and undertake due diligence procedures in respect of pre-existing and new Investors, including ensuring appropriate self-certifications are obtained from new Investors at account opening stage. Reporting to the Irish Revenue Commissioners is required on an annual basis, the first of which must be made by 30 June 2017, in respect of the year ended 31 December 2016.

The information to be reported with respect to Reportable Accounts includes details of the name, address, taxpayer identification number(s) ("TIN"), place of residence and, in the case of Investors who are individuals, may also include the date and place of birth, together with financial details relating to the investment in the ICAV, such as account balance or value, sales proceeds and other income payments. Reportable Accounts include accounts held by individuals and entities (which includes trusts and foundations), and the CRS includes a requirement to look through passive entities to report on the relevant controlling persons.

### **FATCA and CRS shareholder/ unitholder information requirements**

The ICAV (or any nominated service provider) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the ICAV may have as a result of its FATCA and CRS obligations. Investors will be deemed, by their shareholding to have authorized the automatic disclosure of such information by the ICAV (or any nominated service provider) or any other person to the relevant tax authorities.

The ICAV (or any nominated service provider) agree that information (including the identity of any Shareholders) supplied for the purposes of FATCA and CRS compliance is intended for the ICAV 's (or any nominated service provider) use for the purposes of satisfying its requirements under FATCA and CRS and the ICAV (or any nominated service provider) agree, to the extent permitted by applicable law that it will take reasonable steps to treat such information in a confidential manner, except that the ICAV may disclose such information (i) to officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving FATCA and CRS compliance, (iii) to any person with the consent of the applicable Shareholders, or (iv) as otherwise required by law or court order.

Prospective Investors should consult their tax advisors about the potential application of FATCA and CRS.

## **TERMINATION**

Any Fund may be terminated by the Directors, at their discretion, by notice in writing to the Depository if, at any date, the Net Asset Value of the relevant Fund shall fall below 50% of the Net Asset Value of the relevant Fund on the closing date of the Initial Offer Period or such higher level as may be determined by the Directors as disclosed in the relevant Supplement.

In addition, the Directors may at their discretion decide to terminate any Fund (as disclosed in the relevant Supplement) if the Net Asset Value of such Fund falls below a specified amount after a specified period of time as disclosed in the relevant Supplement. With effect from the date as at which any Fund is to terminate, no Shares of the relevant Fund, Class or Series within that Fund may be issued or sold by the ICAV and no Shareholder shall have any right to require the repurchase of any such Shares.

The decision of the Directors in respect of the above matter shall be final and binding on all of the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund.

A Fund may, and a closed-ended Fund shall, be established with a fixed term as disclosed in this Prospectus. At the end of the fixed term, the ICAV shall undertake one of the following actions as is specified in the Prospectus or if no particular action is specified in the Prospectus, any one of the following actions as may be chosen by the Directors:

- (a) terminate the Fund and redeem all outstanding Shares and apply to the Central Bank for revocation of the approval of the Fund;
- (b) convert the Fund into an opened-fund Fund, the details of which will be disclosed in the Prospectus; or obtain the
- (c) approval of Shareholders to extend the fixed term for a further finite period.

The Directors shall give notice of termination of a Fund to the Shareholders in the relevant Fund and by such notice fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall at their absolute discretion determine.

With effect on and from the date as at which any Fund is to terminate:

- (a) No Shares of the relevant Class, Classes or Series may be issued or sold by the ICAV and neither the ICAV nor any Shareholder shall have any right to require the cancellation or repurchase of any such Shares;
- (b) The ICAV shall on the instructions of the Directors realise all the Investments then comprised in the relevant Fund (which realisation shall be carried out and completed in such manner and within such period after the termination of the relevant Fund as the Directors think advisable); and
- (c) The ICAV shall on the instructions of the Directors from time to time distribute to the Shareholders in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of the relevant Fund and available for the purpose of such distribution, provided that the ICAV shall be entitled to retain out of any monies in its hands as part of the relevant Fund full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the ICAV or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands. Every such distribution shall be made in such manner as the Directors shall at their discretion determine but shall be made only against production of written confirmation of entry or other evidence of title relating to the Shares of the relevant Class, Classes or Series in respect of which the same is made and upon delivery to the ICAV of such form of request for payment as the ICAV shall in its absolute discretion require.

#### **COMPULSORY REDEMPTION OF SHARES / DEDUCTION OF TAX**

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

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

- (i) any person in breach of the law or requirements of any country or governmental authority by virtue of which such person is not qualified to hold Shares including without limitation any exchange control regulations;
- (ii) a person who is, or any person who has acquired such Shares on behalf of, or for the benefit of US Person in contravention of applicable laws and regulations;
- (iii) any person, whose holding would cause or be likely to cause the ICAV to be required to register as an "investment company" under the United States Investment Company Act of 1940 or to register any class of its securities under the Securities Act or similar statute;
- (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the ICAV or any Fund or Shareholders of the ICAV or Fund as a whole incurring any liability to taxation or suffering any tax, legal, pecuniary, regulatory liability or material administrative disadvantage which the ICAV, the Fund or the Shareholders or any of them might not otherwise have incurred or suffered;
- (v) any person who does not supply any information or declarations required by the Directors within seven days of a request to do so by the Directors;
- (vii) any person who is an Ineligible Applicant.

In all cases of compulsory redemption, the Directors retain the right to determine the Dealing Day for the redemption. The ICAV may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising to the ICAV as a result of the holding or beneficial ownership of Shares by a Shareholder who has become an Ineligible Applicant including any interest or penalties payable thereon. Shares will not receive or be credited with any distributions declared on or after the relevant Dealing Day on which they were redeemed.

## **REPORTS AND ACCOUNTS**

The ICAV will prepare an annual report and audited accounts as of 31 December in each year and a half-yearly report and unaudited accounts as of 30 June in each year with the first annual report to be made up to 31 December 2017. The first semi-annual report will be made up to 30 June 2018.

The annual report and the audited accounts of the ICAV will be sent to Shareholders and to the Irish Stock Exchange within four months after the conclusion of each accounting year and at least 21 days before the Annual General Meeting of the ICAV at which they are to be submitted for approval. The annual report and audited accounts of the ICAV will also be made available to Shareholders by publishing it on the AIFM's website at [www.crossroadscapital.ie](http://www.crossroadscapital.ie)

The ICAV will also publish a semi-annual report and unaudited accounts of the ICAV (which will be posted to the AIFM's website at [www.crossroadscapital.ie](http://www.crossroadscapital.ie)) and will also send it to the Irish Stock Exchange within two months after the end of each semi-annual period. The ICAV's semi-annual period ends on 30 June in each year.

Audited information will be sent on request to any prospective investor.

Such reports and accounts will contain a statement of the Net Asset Value of each Fund and of the investments comprised therein as at year end or the end of such semi-annual period.

Shareholders may request printed copies of the semi-annual and annual reports writing to the ICAV at its registered offices.

The Instrument of Incorporation, the audited financial statements and where available any historical performance of the ICAV may be obtained by any Shareholder.

The ICAV will periodically disclose to Shareholder the following:

- a) the percentage of the ICAV's assets which are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the ICAV; and/or
- c) the current risk profile of the ICAV and the risk management system employed by the ICAV to manage these risks.

## **FORM OF SHARES, SHARE CERTIFICATES AND TRANSFER OF SHARES**

Shares will be issued in registered form. Share certificates will only be issued if requested in writing by the applicant(s) and any certificates issued will normally be issued within thirty days after the Dealing Day on which Shares are allotted. The Directors recommend that applicants do not request a certificate because the holding of Shares in certificated form can cause delays in payment of repurchase proceeds. Purchase contract notes will normally be

issued within 24 hours after the allocation of Shares. Written confirmations of ownership will be issued within ten days after the Dealing Day on which Shares are allotted. Shares do not carry any right of pre-emption.

Shares in each Fund will be transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the ICAV as having any title to or interest in the Shares registered in the names of such joint Shareholders.

Shares may not be transferred to a US Person (unless permitted under certain exceptions under the laws of the United States) or to a minor or person of unsound mind. Registration of any transfer may be refused by the Directors if following the transfer:

- a) any payment of taxation remains outstanding; or
- b) the transferee holds Shares with a value of less than the Minimum Initial Investment Amount for the relevant class of Shares in the relevant Fund as specified in the Supplement for the relevant Fund.

### **Notification of Prices**

The Net Asset Value per Share of each class of Share in each Fund will be available on request from the Administrator and will be notified to the Irish Stock Exchange without delay following calculation. The Net Asset Value of each Share class will be published monthly on the AIFM's website at [www.crossroadscapital.ie](http://www.crossroadscapital.ie)

## **GENERAL INFORMATION**

### **Incorporation and Share Capital**

The ICAV was registered in Ireland under the Act, as an Irish Collective Asset-management Vehicle with variable capital on 17 November 2016 with registered number C163991.

At the date hereof, the authorised share capital of the ICAV is EUR 2 divided into 2 Subscriber Shares of EUR 1 each and 500,000,000,000 Shares of no par value each having the rights provided for and as hereinafter appearing. The minimum issued share capital of the ICAV is EUR 2 and the maximum issued share capital of the ICAV is EUR 500,000,000,000 or its equivalent in any other currency.

### **Instrument of Incorporation**

The ICAV's sole object, as set out in Clause 2.3 of the Instrument of Incorporation, is the collective investment of its funds in property and giving Shareholders the benefit of the results of the management of its funds.

The Instrument of Incorporation contains provisions to the following effect:

- (a) **Directors' Authority to Allot Shares.** The Directors are generally and unconditionally authorised to exercise all powers of the ICAV to allot relevant securities, including fractions thereof, up to an amount equal to the authorised but as yet unissued share capital of the ICAV.

- (b) **Variation of rights.** The rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths in number of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class, and may be so varied or abrogated either whilst the ICAV is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one third of the issued shares of the class in question and the quorum at an adjourned meeting shall be one person holding shares of the class in question or his proxy.
- (c) **Voting Rights.** Subject to disenfranchisement in the event of non-compliance with any notice requiring disclosure of the beneficial ownership of shares and subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands at a general meeting or class meeting of the ICAV, every member holding shares who is present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. Members who hold a fraction of a share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such share.
- (d) **Change in Share Capital.** The ICAV may from time to time by ordinary resolution increase the share capital by such amount and/or number as the resolution may prescribe. The ICAV may also by ordinary resolution, consolidate and divide its share capital into shares of larger amount, subdivide its shares into shares of smaller amount or value or cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled or redenominate the currency of any class of shares.
- (e) **Directors' Interests.** Provided that the nature and extent of his interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the ICAV nor shall any such contract or arrangement entered into by or on behalf of any other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the ICAV for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Directors held after he became so interested.

A Director shall not vote at a meeting of the Directors or a committee of the Directors on any resolution concerning a matter in which he has, directly or indirectly an interest which is material (other than an interest arising by virtue of his interest in shares or debentures or other securities or otherwise in or through the ICAV) or a duty which conflicts or may conflict with the interest of the ICAV. A Director shall not vote (or be counted in the quorum present) on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the ICAV.

A Director shall be entitled (in the absence of some other material interest than is indicated under "Directors' Interests" below) to vote and be counted in the quorum in respect of any resolutions concerning the following matters, namely:

- (a) the giving of any security, guarantee or indemnity to him in respect of money lent by him to the ICAV or any of its subsidiary or associated companies or obligations incurred by him at the request of or for the benefit of the ICAV or any of its subsidiary or associated companies;
- (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the ICAV or any of its subsidiaries or associated companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning any offer of shares or debentures or other securities of or by the ICAV or any of its subsidiary or associated companies for subscription, purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder or otherwise howsoever.

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

- (e) **Borrowing Powers.** Subject to the Act, the Directors may exercise all the powers of the ICAV to borrow or raise money and to mortgage or charge its undertaking, property and assets (both present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt, liability or obligation of the ICAV provided that all such borrowings shall be within the limits laid down by the Central Bank.
- (f) **Committees.** The Directors may delegate any of their powers to committees consisting of such members of their body as they think fit. The meetings and proceedings of any such committee shall conform to the requirements as to quorum imposed under the provisions of the Instrument of Incorporation.
- (g) **Retirement of Directors.** The Directors shall not be required to retire by rotation or by virtue of their attaining a certain age.
- (h) **Directors' Remuneration.** Unless and until otherwise determined from time to time by the ICAV in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any class of shares of the ICAV or otherwise in connection with the discharge of their duties.
- (i) **Transfer of Shares.** Subject as set out below, the Shares of any holder may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors in their absolute discretion and without assigning any reason may decline to register any transfer of a share to an Irish

Resident, a US Person, any person who, by holding shares, would be in breach of any law or requirement of any country or governmental authority or might result in the ICAV incurring any liability to taxation or suffering pecuniary disadvantages and any transfer to or by a minor or a person of unsound mind. The Directors may decline to recognise any instrument of transfer unless it is accompanied by the certificate for the shares to which it relates (if issued), is in respect of one class of share only, is in favour of not more than four transferees and is lodged at the registered office or at such other place as the Directors may appoint.

- (j) **Right of Repurchase.** Holders have the right to request the ICAV to repurchase their Shares in accordance with the provisions of the Instrument of Incorporation.
- (k) **Dividends.** The Instrument of Incorporation permits the Directors to declare such dividends on any class of shares as appears to the Directors to be justified by the profits of the relevant Fund. The Directors may, satisfy any dividend due to holders of shares in whole or in part by distributing to them in specie any of the assets of the relevant Fund, and in particular any investments to which the relevant Fund is entitled. Any dividend unclaimed for six years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.
- (l) **Funds.** The Directors are required to establish a separate portfolio of assets for each Fund created by the ICAV from time to time, to which the following shall apply:
  - (a) the proceeds from the allotment and issue of shares of each class in the Fund shall be applied to the Fund established for that purpose, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation;
  - (b) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Fund, shall be applied in the books and records of the ICAV to the same Fund as the asset from which it was derived and any increase or diminution in the value of such an asset shall be applied to the relevant Fund;
  - (c) in the event that there are any assets of the ICAV which the Directors do not consider are attributable to a particular Fund or Funds, the Directors shall, with the approval of the Depositary, allocate such assets to and among any one or more of the Funds in such manner and on such basis as they, in their discretion, deem fair and equitable; and the Directors shall have the power to and may from time to time, with the approval of the Depositary vary the basis in relation to assets previously allocated;
  - (d) each fund shall be charged with the liabilities, expenses, costs, charges or reserves of the ICAV in respect of or attributable to that Fund and any such liabilities, expenses, costs, charges, or reserves of the ICAV not attributable to any particular Fund or Funds shall be allocated and charged by the Directors, with the approval of the Depositary, in such manner and on such basis as the Directors, in their sole and absolute discretion deem fair and equitable, and the Directors shall have the power to and may at any time and from time to time, with the approval of the Depositary, vary such basis including, where circumstances so permit, the re-allocation of such liabilities, expenses, costs, charges and reserves; and

- (e) in the event that any asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of the Act, shall apply.
- (f) **Fund Exchanges.** Subject to the provisions of the Instrument of Incorporation, a holder holding shares in any class in a Fund on any Dealing Day shall have the right from time to time to exchange all or any of such shares for shares of another class (such class being either an existing class or a class agreed by the Directors to be brought into existence with effect from that Dealing Day).
- (g) **Winding up.** The Instrument of Incorporation contains provisions to the following effect:
  - (a) If the ICAV shall be wound up the liquidator shall, subject to the provisions of the Act, apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund.
  - (b) The assets available for distribution amongst the holders shall be applied as follows: first the proportion of the assets in a Fund attributable to each class of share shall be distributed to the holders of shares in the relevant class in the proportion that the number of shares held by each holder bears to the total number of shares relating to each such class of shares in issue as at the date of commencement to wind up and secondly, any balance then remaining and not attributable to any of the classes of shares shall be apportioned pro-rata as between the classes of shares based on the Net Asset Value of each class of shares as at the date of commencement to wind up and the amount so apportioned to a class shall be distributed to holders pro-rata to the number of shares in that class of shares held by them.
  - (c) A Fund may be wound up pursuant to the Act and in such event the provisions in this paragraph apply mutatis mutandis in respect of that Fund.
  - (d) If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the relevant holders and any other sanction required by the Act, divide among the holders of shares of any class or classes within a Fund in specie the whole or any part of the assets of the ICAV relating to that Fund, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between all the holders of the ICAV or the holders of different classes of shares in the Fund. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of holders as the liquidator, with the like authority, shall think fit, and the liquidation of the ICAV may be closed and the ICAV dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is a liability.
- (e) **Share Qualification.** The Instrument of Incorporation does not contain a share qualification for Directors.

## **Litigation and Arbitration**

Since registration the ICAV has not been involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

## **Directors' Interests**

- a) There are no service contracts in existence between the ICAV and any of its Directors, nor are any such contracts proposed.
- b) At the date of this Prospectus, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the ICAV. Donnacha Loughrey who is a Director of the ICAV is also a Director of the AIFM.
- c) At the date of this Prospectus neither the Directors nor their spouses nor their infant children or any person closely associated with any Director have any interest, beneficial or non-beneficial, in the share capital of the ICAV or any options in respect of such capital.

## **Material Contracts**

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the ICAV and are or may be material, details of any material contracts specific to a Fund will be contained in the Supplement for the relevant Fund:

- a) the Management Agreement dated 8 September 2017 between the ICAV and the AIFM. The Management Agreement provides that the appointment of the AIFM will continue in force unless and until terminated by either party giving to the other, on or after the first anniversary of the date of the authorisation of the ICAV by the Central Bank, not less than 90 days written notice although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other party in accordance with the provisions of the agreement. The Management Agreement contains certain indemnities in favour of the AIFM which are restricted to exclude matters arising by reasons of the fraud, bad faith, negligence, wilful default or recklessness of the AIFM in the performance or non-performance of its duties or obligations and certain provisions regarding its legal responsibilities and limitations thereon;
- b) the Depositary Agreement dated 8 September 2017 between the ICAV, the AIFM and the Depositary. The Depositary Agreement provides that the agreement will continue unless and until terminated by either the ICAV or the Depositary giving to the other party not less than 90 days written notice although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other party in accordance with the provisions of the agreement. The Depositary Agreement contains certain indemnities in favour of the Depositary; and
- c) the Administration Agreement dated 8 September 2017 between the ICAV, the AIFM and the Administrator. The Administration Agreement may not be terminated within one year of the date on which the first shares are issued by a Fund, unless mutually agreed between the parties, and thereafter the appointment of the Administrator will continue unless and until terminated by a party giving to the other not less than 90 days' prior written notice although

in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other party in accordance with the provisions of the agreement. The Administration Agreement contains certain indemnities in favour of the Administrator which are restricted to exclude matters arising by reason of the fraud, bad faith, negligence, wilful default or recklessness of the Administrator in the performance of its duties and obligations and certain provisions regarding its legal responsibilities and limitations thereon.

Please refer to the relevant Supplement for details of relevant material contracts in respect of a Fund.

### **Miscellaneous**

Save as disclosed under “Directors’ Interests” above, no Director has any interest in the promotion of or in any property acquired or proposed to be acquired by the ICAV.

Save as may result from the entry by the ICAV into the agreements listed under “Material Contracts” above or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the ICAV.

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the ICAV.

### **Documents for Inspection**

Copies of the following documents may be inspected at the registered office of the ICAV during usual business hours on weekdays, except Saturdays and public holidays:

- a) the Instrument of Incorporation of the ICAV;
- b) the material contracts referred to above;
- c) the latest available annual report and the latest available semi-annual report for the ICAV;
- d) the historical performance of the ICAV;
- e) the AIF Rulebook issued by the Central Bank; and
- f) the Act.

Copies of the Instrument of Incorporation of the ICAV (and, after publication thereof, the periodic reports and accounts) may be obtained from the Administrator free of charge.

## APPENDIX I

### Markets

The following are the list of stock exchanges and regulated markets in which the assets of the Funds may invest in directly or the collective investment schemes in which the Funds invest in or may be invested and is set out in accordance with the Central Bank's requirements. The Central Bank does not issue a list of approved stock exchanges or markets. With the exception of permitted investments in unlisted securities and units of open-ended collective investment schemes, investments will be restricted to the following stock exchanges and regulated markets:-

(a) any stock exchange which is:

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

(i) any stock exchange included in the following list:

Argentina	Bolsa de Comercio de Buenos Aires, Bolsa de Comercio de Cordoba, Bolsa de Comercio de Mendoza S.A. and Bolsa de Comercio Rosario;
Bahrain	Bahrain Stock Exchange;
Bangladesh	Chittangong Stock Exchange Ltd and Dhaka Stock Exchange Ltd;
Bermuda	Bermuda Stock Exchange Ltd;
Botswana	Botswana Stock Exchange;
Brazil	Bolsa de Valores Minas and Bolsa De Valores, Mercadorias e Futuros;
Channel Islands (Guernsey, Jersey, Isle of Man)	Channel Islands Stock Exchange
Chile	Santiago Stock Exchange;
China	Shanghai Stock Exchange and Shenzhen Stock Exchange;
Colombia	Bolsa de Valores de Colombia;
Croatia	Zagreb Stock Exchange;
Egypt	Egyptian Exchange and Nile Stock Exchange;

Ghana	Ghana Stock Exchange;
India	Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Bangalore Stock Exchange Ltd, Calcutta Stock Exchange and the National Stock Exchange of India;
Indonesia	Jakarta Futures Exchange and Indonesia Stock Exchange;
Israel	Tel Aviv Stock Exchange;
Ivory Coast	Bourse Regionale des Valeurs Mobilieres;
Jordan	Amman Stock Exchange;
Kazakstan	Kazakhstan Stock Exchange;
Kenya	Nairobi Stock Exchange;
Korea	Korean Stock Exchange;
Kuwait	Kuwait Stock Exchange;
Lebanon	Beirut Stock Exchange;
Malaysia	Bursa Malaysia;
Mauritius	Stock Exchange of Mauritius Ltd;
Mexico	Bolsa Mexicana de Valores;
Morocco	Casablanca Stock Exchange;
Namibia	Namibian Stock Exchange;
Nigeria	Nigerian Stock Exchange;
Oman	Muscat Securities Market;
Pakistan	Lahore Stock Exchange and Karachi Stock Exchange (Guarantee) Limited;
Peru	Bolsa de Valores de Lima;
Philippines	Philippine Stock Exchange, Inc.;
Qatar	The Qatar Exchange;
Serbia	Belgrade Stock Exchange;
Saudi Arabia	Saudi Stock Exchange (Tadawul);
Singapore	Singapore Exchange;
South Africa	Johannesburg Stock Exchange;
South Korea	Korean Stock Exchange;

Sri Lanka	Colombo Stock Exchange;
Taiwan	Taiwan Stock Exchange;
Tanzania	The Dares Salaam Stock Exchange;
Thailand	Stock Exchange of Thailand;
Tunisia	Bourse de Tunis;
Turkey	Istanbul Stock Exchange;
Ukraine	Ukrainian Exchange;
United Arab Emirates	Abu Dhabi Securities Market and Dubai Financial Market;
Uruguay	Bolsa de Valores de Montevideo;
Vietnam	Ho Chi Minh Stock Exchange and Hanoi Stock Exchange;
Venezuela	Bolsa de Valores de Caracas;
Zambia	Lusaka Stock Exchange; and
Zimbabwe	Zimbabwe Stock Exchange.

(ii) any of the following over-the-counter markets:

The market organised by the International Capital Markets Association;

The (i) market 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 (2) market in non-investment products which is subject to the guidance contained in the Non-Investment Products Code drawn up by the participants in the London market, including the FCA and the Bank of England;

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

The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the Financial Industry Regulatory Authority, Inc ("**FINRA**") (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Industry Regulatory Organisation of Canada;

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

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

(iii) any of the following electronic exchanges:

- JASDAQ (Japan);
- KOSDAQ (Korea);
- NASDAQ;
- SESDAQ (Singapore);
- TAISDAQ/Gretai Market (Taiwan); and
- Virt-X Exchange Limited.

In relation to any exchange traded financial derivatives contract, any recognised exchange which is (i) located in a Member State or (ii) located in an EEA Member State or (iii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland or the United States or (iv) the Channel Islands Stock Exchange or (v) listed at (a)(iv) above or (vi) any of the following:

- The Chicago Board of Trade;
- The Chicago Mercantile Exchange; The Chicago Board Options Exchange; ICE Futures International Securities Exchange (ISE)
- LCH.Clearnet Limited
- OMLX, The London Securities and Derivatives Exchange; The Options Clearing Corporation, Inc.
- New York Mercantile Exchange; New York Board of Trade;
- New Zealand Futures and Options Exchange;
- Hong Kong Futures Exchange;
- Osaka Securities Exchange;
- Singapore Commodity Exchange;
- Tokyo International Financial Futures Exchange

## APPENDIX II

### AIFMD Information Card

This AIFMD Information Card has been prepared for the purpose of meeting the specific investor disclosure requirements contained in Article 23 of AIFMD.

#### 1 DESCRIPTION OF THE INVESTMENT OBJECTIVE, POLICIES AND STRATEGY OF EACH FUND

The section of the relevant Supplement entitled “*Investment Objective and Policies*”, contains a full account of the investment objective, policies and strategy of that Fund.

#### 2 PROCEDURES TO CHANGE THE INVESTMENT OBJECTIVE, POLICIES OR STRATEGY

The Prospectus provides that the investment objective of a Fund may not be altered, and material changes to the investment policy of a Fund may not be made, without the prior approval of Shareholders on the basis of the majority of votes cast at a general meeting. For further details, refer to the section of the Prospectus entitled “*Investment Objective and Policies*”.

#### 3 LEGAL IMPLICATIONS OF AN INVESTMENT IN THE ICAV

3.1 The main legal implications of the contractual relationship which you would enter into by investing in a Fund are as follows:

- a) By completing and submitting the relevant application form, you will have made an offer to subscribe for Shares which, once it is accepted by the ICAV and Shares are issued, has the effect of a binding contract.
- b) The Shareholder will be obliged to make representations, warranties, declarations and certifications in the Application Form relating to its eligibility to invest in the Fund and its compliance with the applicable anti-money laundering laws and regulations.
- c) Upon the issue of Shares, you will become a Shareholder in the relevant Fund and the Instrument of Incorporation will take effect as a statutory contract between you and the ICAV.
- d) The Instrument of Incorporation is governed by, and construed in accordance with, the laws of Ireland. The Application Form is governed by, and construed in accordance with, the laws of Ireland.
- e) In any proceedings taken in Ireland for the enforcement of a judgement obtained against the ICAV in the courts of a foreign (non-Irish) jurisdiction (a “**Foreign Judgement**”), the Foreign Judgement should be recognised and enforced by the courts of Ireland. To enforce such a Foreign Judgement in Ireland, it would be necessary to obtain an order of the Irish courts. Such an order will generally be granted on proper proof of the Foreign Judgement without any retrial or examination of the merits of the case, subject to the following qualifications: (i) that the foreign court had jurisdiction, according to the laws of Ireland; (ii) that the Foreign Judgement was not obtained by fraud; (iii) that the Foreign Judgement is not contrary to public policy or natural justice as understood in Irish law; (iv) that the Foreign Judgement is final and conclusive; (v) that the Foreign Judgement is for a definite sum of money;

and (vi) that the procedural rules of the court giving the Foreign Judgement have been observed.

#### **4 IDENTITY AND DUTIES OF THE AIFM, DEPOSITARY AND OTHER SERVICE PROVIDERS AND RIGHTS OF INVESTORS**

- 4.1 For details of the identity and duties of the AIFM, the Depositary and other service providers, please refer to the section of the Prospectus entitled "*Management of the ICAV*".
- 4.2 Absent a direct contractual relationship between a Shareholder and a service provider to the ICAV, the Shareholder will generally have no direct rights against the service provider, and there are only limited circumstances in which a Shareholder could potentially bring a claim against a service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the ICAV or the AIFM by the relevant service provider is the ICAV or AIFM.

#### **5 AIFM PROFESSIONAL LIABILITY RISK COVER**

In order to cover professional liability risks resulting from activities which the AIFM may carry out on behalf of the ICAV, the AIFM has retained additional capital equal to or exceeding 0.01% of the value of the portfolios of all of the alternative investment funds that it manages. These professional liability risks shall include, without being limited to, risks of (i) loss of documents evidencing title of assets of the ICAV; (ii) misrepresentations or misleading statements made to the ICAV or its Shareholders; (iii) acts, errors or omissions resulting in a breach of legal and regulatory obligations, the duty of skill and care towards the ICAV and the Shareholders, fiduciary duties and obligations of confidentiality; (iv) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts; (v) improperly carried out valuation of assets or calculation of Net Asset Value; and (vi) losses arising from business disruption, system failures, failure of transaction processing or process management.

#### **6 MANAGEMENT FUNCTION AND SAFEKEEPING FUNCTION DELEGATION ARRANGEMENTS**

- 6.1 None of the management functions set out in paragraphs 1 (a) and (b) of Schedule 1 to the AIFM Regulations has been delegated by the AIFM.
- 6.2 The Depositary has power to delegate its safe-keeping functions by entrusting to a third party some or all of the assets in its safekeeping. The AIFM will inform Investors before they invest in the ICAV of the presence and identity of any appointed delegates of the Depositary.
- 6.3 For details of any potential conflicts of interest that may arise as a result of such delegation arrangements referred to above, refer to the section of the Prospectus entitled "*Portfolio Transactions and Conflicts of Interest*".

#### **7 Liquidity policy of the AIFM; redemption procedures**

- 7.1 The AIFM employs an appropriate liquidity management system and has adopted procedures which enable it to monitor the liquidity risk of the ICAV and each Fund and to ensure that the liquidity profile of the investments of each Fund complies with its underlying obligations. The liquidity management system ensures that each Fund maintains a level of liquidity appropriate to their underlying obligations

based on an assessment of the relative liquidity of the Fund's assets in the market, taking account of the time required for liquidation and the price or value at which those assets can be liquidated and their sensitivity to other market risks or factors. The AIFM monitors the liquidity profile of the portfolio of assets having regard to the profile of the investor base of the Fund, the relative size of investments and the redemption terms to which these investments are subject. The AIFM implements and maintains appropriate liquidity measurement arrangements and procedures to assess the quantitative and qualitative risks of positions and intended investments which have a material impact on the liquidity profile of the portfolio of the Fund's assets to enable their effects on the overall liquidity profile to be appropriately measured and considers and puts into effect the tools and arrangements necessary to manage the liquidity of the ICAV.

- 7.2 For details in relation to the procedures and conditions for the redemption of Shares, refer to the section of the Prospectus entitled "*Repurchases of Shares*" and the section of the relevant Supplement entitled "*Key Information for Buying and Selling*".

## **8 VALUATION PROCEDURES**

- 8.1 The Prospectus provides that the AIFM is responsible for ensuring that the Net Asset Value per Share is calculated and disclosed to Shareholders. The procedures and methodology for calculating the Net Asset Value per Share are summarised in the section of the Prospectus entitled "*Calculation of Net Asset Value*". As part of its control function, the AIFM shall verify and update as necessary these calculation procedures and methodologies.
- 8.2 The AIFM is responsible for ensuring that proper and independent valuation of the assets of the ICAV can be performed. The assets and liabilities of each Fund will be valued in accordance with the valuation policy of the AIFM consistent with the provisions outlined in the Prospectus.

## **9 FEES AND EXPENSES**

- 9.1 For details of the fees and expenses payable out of the assets of the ICAV, refer to the section of the Prospectus entitled "*Charges and Expenses*".
- 9.2 Details of the fees and expenses payable out of the assets of a specific Fund shall be disclosed in the relevant Supplement in the section entitled "*Charges and Expenses*".

## **10 FAIR TREATMENT OF SHAREHOLDERS**

- 10.1 The AIFM will ensure that its decision-making procedures and its organisational structure ensure the fair treatment of Shareholders in the ICAV. In discharging its role, the AIFM shall act honestly, fairly, professionally, independently and in the interests of the ICAV and the Shareholders.
- 10.2 The ICAV and the AIFM will ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy of a Fund will be considered to be aligned when investors have the ability to redeem their investment in a manner consistent with the fair treatment of all investors and in accordance with the relevant Fund's redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the ICAV and the AIFM shall have

regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

## 11 ANNUAL REPORTS

Audited accounts shall be made available no later than six months following the end of each Accounting Period (being a calendar year ending 31 December in each year).

The AIFM may send such reports and accounts electronically to Shareholders in accordance with the requirements of the Central Bank and where such Shareholders have consented to such receipt in their Application Form.

## 12 SUBSCRIPTION PROCEDURES

For details in relation to the procedures and conditions for the sale of Shares, refer to the section of the Prospectus entitled "*Conversion of Shares*" and the section of the relevant Supplement entitled "*Applications for Shares*".

## 13 AVAILABILITY OF NET ASSET VALUE INFORMATION

The Net Asset Value per Share of each class of Shares in each Fund will be made available on the internet at [www.crossroadscapital.ie](http://www.crossroadscapital.ie) or such other website as the AIFM may notify to Shareholders in advance from time to time and from the Administrator following calculation. These Net Asset Values will be those prices applicable to the previous Dealing Day's subscriptions, redemptions and exchanges and are therefore only indicative after the relevant Dealing Day.

## 14 AVAILABILITY OF HISTORICAL PERFORMANCE DATA

The historical performance of each Fund will in due course be available from the Administrator to Investors in the Fund before they invest.

## 15 DETAILS OF ANY PRIME BROKERS APPOINTED

At the date of this document, the ICAV has not appointed any prime brokers.

## 16 PERIODIC AND REGULAR DISCLOSURE OF INFORMATION TO SHAREHOLDERS

16.1 The AIFM will periodically (and on at least an annual basis) make available to Shareholders the following information, which shall be available by contacting the AIFM at its registered office as set out in the Prospectus:

- a) the current risk profile of the relevant Fund and the risk management systems employed by the AIFM to manage those risks, including (i) measures to assess the sensitivity of the Fund's portfolio to the most relevant risks to which the Fund is or could be exposed; (ii) if risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken; (iii) any change to the risk management systems employed by the AIFM and the anticipated impact of the change on the Fund and the Shareholders.
- b) information on any changes to the AIFM's liquidity management systems and procedures for the ICAV; the terms under which redemptions are permitted and circumstances determining when management discretion applies; and any voting or other restrictions exercisable.

- c) the total amount of leverage actually employed by the relevant Fund, calculated in accordance with the gross and commitment methods as required under AIFMD.
- 16.2 The AIFM shall include the following information in the quarterly reports to Shareholders:
- a) if applicable, the total amount of leverage employed by the relevant Fund calculated in accordance with the gross and commitment methods as required under AIFMD; and
  - b) if applicable, information on changes to the maximum level of leverage which the AIFM may employ on behalf of the relevant Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangements.

**17 ANY CONTRACTUAL DISCHARGE ARRANGEMENTS OF THE DEPOSITARY**

- 17.1 The AIFM will inform Investors before they invest in the ICAV of any arrangement made by the Depositary to discharge itself contractually of any liability.
- 17.2 To the extent required by AIFMD, the AIFM will inform Shareholders of any changes with respect to the Depositary's liability without delay.