

**Harding Loevner Funds plc**  
An umbrella fund with segregated liability between sub-funds

A company incorporated with limited liability as an investment company with variable capital under the laws of Ireland with registered number 437095

**PROSPECTUS**

This Prospectus is dated 16 August 2019

This Prospectus may not be distributed unless accompanied by, and must be read in conjunction with the Supplement for the Shares of the Fund being offered.

The Directors of Harding Loevner Funds plc whose names appear in the **Directors of the Company** section of the Prospectus accept responsibility for the information contained in this Prospectus and each relevant Supplement. 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 Prospectus (as complemented, modified or supplemented by the relevant Supplement), when read together with the relevant Supplement, is in accordance with the facts as at the date of the relevant Supplement and does not omit anything likely to affect the import of such information.

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## INTRODUCTION

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**IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS AND THE RELEVANT SUPPLEMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

**Harding Loevner Funds plc**

(the **Company**)

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### **Reliance on this Prospectus and KIID Access**

In deciding whether to invest in the Company, investors should rely on information in this Prospectus, the relevant Supplement, the relevant KIID and the relevant Fund's most recent annual and/or semi-annual reports.

Each Class that is available for subscription will have a KIID issued in accordance with the Central Bank Rules. Prospective investors should consider the KIID for the relevant Class prior to subscribing for Shares in that Class in order to assist them in making an informed investment decision. While some Classes are described in the Supplement for the relevant Fund as available, these Classes may not currently be offered for subscription and in the event that a KIID may not be available. Prospective investors should contact the Distributor directly to determine whether the relevant Class is available for subscription.

Each Fund must calculate and disclose in the relevant KIID a Synthetic Risk and Reward Indicator ("SRRI") in accordance with the methodology prescribed in the European Securities and Markets Authority's ("ESMA") Guidelines on the Methodology for the Calculation of the SRRI. The SRRI will correspond to a number designed to rank the relevant Fund over a scale from 1 to 7, according to its increasing level of volatility/risk-reward profile.

Because the Prospectus, Supplements and KIID may be updated from time to time, investors should make sure they have the most recent versions.

Statements made in this Prospectus are based on the law and practice in force in the Republic of Ireland at the date of this Prospectus, which may be subject to change. This Prospectus will be updated to take into account material changes from time to time and any such amendments will be notified in advance to and cleared by the Central Bank.

**The Company is an investment company with variable capital incorporated 29 March 2007 and authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended, supplemented or consolidated from time to time. This authorisation however, does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. Authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus.**

The Company is structured as an open-ended umbrella fund with segregated liability between sub-funds. Shares representing interests in different Funds may be issued from time to time by the Directors. Shares of more than one class may be issued in relation to a Fund. All Shares of each class will rank *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund (for which prior Central Bank approval is

required) or any new class of Shares (which must be issued in accordance with the Central Bank Rules), the Company will prepare and the Directors will issue a Supplement setting out the relevant details of each such Fund or new class of Shares. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each class of Shares) and will be invested in accordance with the investment objective and policies applicable to such Fund. Particulars relating to individual Funds and the classes of Shares available therein are set out in the relevant Supplement.

The Company 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.

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

The Directors do not anticipate that an active secondary market will develop in any of the Shares of the Company.

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 and will not be registered under the United States Securities Act of 1933 (as amended) or the securities laws of any state or political subdivision of the United States and may not, except in a transaction which does not violate U.S. securities laws, be directly or indirectly offered or sold in the United States or to any U.S. Person. The Company will not be registered under the United States Investment Company Act of 1940 as amended.

The Articles of Association of the Company give 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 U.S. Persons (unless permitted under certain exceptions under the laws of the United States) or by any person who does not clear such money laundering checks as the Directors may determine 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 Company incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company might not otherwise have incurred, suffered or breached or any individual under the age of 18 (or such other age as the Directors may think fit). Where Irish Residents or persons Ordinarily Resident in Ireland acquire and hold Shares, the Company shall, where necessary for the collection of Irish tax, repurchase and cancel Shares held by a person who is or is deemed to be or is acting on behalf of an Irish Resident or person Ordinarily Resident in Ireland on the occurrence of a chargeable event for Irish taxation purposes and pay the proceeds thereof to the Irish Revenue Commissioners.

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as this English language document. To the extent that there is any inconsistency between this English language document and the document in another language, this English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

Shareholders in the United Kingdom shall not have the right to cancel the investment agreement constituted by the acceptance by or on behalf of the Company of an application for Shares. The Company does not have a place of business in the United Kingdom and is not authorised under the FSMA. As against the Company, and any overseas agents thereof who is not authorised to carry on regulated activities in the United Kingdom, a United Kingdom investor will not benefit from the rules and regulations made under the FSMA for the protection of private investors, including the Financial Services Compensation Scheme and the Financial Ombudsman Service.

**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.**

**The value of and income from Shares in the Company may go up or down and you may not get back the amount you have invested in the Company. Shares constituting each Fund are described in a Supplement to this Prospectus for each such Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Fund. Please see the risk factors described under the heading "Risk Factors" below.**

Any information given or representations made, by any dealer, salesman or other person which are not contained in this Prospectus or the relevant Supplement or in any reports and accounts of the Company forming part hereof must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus or the relevant Supplement nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus or the relevant Supplement is correct as of any time subsequent to the date of this Prospectus or the relevant Supplement. This Prospectus or the relevant Supplement 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 Company.

As at the date of this Prospectus, the Company has no outstanding mortgages, charges, debentures, or other borrowings, including bank overdrafts and liabilities made under acceptance credits, obligations made under finance leases, hire purchase commitments, guarantees or other contingent liabilities.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.

This Prospectus and the relevant Supplements shall be governed by and construed in accordance with Irish Law.

Defined terms used in this Prospectus shall have the meanings attributed to them in the Definitions section below.

#### **MiFID II Product Governance Rules – UCITS as non-complex financial instruments**

Article 25 of MiFID II sets out requirements in relation to the assessment of suitability and appropriateness of financial instruments for clients. Article 25(4) contains rules relating to the selling of financial instruments by a MiFID-authorized firm to clients in an execution only manner. Provided the financial instruments are comprised from the list contained in Article 25(4)(a) (referred to broadly as non-complex financial instruments for these purposes), a MiFID-authorized firm selling the instruments will not be required to also conduct what is referred to as an "appropriateness test" on its clients. An appropriateness test would involve requesting information on the client's knowledge and experience on the type of investment offered and, on this basis, assessing whether the investment is appropriate for the client. If the financial instruments fall outside the list contained in Article 25(4)(a) (i.e. are categorised as complex financial instruments), the MiFID-authorized firm selling the instruments will be required to also conduct an appropriateness test on its clients.

UCITS (other than structured UCITS) are specifically referenced in the list in Article 25(4)(a). Accordingly, each Fund is deemed to be a non-complex financial instrument for these purposes.

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1      **DEFINITIONS**

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<b>"Accounting Period"</b>	means a period ending on 30 June of each year;
<b>"Administration Agreement"</b>	means the Agreement dated 30 June 2010 between the Company and the Administrator as amended, supplemented or otherwise modified from time to time in accordance with the Central Bank;
<b>"Administrator"</b>	means Northern Trust International Fund Administration Services (Ireland) Limited or any successor thereto duly appointed in accordance with the Central Bank;
<b>"ADR"</b>	means American Depositary Receipt, a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a non-U.S. stock that is traded on a U.S. exchange;
<b>"Application Form"</b>	means the application form for Shares;
<b>"Articles"</b>	means the Articles of Association of the Company as amended from time to time in accordance with the Central Bank;
<b>"Associated Person"</b>	<p>means a person who is connected with a Director if, and only if, he or she is;</p> <p>(a) that Director's spouse, parent, brother, sister or child;</p> <p>(b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;</p> <p>(c) a partner of that Director.</p> <p>A company will be deemed to be connected with a Director if it is controlled by that Director;</p>
<b>"Base Currency"</b>	means in relation to any Fund such currency as is specified in the Supplement for the relevant Fund;
<b>"Business Day"</b>	means in relation to any Fund such day or days as is or are specified in the Supplement for the relevant Fund;
<b>"Central Bank"</b>	means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the Company;
<b>"Central Bank Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment in Transferable Securities) Regulations 2015 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>"Central Bank Rules"</b>	means the Central Bank Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the Company pursuant to the Regulations;
<b>"CIS"</b>	means a UCITS or other alternative investment fund within the meaning of Regulation 68(1)(e) of the Regulations and which is prohibited from investing more than 10% of its assets in another such collective investment scheme;

<b>"Company"</b>	means Harding Loevner Funds plc;
<b>"Connected Person"</b>	means the persons defined as such in the section headed "Portfolio Transactions and Conflicts of Interest";
<b>"CRS"</b>	means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing the Common Reporting Standard;
<b>"Data Protection Legislation"</b>	means the Data Protection Acts 1988 to 2018, the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679) and any other laws that apply to the Company in relation to the processing of personal data;
<b>"Dealing Day"</b>	means in respect of each Fund such Business Day or Business Days as is or are specified in the Supplement for the relevant Fund provided that there shall be at least two Dealing Days for each Fund in each month (with at least one Dealing Day per fortnight of the relevant month);
<b>"Dealing Deadline"</b>	means in relation to applications for subscription, repurchase or exchange of Shares in a Fund, the day and time specified in the Supplement for the relevant Fund;
<b>"Depositary"</b>	means Northern Trust Fiduciary Services (Ireland) Limited or any successor thereto duly appointed with the prior approval of the Central Bank as the depositary of the Company in accordance with UCITS V;
<b>"Depositary Agreement"</b>	means the agreement made between the Company and the Depositary dated 31 May 2016 as may be amended or supplemented from time to time in accordance with the Central Bank Rules, pursuant to which the latter was appointed depositary of the Company;
<b>"Depositary Receipt"</b>	means negotiable financial instruments issued by a bank including ADR, EDR and GDR;
<b>"Directors"</b>	means the directors of the Company, each a <b>"Director"</b> ;
<b>"Distribution Agreement"</b>	means the agreement between the Company and a Distributor as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank Rules;
<b>"Distributor"</b>	means, such person or persons or entity or entities or any successor thereto duly appointed in accordance with the requirements of the Central Bank Rules as a distributor to the Company or a Fund and as set out in the Supplement for the relevant Fund;
<b>"EDR"</b>	means European Depositary Receipt, a negotiable certificate issued by a bank of an EEA Member State representing a specific number of shares of a stock traded on an exchange of another EEA Member State;
<b>"EEA"</b>	means European Economic Area (the current members being: the EU, Iceland, Liechtenstein and Norway);
<b>"EEA Member State"</b>	means a member state of the EEA;
<b>"Efficient Portfolio Management"</b>	means investment decisions involving transactions that are entered into for one

or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the relevant Fund as described in the Prospectus and Supplement for the relevant Fund and the general provisions of the UCITS Directive.

<b>"EU"</b>	means the European Union;
<b>"EU Member State"</b>	means a member state of the EU;
<b>"Euro" or "€"</b>	means the lawful currency of the participating EU Member States which have adopted the single currency in accordance with the EC Treaty of Rome dated 25th March 1957 as amended;
<b>"Exchange Charge"</b>	means the charge, if any, payable on the exchange of Shares as is specified herein;
<b>"FATCA"</b>	means: <ul style="list-style-type: none"><li>(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;</li><li>(b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US, UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to the legislation, regulations or guidance described in paragraph (a) above; and</li><li>(c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs;</li></ul>
<b>"FDI"</b>	means a financial derivative instrument including an OTC derivative;
<b>"Fund"</b>	means a portfolio of assets which is invested in accordance with the investment objective and policies 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 <b>"Funds"</b> means all or some of the Funds as the context requires or any other funds as may be established by the Company from time to time with the prior approval of the Central Bank;
<b>"GDR"</b>	means Global Depositary receipts, a bank certificate issued in more than one country for shares in a non-U.S. company;
<b>"Initial Issue Price"</b>	means the price per Share at which Shares are initially offered in a Fund during the Initial Offer Period as specified in the Supplement for the relevant Fund;
<b>"Initial Offer Period"</b>	means the period during which Shares in a Fund are initially offered at the Initial Issue Price as specified in the Supplement for the relevant Fund;
<b>"Investment Manager"</b>	means Harding Loevner LP or any successor thereto duly appointed in accordance with the Central Bank;
<b>"Investment Management Agreement"</b>	means the agreement dated 8 May 2007 between the Company and the Investment Manager as amended, supplemented or otherwise modified from time to time in accordance with the Central Bank Rules;
<b>"Investors Money Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended from time to time.



<b>"Markets"</b>	means the stock exchanges and regulated markets set out in Appendix I;
<b>"Member State"</b>	means a member state of the EU;
<b>"MiFID II"</b>	means Commission Delegated Directive (EU) of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;
<b>"Minimum Additional Investment Amount"</b>	means such amount (if any) as the Directors may from time to time prescribe as the minimum additional investment amount required by each Shareholder for Shares of each class in a Fund as is specified in the Supplement for the relevant Fund;
<b>"Minimum Fund Size"</b>	means US\$1,000,000 or such other amount (if any) as the Directors may consider for each Fund and as set out in the Supplement for the relevant Fund;
<b>"Minimum Initial Investment Amount"</b>	means such amount or number of Shares (if any) as the Directors may from time to time prescribe as the minimum initial subscription required by each Shareholder for Shares of each class in a Fund as is specified in the Supplement for the relevant Fund;
<b>"Minimum Shareholding"</b>	means such number or value of Shares of any class (if any) as specified in the Supplement for the relevant class of Shares within a Fund;
<b>"money market instruments"</b>	means instruments normally dealt in on the money markets which are liquid, and have a value which can be accurately determined at any time (for example certificates of deposit, floating rate notes and fixed rate commercial paper listed on permitted markets);
<b>"month"</b>	means calendar month;
<b>"Net Asset Value" or "Net Asset Value per Share"</b>	means in respect of the assets of a Fund or the Shares in a Fund, the amount determined in accordance with the principles set out in the Calculation of Net Asset Value/Valuation of Assets section below as the Net Asset Value of a Fund or the Net Asset Value per Share;
<b>"OECD"</b>	means the Organisation for Economic Co-operation and Development;
<b>"OECD Member State"</b>	means a member state of the OECD;
<b>"OTC derivative"</b>	means over-the-counter and refers to derivatives negotiated between two counterparties;
<b>"Paying Agent"</b>	means one or more paying agents including but not limited to representatives, distributors, correspondent banks, or centralising agents appointed by the Company in certain jurisdictions;
<b>"Promoter"</b>	means Harding Loevner LP;
<b>"Regulation 3(2)"</b>	means clause 3(2) of the Regulations;
<b>"Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended, supplemented, consolidated or otherwise modified from time to time including any condition

that may from time to time be imposed thereunder by the Central Bank;

<b>"Settlement Date"</b>	means in respect of receipt of monies for subscription for Shares or dispatch of monies for the repurchase of Shares, the date specified in the Supplement for the relevant Fund. In the case of repurchases this date will be no more than ten Business Days after the relevant Dealing Deadline, or if later, the receipt of completed repurchase documentation;
<b>"Shares"</b>	means participating shares in the Company representing interests in a Fund and where the context so permits or requires any class of participating shares representing interests in a Fund;
<b>"Shareholders"</b>	means holders of Shares, and each a <b>"Shareholder"</b> ;
<b>"£", "Sterling" and "Pound"</b>	means the lawful currency of the United Kingdom;
<b>"The State"</b>	means the Republic of Ireland;
<b>"Sub-Distributor"</b>	means any sub-distributor appointed by a Distributor in accordance with the Central Bank Rules as a sub-distributor to the Company;
<b>"Subscriptions/Redemptions Account"</b>	means the account in the name of the Company through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled, the details of which are specified in the Application Form;
<b>"Supplement"</b>	means any supplement to the Prospectus issued on behalf of the Company from time to time;
<b>"transferable securities"</b>	shall have the meaning described to that term in the Regulations, which at the date hereof means  (i) shares in companies and other securities equivalent to shares in companies which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;  (ii) bonds and other forms of securitised debt which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;  (iii) other negotiable securities which carry the right to acquire any securities within (i) or (ii) above by subscription or exchange which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations; and  (iv) securities specified for this purpose in Part 2 of Schedule 2 of the Regulations.
<b>"UCITS"</b>	means an undertaking for collective investment in transferable securities which is authorised under the Regulations or authorised by a competent authority in another member state of the European Union in accordance with Directive 2009/65/EC of the European Parliament and of the Council, as amended, supplemented, consolidated or otherwise modified from time to time;
<b>"UCITS V"</b>	means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration and sanctions as amended from time to time and including any supplementing European Commission delegated regulations in force from time to time;

<b>"United Kingdom" and "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>"United States" and "U.S."</b>	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;
<b>"US Dollars", "Dollars" and "\$"</b>	means the lawful currency of the United States or any successor currency;
<b>"U.S. Person"</b>	means any person falling within the definition of the term "US Person" under Regulation S promulgated under the US Securities Act 1933 and US Commodity Futures Trading Commission Rule 4.7, as amended from time to time;
<b>"Valuation Point"</b>	the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share are calculated as is specified in the Supplement for the relevant Fund provided that there shall be at least two Valuation Points in every month.

The Company 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.

### **Investment Objective and Policies**

The Articles provide that the investment objective and policies for each Fund will be formulated by the Directors at the time of the creation of that Fund. Details of the investment objective and policies for each Fund of the Company appear in the Supplement for the relevant Fund. Where reference to a specific index or indices is made in the investment policy of a Fund, the Directors may only change the index with the prior approval of the Shareholders.

Any change in the investment objective or any material change to the investment policies of a Fund may only be made with the approval of the majority of votes cast at general meeting 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 applying to each Fund of the Company under the Regulations are set out below. These are, however, subject to the qualifications and exemptions contained in the Regulations and in the Central Bank Rules. Any additional investment restrictions for other Funds will be formulated by the Directors at the time of the creation of such Fund.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are placed.

### **Permitted Investments**

1. Investments of a Fund are confined to:
  - 1.1. transferable securities and money market instruments which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State.
  - 1.2. recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
  - 1.3. money market instruments other than those dealt on a regulated market.
  - 1.4. units of UCITS.
  - 1.5. units of alternative investment funds.
  - 1.6. deposits with credit institutions.
  - 1.7. FDI.
2. Investment Limits
  - 2.1. A Fund may invest no more than 10% of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1.
  - 2.2. A Fund may invest no more than 10% of its Net Asset Value in recently issued transferable securities

which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the Fund in certain U.S. securities known as Rule 144A securities provided that:

- (a) the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3. A Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4. Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Fund.
- 2.5. The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.
- 2.6. The transferable securities or money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7. A Fund may not invest more than 20% of its Net Asset Value in deposits made with the same credit institution. Deposits with any one credit institution, other than with Relevant Institutions, held as ancillary liquidity, must not exceed 10% of the Net Asset Value of a Fund. This limit may be raised to 20% in the case of deposits made with the Depositary.
- 2.8. The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value. This limit is raised to 10% in the case of Relevant Institutions.
- 2.9. Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of the Net Asset Value of a Fund:
- (c) investments in transferable securities or money market instruments;
  - (d) deposits, and/or
  - (e) counterparty risk exposures arising from OTC derivative transactions.
- 2.10. The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the Net Asset Value of a Fund.
- 2.11. Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of the Net Asset Value of a Fund may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12. A Fund may invest up to 100% of its Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, Non-Member States or public international bodies of which one or more EU Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:  
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  
 OECD Governments (provided the relevant issues are investment grade)  
 Government of Brazil (provided the issues are of investment grade)  
 Government of the People's Republic of China  
 Government of India (provided the issues are of investment grade)  
 Government of Singapore  
 Export-Import Bank

Where a Fund invests in accordance with this provision, the Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of its Net Asset Value.

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

- 3.1. A Fund may not invest more than 20% of its Net Asset Value in any one CIS.
- 3.2. Investment in alternative investment funds may not, in aggregate, exceed 30% of the Net Asset Value of a Fund.
- 3.3. The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
- 3.4. When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the management company of the Company or by any other company with which the management company of the Company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
- 3.5. Where a commission (including a rebated commission) is received by the Fund manager/investment manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.

**4. Index Tracking UCITS**

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

**5. General Provisions**

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

- (b) 10% of the debt securities of any single issuing body;
- (c) 25% of the units of any single CIS;
- (d) 10% of the money market instruments of any single issuing body.

The limits laid down in 5.2(a), 5.2(b) and 5.2(c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

5.3. 5.1 and 5.2 shall not be applicable to:

- (a) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- (b) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- (c) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- (d) shares held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
- (e) Shares held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at Shareholders' request exclusively on their behalf.

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

5.5. The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.

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

5.7. A Fund may not carry out uncovered sales of: transferable securities; money market instruments; units of CIS; or FDI. A Fund may hold ancillary liquid assets.

## 6. FDI

6.1. A Fund's global exposure relating to FDI must not exceed its total Net Asset Value (this provision may not be applied to Funds that calculate their global exposure using the VaR methodology as disclosed in the relevant Supplement).

6.2. Position exposure to the underlyings of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Rules. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Rules.)

6.3. A Fund may invest in OTC derivatives provided that the counterparties to the OTC derivatives are

institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

6.4. Investment in FDI is subject to the conditions and limits laid down by the Central Bank.

### **Efficient Portfolio Management**

The Company on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for efficient portfolio management purposes. Such techniques and instruments include futures, options, swaps, forwards and repurchase and reverse repurchase agreements (details of which are outlined below). Details of any additional techniques and instruments used for a Fund may be set out in the relevant Supplement.

Use of such techniques and instruments should be in line with the best interests of Shareholders and will generally be made for one or more of the following reasons:

- (a) the reduction of risk;
- (b) the reduction of cost; or
- (c) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the Regulations.

In addition, the use of such techniques and instruments must be realised in a cost-effective way and must not result in a change to the investment objective of the Fund or add substantial supplementary risks not covered in this Prospectus. It is therefore the intention of the Company, in employing such EPM techniques and instruments for these reasons, that their impact on the performance of the relevant Fund will be positive.

Such techniques and instruments may include foreign exchange transactions which alter the currency characteristics of assets held by the relevant Fund.

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Company may (but is not obliged) to seek to mitigate this exchange rate risk by using FDI.

Please refer to the "Efficient Portfolio Management Risk" section for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the Company's risk management process.

### **Use of FDI**

#### **Details of FDI used with a Summary of their Commercial Purpose**

Each Fund may use any of the following FDI once provided for in the relevant Supplement. This list may be supplemented by additional FDI for a specific Fund as may be provided for in the relevant Supplement.

**Futures:** Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Futures may also be used to equitise cash balances, both pending investment of a cash flow and with respect to fixed cash targets. Frequently, using futures to achieve a particular strategy instead of using the underlying or related security or index results in lower transaction costs being incurred.

**Forwards:** A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The



Funds' use of forward foreign exchange contracts may include, but is not be limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, shifting exposure to currency fluctuations from one currency to another and hedging classes denominated in a currency (other than the Base Currency) to the Base Currency.

**Options:** There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option. Options may also be cash settled. A Fund may be a seller or buyer of put and call options.

**Swaps:** A standard swap is an agreement between two counterparties in which the cash flows from two assets are exchanged as they are received for a fixed time period, with the terms initially set so that the present value of the swap is zero. The Funds may enter into swaps, including, but not limited to, equity swaps, swaptions, interest rate swaps or currency swaps and other derivative instruments both as independent profit opportunities and to hedge existing long positions. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. Swaptions are contracts whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (normally where future rates are set in relation to a fixed benchmark). Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to make or receive interest payments (e.g. an exchange of fixed rate payments for floating rate payments). On each payment date under an interest rate swap, the net payments owed by each party, and only the net amount, is paid by one party to the other. Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency. These agreements are used to transform the currency denomination of assets and liabilities. Unlike interest rate swaps, currency swaps must include an exchange of principal at maturity.

**Warrants:** The Funds may invest in warrants which entitle the holder to buy stock of the issuing company at a specified price. When exercised, the company is obliged to issue new shares of its stock and deliver these to the holder of the warrant in exchange for the strike price. The primary conceptual difference between a standard exchange traded option is that the exercise of a warrant results in the issuance of new stock whereas the writer of an exchange traded option delivers previously issued stock upon exercise, which can result in a drop in the price of the underlying stock when the warrant is exercised.

**Contracts for differences:** The Funds may enter into contracts for differences which allow a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. Contracts for differences ("CFD") are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and when the contract is closed.

**Credit derivatives:** The Funds may enter into credit derivatives to isolate and transfer the credit risk associated with a particular reference asset. Credit default swaps provide a measure of protection against defaults of debt issuers. The Funds' use of credit default swaps does not assure their use will be effective or will have the desired result. A Fund may either be the buyer or seller in a credit default swap transaction. Credit default swaps are transactions under which the parties' obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Funds will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

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

A Fund may use repurchase agreements, reverse repurchase agreements and/or securities lending agreements in accordance with normal market practice and the Central Bank Rules. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities

from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

Any Fund that seeks to engage in securities lending should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

Any Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the Fund.

A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

All the revenues arising from repurchase/reverse repurchase agreements, securities lending and any other efficient portfolio management techniques 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 repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time shall be included in the relevant Fund's semi-annual and annual reports.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depository or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depository or other service provider in respect of the Company. Please refer to section 5.1 "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

Entry into securities lending and repurchase/reverse repurchase agreements shall be subject to the conditions and limits set out in the Central Bank Rules.

Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the Regulations respectively.

### **Participatory Notes (P-Notes)**

P-Notes are financial instruments which may be used by a Fund to gain indirect exposure to various equity markets in countries where direct investment is either impossible or difficult due to local investment restrictions. Such P-Notes will not embed leverage unless otherwise disclosed in the relevant Supplement. Purchasing P-Notes from brokerage firms or banks will give a Fund indirect access to equity securities. This allows a Fund to gain exposure to equities in markets which may not be accessed directly without potentially triggering registration requirements. While P-Notes are often listed on an exchange, they are also frequently traded on an OTC basis with the issuing broker or bank. P-Notes relating to equities usually provide exposure to the underlying equity on a 1:1 basis (i.e., delta 1), they are not bought on margin and they do not embed any leverage. Such participatory notes may meet the criteria for transferable securities under the Regulations and will then be treated as such and will not be subject to the rules for FDI.

### **Convertible Securities**

Convertible bonds are bonds that provide the holder of the bond with the option to exchange the bond for a specific number of shares of the company's stock. This embedded option affects the risk of the bond and it exhibits characteristics similar to both regular fixed income securities and equity as a result. When the underlying stock is performing poorly the convertible continues to earn interest and so tends to behave like a bond when the option is out of the money, when the underlying stock starts to perform well the value of the embedded option increases and as a result the convertible will start to behave like the underlying stock as the

option goes into the money. A Fund may invest in convertible bonds for the purpose of taking exposure to companies and issuers that are consistent with the investment policy of the Fund.

Convertible preferred securities are securities that provide the holder of preference shares with the option to exchange the preference shares for a specific number of shares of the company's ordinary shares. This embedded option allows the Fund to maintain its equity investment strategy whilst providing certain elements of fixed income instruments as preference shares often have fixed dividends which are required to be paid before any dividends are paid to the holders of ordinary shares. As such, the Fund can utilise the preferred element of the security where an underlying company's performance is poorer and convert into the Company's ordinary shares when the value of same increases appropriately. In addition, the preferred element of the security assists in providing income to the Fund and the pricing structure might also provide value for the portfolio.

A "synthetic" convertible instrument combines separate securities that possess the economic characteristics similar to a convertible security, i.e., fixed-income securities ("fixed-income component," which may be a convertible or non-convertible security) and the right to acquire equity securities ("convertible component"). The fixed-income component is achieved by investing in fixed-income securities, including bonds, preferred stocks and Money Market Instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain price, or options on a stock index. In establishing a synthetic convertible instrument, a Fund may also pool a basket of fixed-income securities and a basket of warrants or options that produce the economic characteristics similar to a convertible security. Within each basket of a fixed-income securities and warrants or options, different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

A Fund may also purchase synthetic convertible instruments created by other parties, typically investment banks, including convertible structured notes. Convertible structured notes are fixed-income debentures linked to equity. Convertible structured notes have the attributes of a convertible security, however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible. Purchasing synthetic convertible instruments may offer more flexibility than purchasing a convertible security. Different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times.

The convertible securities in which the Funds may invest may embed an option.

### **Risk Management Process**

The Company on behalf of each Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI. Any FDI not included in the risk management process will not be utilised until such time as a revised risk management process has been provided to and cleared by the Central Bank. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

### **Eligible Counterparties**

A Fund may invest in OTC derivatives in accordance with the Central Bank Rules and provided that the counterparties to the OTC derivatives are Eligible Counterparties.

### **Collateral Policy**

In the context of efficient portfolio management techniques and/or the use of FDI for hedging 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 a Fund. Any receipt or posting of collateral by a Fund will be conducted in accordance with the Central Bank Rules and the terms of the Company's collateral policy outlined below.

#### **Collateral – received by the Fund**

Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each 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.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed

and mitigated by the Company's risk management process. A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the following as set out in Regulation 24 paragraph (8) of the Central Bank Regulations:

- (a) Design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- (b) Empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- (c) Reporting frequency and limit/loss tolerance threshold/s; and
- (d) Mitigation actions to reduce loss including haircut policy and gap risk protection.

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice and the requirements outlined in the Central Bank's Rules.

All assets received by a Fund in the context of repurchase/reverse repurchase agreements and securities lending shall be considered as collateral and must comply with the terms of the Company's collateral policy.

### **Collateral**

Collateral received must, at all times, meet with the specific criteria outlined in the Central Bank Regulations, in particular, the Investment Manager, on behalf of each Fund, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests performed as referred to above. The Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an ongoing basis. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of Schedule 3 of the Central Bank Regulations, such increased issuer exposure may be to any of the issuers listed in section 2.12 of the "Permitted Investments" section of the Prospectus.

Non-cash collateral cannot be sold, pledged or re-invested.

### **Cash collateral**

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

- (i) deposits with Relevant Institutions;
- (ii) high-quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Cash collateral may not be placed on deposit with the relevant counterparty or a related entity. 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 the Fund. Please refer to the section of this Prospectus entitled "Risk Factors; Reinvestment of Cash Collateral Risk" for more details.

### **Collateral – posted by the Fund**

Collateral posted to a counterparty by or on behalf of the 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.

## Reference to Ratings

The European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2014 (S.I. No. 379 of 2014) (the "**Amending Regulations**") transpose the requirements of the Credit Ratings Agencies Directive (2013/14/EU) ("**CRAD**") into Irish Law. CRAD aims to restrict the reliance on ratings provided by credit rating agencies and to clarify the obligations for risk management. In accordance with the Amending Regulations and the CRAD, notwithstanding anything else in this Prospectus, the Investment Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty.

## Hedged Classes

Classes in a Fund may be denominated in currencies other than the Fund's Base Currency. Such non-Base Currency Classes may be hedged or unhedged. As appropriate, Classes will be identified as currency hedged Classes in the Supplement for the Fund in which such Class is issued. Where such Classes are hedged, the Fund will seek to hedge the relevant currency exposure with the aim of enabling investors in such Classes to participate to the maximum extent possible in the same performance of the common pool of assets of the Fund as other investors, even though their exposure to the Fund is obtained through a different currency from the Base Currency. This may involve a Class designated in a currency other than the Base Currency being hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency or otherwise being hedged so that the return is not materially exposed to fluctuations in the Fund's Base Currency, but rather is materially exposed to the currency to which the Class is hedged.

Any financial instruments used to implement such currency hedging 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. Although the costs, gains and losses of the currency hedging transactions will accrue solely to the relevant Class, Shareholders are nonetheless exposed to the risk that hedging transactions undertaken in one class may impact negatively on the Net Asset Value of another Class.

Where the Company 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 Company. However, over-hedged positions will not exceed 105% of the Net Asset Value, under-hedged positions will not exceed 95% of the portion of the Net Asset Value of the Share Class which is to be hedged 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 investors in that Class will not gain/ lose if, in the case of currency hedging, the Class currency falls / rises against the Base Currency.

## Borrowing and Lending Powers

The Company may not borrow money except insofar as is permitted under the Regulations.

The Company may borrow, for the account of a Fund, up to 10% of the net assets of a Fund and the assets of such Fund may be charged as security for any such borrowings provided that such borrowing is only for temporary purposes. The Company may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classified as borrowing for the above mentioned 10% limit provided that the offsetting deposit (a) is denominated in the Base Currency of the Fund and (b) equals or exceeds the value of the foreign currency loan outstanding.

The Company may not carry out uncovered sales of transferable securities, money market instruments and other financial instruments.

The Company may not borrow for investment purposes.

Without prejudice to the powers of the Company to invest in transferable securities, the Company may not lend, or act as guarantor on behalf of third parties.

Any special borrowing restrictions relating to a Fund will be formulated by the Directors at the time of the creation of a Fund. There are no special borrowing restrictions currently in operation.

## **Charges and Expenses/Cross Investment**

Investors should note that, subject to the requirements of the Central Bank, the Funds (each an "**Investing Fund**") may invest in the other Funds (each and "**Investee Fund**") of the Company where such investment is appropriate to the investment objectives and policies of the Investing Fund. Commission, if any, received by the Investment Manager (as Distributor) in respect of such investment shall be paid into the assets of the Investing Fund. In addition Exchange Charge may be charged on the cross-investing Fund's investment.

Where an Investing Fund invests in the units of an Investee Fund, the Management Fee, Investment Management Fee or performance fee which investors in the Investing Fund are charged in respect of that portion of the Investing Funds assets invested in Investee Fund (whether such fee is paid directly at Investing Fund level, indirectly at the level of the Investee Fund or a combination of both) shall not exceed the maximum Management Fee, Investment Management Fee or performance fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Funds assets, such that there shall be no double charging of the Management Fee, Investment Management Fee or performance fee to the Investing Fund as a result of its investments in the Investee Fund. Investment may not be made by an Investing Fund in an Investee Fund which itself is an Investee Fund within the Company.

If a Fund invests a substantial proportion of its net assets in other CIS or both the maximum level of the management fees that may be charged to the Fund by the other CIS or both, as the case may be, will be set out in the relevant Supplement. Details of such fees will also be contained in the annual and half yearly reports of the specific Fund of the Company. Such fees and expenses, in the aggregate, may exceed the fees and expenses that would typically be incurred by an investor making a direct investment in an underlying fund. In addition, performance based compensation arrangements may create an incentive for the investment managers of such underlying funds to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect.

## **Use of a Subscriptions/Redemptions Account**

The Company operates a Subscriptions/Redemptions Account in respect of each Fund of the Company. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the relevant Fund and shall not have the protection of the Investor Money Regulations. It should be noted however that the Depositary will monitor the Subscriptions/Redemptions Account in performing its cash monitoring obligations and ensuring effective and proper monitoring of the relevant Fund's cash flows in accordance with its obligations as prescribed under UCITS V. There nonetheless remains a risk for investors to the extent that monies are held by the Company for the account of the relevant Fund in the Subscriptions/Redemptions Account at a point where such Fund becomes insolvent. In respect of any claim by an investor in relation to monies held in the Subscriptions/Redemptions Account, the investor shall rank as an unsecured creditor of the Company.

The Company in conjunction with Depositary shall establish a policy to govern the operation of the Subscriptions/Redemptions, in accordance with the Central Bank's guidance in this area. This policy shall be reviewed by the Company and the Depositary at least annually.

## **Dividend Policy**

The Directors decide the dividend policy and arrangements relating to each Fund and details will be set out where applicable in the relevant Supplement. Under the Articles, the Directors are entitled to, at such times as they think fit, declare dividends out of the relevant Fund being: (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends) less expenses and/or (ii) realised and unrealised capital gains on the disposal/ valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant Fund. The Directors may satisfy any dividend due to Shareholders 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. In selecting these investments the Directors will consult with the Depositary to ensure that the remaining Shareholders are not disadvantaged. A Shareholder may require the Company instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of same. The Company will be obliged and entitled to deduct an amount in respect of Irish taxation from any dividend payable to a Shareholder in any Fund who is or is deemed to be an Irish Resident or a person Ordinarily Resident in Ireland and pay such sum to the Irish tax authorities.

Dividends not claimed within six years from their due date will lapse and revert to the relevant Fund.

Dividends payable to Shareholders will be paid by electronic transfer to the bank account designated by the

Shareholder in which case the dividend will be paid at the expense of the payee and will be paid within four months of the date the Directors declared the dividend.

In the event that a Shareholder has not complied with the requirements of the section entitled "Anti-Money Laundering Provisions" below, any dividends payable to that Shareholder will be automatically reinvested into further Shares of the relevant Class or Fund.

Investors should note that any dividend income being paid out by a Fund and held in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund until such time as the income is released to the investor and that during this time the investor will rank as a general unsecured creditor of the Company.

The dividend policy for each Fund is set out in the Supplement for the relevant Fund.

The discussion below is of general nature and is intended to describe various risk factors which may be associated with an investment in the Shares of a Fund. The following are a number of risk factors which may be associated with an investment in the Shares of a Fund to which the attention of investors is drawn. See also the relevant Supplement for a discussion of any additional risks particular to Shares of that Fund. However, these are not intended to be exhaustive and there may be other considerations that should be taken into account in relation to an investment. Investors should consult their own advisors before considering an investment in the Shares of a particular Fund.

No investment should be made in the Shares of a particular Fund until careful consideration of all those factors has been made.

### **General**

The investments of the Company in securities are subject to normal market fluctuations and other risks inherent in investing in securities. **The value of investments and the income from them, and therefore the value of and income from Shares relating to each Fund can go down as well as up and an investor may not get back the amount he invests.** Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

Due to adverse market movements the Fund may become valueless.

Subject to the investment restrictions applicable to the relevant Fund, the Fund may invest a portion of its assets in unquoted investments. Such investments will be valued at the probable realisation value as determined in accordance with the provisions set out in the Calculation of Net Asset Value/Valuation of Assets section below. Estimates of the probable realisation value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. The Company may consult the Investment Manager with respect to the valuation of unquoted investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of a Fund's investments and the Investment Manager's other responsibilities.

The income and gains of a Fund from its assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. If this position changes in the future and the application of a lower rate results in a repayment to the relevant Fund, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders of the relevant Fund rateably at the time of repayment.

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

While the provisions of the Companies Act 2014 provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors claims. Accordingly, it is not free from doubt that the assets of any Fund of the Company may not be exposed to the liabilities of other Funds of the Company. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Fund of the Company.

### **Equity Risk**

The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. Prices of equities fluctuate daily dependent on market conditions. Markets can be influenced by factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. The value of equities can fall as well as rise. A Fund investing in equities could incur significant losses.



### **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 Investment Manager may consider it desirable not to hedge against such risk. In certain Funds the Investment Manager may enter into cross currency transactions for the purpose of enhancing the returns from the portfolio. In such cases this will be clearly highlighted in the Supplement to the relevant Fund.

### **Market Risk and Market Capitalisation 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 -to-medium-sized (by market capitalisation) companies, or FDI related to such securities may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports. Additional risk factors associated with companies whose market capitalisation is small or mid-cap may include but are not limited to the following: limited or unproven operating history; weak or leveraged balance sheets, limited borrowing capacity; low or negative profit margins; high concentration of sales from limited number of customers; competition from more established companies; and key-man management risk.

### **No Secondary Market**

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. Subject to certain conditions outlined herein, including when repurchases or the registration of transfers of Shares are suspended, Shareholders will, however, be able to realise their investment in a Fund by redeeming their Shares or by a transfer to an investor who is an eligible transferee.

### **Repurchase Risk**

Large repurchases of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets, which may be materially adverse to the Fund.

### **Launch Phase and Wind Down Phase**

Prospective investors should note that a Fund's investment policies may not be able to be fully implemented or complied with during the launch and wind-down phase of a Fund when initial investment positions are being established or final positions are being liquidated, as appropriate. In addition, in respect of the launch phase of a Fund, the Central Bank permits a Fund to derogate from certain of the Regulations for six (6) months from the date of its authorisation, provided that the Fund still observes the principle of risk spreading. In respect of the wind-down phase and in accordance with the terms of this Prospectus and the Articles of Association, Shareholders will be notified in advance of a Fund being wound-down. As a consequence, Shareholders may be exposed to different types of investment risk and may receive a return that is different to the return that would have been received if full compliance with the relevant investment policies and/or Regulations had been maintained (noting that there can be no assurance that any Fund will achieve its investment objective) during the launch and/or wind-down phase of a Fund.

### **Valuation Risk**

A Fund may invest a limited portion 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 in the Calculation of Net Asset Value/Valuation of Assets section 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 in the Calculation of Net Asset Value/Valuation of Assets section below reflects the exact amount at which the instrument may be "closed out".

The Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds (particularly as the Investment Manager's fees may increase as the value of assets increases), the Investment Manager has in place pricing procedures which follows industry standard procedures for valuing unlisted investments.

### **Operational Risks (including Cyber Security and Identity Theft)**

An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the Investment Manager or the Administrator. While the Funds seek to minimise such events through controls and oversight, there may still be failures that could cause losses to a Fund.

The Investment Manager, Administrator and Depositary (and their respective groups) each maintain appropriate information technology systems. However, like any other system, these systems could be subject to cyber security attacks or similar threats resulting in data security breaches, theft, a disruption in the Investment Manager's, Administrator's and/or Depositary's service or ability to close out positions and the disclosure or corruption of sensitive and confidential information. Notwithstanding the existence of policies and procedures designed to detect and prevent such breaches and ensure the security, integrity and confidentiality of such information as well as the existence of business continuity and disaster recovery measures designed to mitigate any such breach or disruption at the level of the Company and its delegates, such security breaches may potentially also result in loss of assets and could create significant financial and or legal exposure for the Company.

### **Subscriptions/Redemptions Account and Settlement Risk**

The Company operates a Subscriptions/Redemptions Account for all of the Funds. Monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds and shall not have the protection of the Investor Money Regulations. There is a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) becomes insolvent. In respect of any claim by an investor in relation to monies held in the Subscriptions/Redemptions Account, the investor shall rank as an unsecured creditor of the Company.

In accordance with the terms of the 'Subscription for Shares' section of this Prospectus, an applicant for Shares is obligated to make payment in respect of Shares by the relevant Settlement Date, however notwithstanding this, there remains a risk that an applicant may fail to deliver adequate funds by the Settlement Date. In such circumstances any Shares allotted to such applicant in respect of their subscription may be cancelled and the agreement with the relevant applicant (by way of such applicant's agreement in his/her Application Form) shall require him/her to indemnify the Fund for all costs, losses, charges, interest and fees which the Fund has incurred in unwinding the trades affected in respect of such subscription and cancellation of allotment.

In circumstances where the Fund is unable to or fails to recover such costs, losses, charges, interest and fees (in whole or in part), the Fund (and consequently its Shareholders) will bear such costs, losses, charges, interests and fees (but shall also benefit from any gains made similarly on unwinding such transactions).

### **Investment in Financial Derivative Instruments (FDIs)**

The prices of FDIs, including futures and options, are volatile. In addition, the Company is subject to the risk of the failure of any of the exchanges on which it trades or of their clearing houses and in certain cases the counterparties with whom the trades are carried out.

The Company may purchase and sell (**write**) options on securities and currencies on a variety of securities exchanges and over-the-counter markets. The seller (**writer**) of a put option which is uncovered (i.e., the writer has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency plus the premium received, and gives up the opportunity for gain on the underlying security or currency below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is **fully hedged** if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security or

currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security or currency, the loss on the put will be offset in whole or in part by any gain on the underlying security or currency.

The writer of a call option which is covered (e.g., the writer holds the underlying security or currency) assumes the risk of decline in the market price of the underlying security or currency below the value of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The buyer of the call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security or currency, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security or currency. In entering into a closing purchase transaction, the company may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

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.

Where the Funds enter into swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Investment Manager, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice, it is the Investment Manager's policy to net exposures of each Fund against its counterparties.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Investment Manager's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to achieving the Fund's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Investment Manager that might in turn require, if there is insufficient cash available in the portfolio, the sale of the relevant Fund's investments under disadvantageous conditions.

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.

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.

### **Participatory Notes (P-Notes) Risk**

Investments in P-Notes involve the same risks associated with a direct investment in the underlying security, currency, or market that they seek to replicate, including, as applicable, foreign, emerging, and frontier risks. In addition, P-Notes are generally traded over-the-counter and are subject to counterparty risk. Counterparty risk is the risk that the issuer of the P-Note will not fulfill its contractual obligation to complete the transaction with the Fund. P-Notes constitute general unsecured contractual obligations of the banks or broker-dealers that issue them, and a Fund would be relying on the creditworthiness of such banks or broker-dealers and would have no rights under a P-Note against the issuer of the underlying assets. In addition, P-Notes may trade at a discount to the value of the underlying securities or markets that they seek to replicate. While the holder of a P-Note is entitled to receive from the issuing bank or broker-dealer any dividends or other distributions paid on the underlying securities, the holder is not entitled to the same rights as an owner of the underlying securities, such

as voting rights. P-Notes are also not traded on exchanges but are privately issued, and may be illiquid. To the extent a P-Note is determined to be illiquid, it would be subject to the Fund's limitation on investments in illiquid securities.

### **Credit Risk and Counterparty Risk**

A Fund will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in derivative instruments. To the extent that a counterparty defaults on its obligation and a 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 a 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 derivative instruments 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. Where collateral is posted to a counterparty or broker by way of title transfer, the collateral may be re-used by such counterparty or broker for their own purpose, thus, exposing the Fund to additional risk.

### **Reinvestment of Cash Collateral Risk**

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

### **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.

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

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on recognised exchanges. OTC derivatives lack transparency as they are privately negotiated contracts and any information concerning them is usually only available to the contracting parties. While measures are being introduced under Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories ("**EMIR**") that aim to mitigate risks involved in investing in OTC derivatives and improve transparency, these types of investments continue to present challenges in clearly understanding the nature and level of risks involved. In addition, many of the protections afforded to participants on some recognised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions.

The counterparty for an OTC derivative will be the specific firm involved in the transaction rather than a recognised exchange and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC derivatives 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. Counterparty exposure will be

in accordance with the Fund's investment restrictions.

### **Efficient Portfolio Management Risk**

The Company on behalf of a Fund may employ techniques and instruments relating to Transferable Securities, Money Market Instruments and/or other financial instruments (including FDI) in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, as disclosed in the section entitled "Derivatives Risk" above, will be equally relevant when employing such efficient portfolio management techniques. Particular attention is drawn to the sub-sections entitled "Credit Risk and Counterparty Risk" and "Collateral Risk". Investors should also be aware that from time to time, a Fund may engage with repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depository or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depository or other service provider in respect of the Company. Please refer to the section of the Prospectus entitled "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

### **Taxation**

Potential investors attention is drawn to the taxation risk associated with investing in any Fund of the Company. See section headed "Taxation" below.

### **FATCA**

The United States and Ireland have entered into an intergovernmental agreement (the "IGA") to implement FATCA. Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Irish tax authorities with certain information in respect of its "account" holders (i.e. Shareholders). The IGA further provides for the automatic reporting and exchange of information between the Irish tax authorities and the IRS in relation to accounts held in Irish FFIs by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. The Company is an FFI and provided it complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be required to withhold on payments which it makes.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the Company will require certain information from investors in respect of their FATCA status. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected.

All prospective investors / shareholders should consult with their own tax advisors regarding the possible FATCA implications of an investment in the Company.

### **CRS RISK**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed CRS to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting financial institutions are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges began in 2017. Ireland has implemented the CRS. As a result, the Company is required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Investors may be required to provide additional information to the Company to enable the Company to satisfy its obligations under the CRS. Accordingly, there is a risk that failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its interest in the Company.

### **OECD BEPS Risk**

In 2013 the OECD published its report on Addressing Base Erosion and Profit Shifting ("BEPS") and its action plan on BEPS (the "Action Plan"). The aim of the report and Action Plan was to address and reduce aggressive

international tax planning. BEPS remains an ongoing project. On 5 October 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which could result in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 finance ministers on 8 October 2015. On 24 November 2016, more than 100 jurisdictions concluded negotiations on a multilateral instrument that will amend their respective tax treaties (more than 2,000 tax treaties worldwide) in order to implement the tax treaty related BEPS recommendations. The multilateral instrument was signed on 7 June 2017 and entered into force on 1 July 2018. The multilateral instrument will then enter into effect for a specific tax treaty at certain times after all parties to that treaty have ratified the multilateral instrument. The final actions to be implemented in the tax legislation of the countries in which the Company will have investments, in the countries where the Company is domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns from the Company. The multilateral instrument entered into force for Ireland on 1 May 2019.

### **Emerging Market Risks**

In the case of certain 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.

(a) **Settlement, Credit and Liquidity 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 Fund. Those exchanges and markets may also have substantially less volume and generally be less liquid than those in more developed markets. In addition, a 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 Investment Manager to settle transactions on a delivery free of payment basis where the 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 and the Depositary will not be liable to the relevant Fund or to the Shareholders for such a loss.

(b) **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.

(c) **Political Risks**

The performance of a 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 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.

(d) **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 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 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 Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

(e) **Currency Risks**

The currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.

**Risks associated with investment in other collective investment schemes**

A Fund may invest in one or more collective investment schemes including schemes managed by the Investment Manager or its affiliates. As a shareholder of another collective investment scheme, a Fund would bear, along with other shareholders, its *pro rata* portion of the expenses of the other collective investment scheme, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations.

**Depositary Risk**

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

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

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depositary in relation to the respective categories of assets and the corresponding standard of liability of the Depositary applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depositary liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Fund invests in from time to time that would be treated similarly. Given the framework of Depositary liability under UCITS V, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

**Legal and Regulatory Risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

**Incentive Fees**

The Investment Manager may be entitled to an incentive fee as set out in the Supplement for the relevant Fund. Such incentive fees shall be based on the net realised and net unrealised gains and losses at the end of each calculation period and as a result, incentive fees may be paid on unrealised gains which may subsequently never be realised.

## **Hong Kong-Shanghai and Shenzhen Stock Connect Risk Factors**

### **(a) China Connect Risks**

A Fund may invest in certain eligible securities listed and traded on the Shanghai Stock Exchange (“**China Connect Securities**”) through China Connect. China Connect is a securities trading and clearing programme developed by The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Shanghai Stock Exchange (“**SSE**”), Hong Kong Securities Clearing Company Limited (“**HKSCC**”) Shenzhen Stock Exchange (“**SZSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) for the establishment of mutual market access between SEHK and SSE. A Fund may trade and settle select securities listed on the SSE through the SEHK, HKSCC and SZSE trading link (such trading can be termed “**Northbound**”).

No individual investment quotas apply to investors in China Connect Securities through China Connect. In addition, there are no lock-up periods or restrictions on the repatriation of principal and profits.

Nonetheless, trading through China Connect is subject to a number of restrictions which may impact a Fund’s investments. In particular, it should be noted that China Connect is in its initial stages. Further developments are likely and there is no assurance as to whether or how such developments may restrict or affect a Fund’s investments.

In addition, the application and interpretation of the laws and regulations of Hong Kong and the People’s Republic of China (“**PRC**”) and the rules, policies or guidelines published or applied by any regulator which regulates China Connect and activities relating to China Connect (including without limitation, the China Securities Regulatory Commission (“**CSRC**”), the People’s Bank of China, the State Administration of Foreign Exchange, the Securities and Futures Commission, the Hong Kong Monetary Authority or any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect), or any exchange, clearing system or other entity which provides services relating to China Connect (including without limitation, the SEHK and any relevant subsidiary, HKSCC, SZSE, SSE or ChinaClear) (“**China Connect Rules**”) from time to time in respect of China Connect or any activities arising from China Connect is untested and there is uncertainty as to how they will be applied.

### **(b) Home Market Rules**

A fundamental principle of trading securities through China Connect is that the laws and rules of the home market of the applicable securities shall apply to investors in such securities. In respect of China Connect Securities, Mainland China is the home market and thus investors in China Connect Securities should observe Mainland China securities regulations, SSE listing rules and other rules and regulations. If SSE rules or other PRC law requirements are breached, SSE has the power to carry out an investigation, and may, through SEHK exchange participants, require such exchange participants to provide information about investors, which may include the Funds, and assist in investigations.

Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to the trading of China Connect Securities.

### **(c) Pre-trade Checking; No Naked Short Selling**

PRC laws prohibit any naked short selling of A Shares. Therefore the SSE checks that in respect of any sell orders given by an investor, the investor holds sufficient China Connect Securities to be able to fulfil such a sell order. It should be noted that this requirement affects investors who hold China Connect Securities through their account with their brokers in Hong Kong through China Connect. This is because under the China Connect Rules, the SEHK is also required to check that in respect of any Northbound sell orders given by an exchange participant, the relevant exchange participant holds sufficient China Connect Securities to be able to fill such Northbound sell orders.

Pre-trade checking will be carried out at the start of each day on which SEHK is open for Northbound trading (“**Trading Day**”). Accordingly, a broker through whom the relevant Fund places a sell order may reject a sell order if the relevant Fund does not have sufficient China Connect Securities in its account by the applicable cut off time specified by that broker or if there has been a delay or failure in the transfer of the relevant China Connect Securities to any clearing account of the broker.

### **(d) Aggregate and Daily Renminbi (“RMB”) Quotas**



Buy orders are subject to aggregate and daily RMB quotas that apply to the market in general. The aggregate quota caps the absolute amount of funds inflow into the PRC under Northbound trading at a specified level ("**Aggregate Quota**"). The daily quota caps the net buy value of cross boundary trades under China Connect on each Trading Day ("**Daily Quota**"). The Aggregate Quota and/or the Daily Quota may change from time to time without prior notice. The SEHK and the SSE may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the Aggregate Quote or Daily Quota.

If Northbound trading is suspended as a result of a breach of the Aggregate or the Daily Quotas, brokers will be unable to carry out any buy orders and any instructions to buy that have been submitted but not yet executed may be rejected. In addition, it is possible for the SEHK to subsequently reject the order even after the broker has accepted it for execution in the event that the Aggregate or Daily Quotas have been exceeded. It is notable that under the SEHK rules, a Fund may sell its China Connect Securities regardless of whether there has been a breach of the Aggregate or Daily Quotas.

**(e) Suspension, Restriction and Cessation of Operation of China Connect**

SEHK (or any relevant subsidiary) may, under certain circumstances as specified in the SEHK rules, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as SEHK may consider appropriate. SEHK has absolute discretion to change the operational hours and arrangements of China Connect at any time and without advance notice, whether on a temporary or permanent basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK (or any relevant subsidiary) may cease the provision of the China Connect Northbound trading service permanently.

**(f) Suspension of Trading on A Shares and H Shares**

The SEHK rules state that where any H Shares with corresponding A Shares accepted as China Connect Securities are suspended from trading on SEHK but the China Connect Securities are not suspended from trading on the SSE, the service for routing the China Connect Securities sell orders and China Connect Securities buy orders for such China Connect Securities to the SSE for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and the relevant Fund's ability to place sell orders and buy orders may be affected.

**(g) No Off-Exchange Trading and Transfers**

Unless otherwise provided by the CSRC, China Connect Securities may not be sold, purchased or otherwise transferred in any manner otherwise than through China Connect in accordance with the China Connect Rules. Accordingly, there may be a limited market and/or lower liquidity for China Connect Securities purchased through China Connect (as compared to the same shares purchased through other channels). In addition, any scrip entitlements received by a Fund in respect of China Connect Securities are not eligible for trading through China Connect. Accordingly, there is a risk of low or even no liquidity for such shares received by way of scrip entitlement.

**(h) No Day Trading**

Day (turnaround) trading is not permitted on the PRC's A share market. If a Fund buys China Connect Securities on T day, it can only sell the China Connect Securities on or after settlement has been completed (normally on T+1 day).

**(i) Placing Orders**

Only limit orders with a specified price are allowed pursuant to China Connect Rules, where buy orders may be executed at or lower than the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

**(j) No Manual Trade or Block Trade**

There will be no manual trade or block trade facility for Northbound trading under China Connect.

**(k) Rejection of orders**

There may be circumstances when SEHK, on SSE's request, may require a SEHK exchange participant to reject orders from the relevant Fund.

**(l) Warning statements**

SSE may ask SEHK to require SEHK exchange participants to issue warning statements (verbally or in writing) to the relevant Fund and may require participants not to extend trading in China Connect Securities to the relevant Fund.

**(m) Ownership**

Hong Kong law recognises the proprietary interest of investors in shares held for them by their broker or custodian in the Central Clearing and Settlement System. Such recognition should apply equally to China Connect Securities held for Hong Kong and overseas investors by the relevant Clearing Participant through HKSCC. In addition, in the PRC (where China Connect Securities are registered in a securities account opened with ChinaClear in the name of HKSCC), it is expressly stipulated in the “Several Provisions on the Pilot Program of Shanghai-Hong Kong Stock Market Connect” (as promulgated by CSRC to prescribe the launch and operation of the China Connect) that HKSCC acts as the nominee holder and the Hong Kong and overseas investors own the rights and interests with respect to the China Connect Securities. Accordingly, the regulatory intention appears to be that Hong Kong and overseas investors (including the relevant Funds) should also have proprietary rights over China Connect Securities under PRC laws, although this cannot be guaranteed.

However, as China Connect is a recent initiative there may be some uncertainty surrounding such arrangements. In addition, while Hong Kong and overseas investors (including the relevant Funds) may have proprietary rights over China Connect Securities, they must act through HKSCC as nominee in order to enforce such rights in accordance with its rules.

In the event HKSCC is insolvent, the China Connect Securities should not form the bankruptcy estate of HKSCC. Insolvency proceedings will be governed by Hong Kong laws, and it is expected (but is not entirely certain) that ChinaClear and PRC courts will recognise the power of the liquidator duly appointed under Hong Kong law in relation to the China Connect Securities.

**(n) Operational Hours and Contingency Events**

SEHK has absolute discretion to determine from time to time the operational hours of China Connect, and will have absolute discretion to change the operational hours and arrangements of China Connect at any time and without advance notice. SEHK exchange participants have the right to cancel China Connect orders in case of contingency events such as a typhoon. In the event of a contingency and if SEHK loses communication lines with China Connect, SEHK exchange participants may not be able to send in client order cancellations for China Connect Securities and the relevant Fund will still bear settlement obligations if the orders are matched and executed.

**(o) Investigations and warnings**

If the SSE rules or any applicable Mainland China securities laws and regulations are breached, SSE has the power to carry out an investigation and may, through SEHK, require SEHK exchange participants to provide information to SEHK for investigation purposes.

**(p) Liability**

Hong Kong Exchanges and Clearing Limited, SEHK, SSE, their respective subsidiaries, directors, employees and agents shall not bear responsibility for losses or damage resulting directly or indirectly from or in connection with investments in China Connect Securities.

**(q) Foreign Ownership Limits**

Under PRC laws, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC-listed company, and also a limit to the maximum combined holdings of all foreign investors in a single PRC-listed company. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Northbound trading or other investment channels). The single foreign investor limit is currently set at 10% of the shares of a PRC-listed company and the aggregate foreign investor limit is currently set at 30% of the shares of a PRC-listed company. Such limits are subject to change from time to time.

If the foreign ownership limits are breached, SSE will notify SEHK and, on a last-in-first-out basis, SEHK will

identify the relevant trades involved and require the relevant exchange participants to require the investors concerned (which could include a Fund) to sell the shares within the timeframe stipulated by SEHK. If the relevant investors fail to sell their shares, exchange participants are required to force-sell the shares for the relevant investors in accordance with the China Connect Rules.

(r) **PRC Tax Risk**

Under current regulations in the PRC, foreign investors may invest in A-Shares listed on the SSE and SZSE and certain other investment products in the PRC.

Under current PRC Enterprise Income Tax Law (“**PRC EIT law**”) and regulations, any entity considered to be a tax resident of the PRC would be subject to PRC enterprise income tax (“**EIT**”) at the rate of 25% on its worldwide taxable income. If an entity were considered to be a non-resident enterprise with a “permanent establishment” in the PRC, it would be subject to PRC EIT at the rate of 25% on the profits attributable to the permanent establishment. The Company, intends to operate in a manner that will prevent them from being treated as tax residents of the PRC and from having a permanent establishment in the PRC, though this cannot be guaranteed. It is possible, however, that the PRC could disagree with such an assessment or that changes in PRC tax law could affect the PRC EIT status of the Company.

If the entity is a non-PRC tax resident enterprise without permanent establishment in the PRC, the PRC-sourced income (including cash dividends, distributions, interest and capital gains) derived by it from any investment in PRC securities would be subject to PRC withholding income tax (“**WHT**”) at the rate of 10% unless exempt or reduced under the PRC EIT Law or a relevant tax treaty.

The Company may also potentially be subject to PRC value-added tax at the rate of 6% on capital gains derived from trading of A-Shares. In addition, urban maintenance and construction tax (currently at rates ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) (collectively the “**Surtaxes**”) are imposed based on value-added tax liabilities.

Pursuant to Caishui [2018] No. 108 (“**Notice 108**”), foreign institutional investors are exempt from EIT on bond interest income derived from November 7, 2018 to November 6, 2021. Such EIT exemption would not be applicable if the bond interest derived is connected with the foreign institutional investors’ establishment or place in the PRC. In respect of bond interest income derived by foreign institutional investors, PRC value-added tax is exempted from November 7, 2018 to November 6, 2021 pursuant to Notice 108.

Pursuant to Caishui [2014] No. 81 (“**Notice 81**”), Notice 36 and Caishui [2016] No. 127 (“**Notice 127**”), foreign investors investing in China A-Shares listed on the SSE through the China Connect and those listed on the SZSE through the China Connect would be temporarily exempt from PRC EIT and value-added tax on the gains on disposal of such A-Shares. Dividends would be subject to PRC EIT on a withholding basis at 10%, unless reduced under a double tax treaty with China upon application to and obtaining approval from the competent tax authority.

Stamp duty under the PRC laws (“**Stamp duty**”) generally applies to the execution and receipt of taxable documents, which include contracts for the sale of China A-Shares traded on PRC stock exchanges. In the case of such contracts, PRC Stamp Duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%. The sale or other transfer by the Fund of A-Shares will accordingly be subject to PRC Stamp Duty, but the Fund will not be subject to PRC Stamp Duty when it acquires A-Shares.

Shareholders should note that the above disclosure has been prepared based on an understanding of the laws, regulations and practice in the PRC in-force as of the date of this Prospectus.

Shareholders should seek their own tax advice on their own tax position with regard to their investment in the relevant Funds.

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than is currently contemplated.

**Risk Factors Not Exhaustive**

The risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

Additional risk factors (if any) in respect of each Fund are set out in the Supplement for the relevant Fund.

**Harding Loevner Funds plc**

**Directors of the Company**

The Directors control the affairs of the Company and are responsible for the formulation of investment objectives and policies of each Fund. The Directors have delegated certain of their duties to the Administrator, the Investment Manager and the Distributor and have appointed the Depositary.

The Central Bank Regulations introduce the concept of the responsible person, being the party responsible for compliance with the relevant requirements of the Central Bank Regulations on behalf of a particular Irish authorised UCITS. As the Company has not designated a management company, the Directors collectively (as opposed to any director or other officer individually) assume the role of the responsible person for the Company and any relevant references in the Prospectus to the Directors shall be construed accordingly, as appropriate.

The Directors of the Company are described below:-

**David Loevner**

David Loevner, a resident of the United States of America, is Chief Executive Officer of Harding Loevner LP. Initially graduating A.B. summa cum laude from Princeton University in 1976 he further obtained both an M. Sc. Statistics (1977) and a B.Phil. Economics (1978) from the University of Oxford. Prior to jointly founding Harding Loevner in 1989, he was a manager at Rockefeller & Co Inc from 1981 to 1989, of which the last two years were spent as Managing Director of its Hong Kong subsidiary. From 1978 to 1981 Mr. Loevner served as a Country Economist for Brazil with the World Bank. Mr. Loevner holds a Chartered Financial Analyst® designation and is a Chartered Investment Counsellor.

**Ryan Bowles**

Ryan Bowles, a resident of the United States of America, is Product Manager of Harding Loevner LP. Mr. Bowles joined Harding Loevner in 2010 and became a product specialist for the firm's UCITS funds beginning in 2012. As part of his responsibilities for the Investment Manager, Mr. Bowles manages the Fund's distribution efforts, oversees its service provider relationships, and governs its risk management framework. Mr. Bowles received his Bachelors of Science in Business Administration from Villanova University (cum laude) in 2009 and earned his Chartered Financial Analyst® designation in 2014.

**Mike Kirby**

Mike Kirby, Irish resident, is Managing Principal of KB Associates, a firm which provides a range of advisory and project management services to the promoters of off-shore mutual funds. He has held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) where he was responsible for the establishment and management of its investor servicing business in Ireland. Prior to this he was Vice President product management & marketing global securities services with J P Morgan (previously Chase Manhattan Bank) (1993-1995) in London and prior to this he was responsible for the establishment of Daiwa Securities fund administration business in Dublin (1989-1993). From 2000-2002 he was a Senior Vice President of MiFund Inc, a privately owned mutual funds supermarket incorporated in the USA, and Managing Director of MiFund Services Limited its wholly owned Irish subsidiary. Mr. Kirby holds a Bachelor of Commerce (Hons) from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland. He was a founder member of the Irish Funds Industry Association.

**Jim Cleary**

Jim Cleary, Irish resident, is an independent non-executive director of a number of mutual fund companies and of a number of companies operating in the Ireland's International Financial Services Centre. He has worked in public practice in London and Luxembourg focusing on the financial services sector from 1986 to 1990. He has focused directly on fund management since 1990 and has established and managed fund management offices as Head of Compliance and Regulatory Reporting in Luxembourg and Toronto for State Street Bank from February 1990 to October 1993, as director of finance of PFPC, Dublin from October 1993 to June 1997, and as Managing Director of SEI Investments, Dublin from June 1997 to June 2002. Mr. Cleary was a committee member of the Irish Funds Industry Association and a member of the Alternative Investment Management Association. He has written and lectured within the industry. He is a Fellow of the Chartered Association of

Certified Accountants and received an MBA (cum laude) from the University of Limerick.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

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

The Company has delegated the day to day investment management and administration of the Company to the Investment Manager and the Administrator respectively and the custody of the assets of each Fund to the Depositary. Consequently, all Directors of the Company in relation to the Company are non-executive.

### **Investment Manager**

The Company has appointed Harding Loevner LP to provide certain investment related services to the Company. The Investment Manager was organized in Delaware, United States of America in July 2009. The Investment Manager's most recent predecessor (Harding Loevner LLC) was organised in Delaware, United States of America in June 2008. The Investment Manager's prior predecessor was organized in New Jersey, United States of America in March 1989. The Investment Manager is authorized and regulated by the Securities and Exchange Commission (SEC) and is headquartered in Bridgewater, New Jersey, USA. As of 30 June 2019, the Investment Manager managed approximately \$68.8 billion in assets.

The Investment Manager is authorised by the SEC to provide investment management and advisory services and will provide the Company with investment management and advisory services in relation to the investments of each Fund and will act with day to day authority, power and responsibility for the investments in accordance with the investment objectives and policies set out in the Supplement for the relevant Fund.

### **Promoter**

The Promoter of the Company is Harding Loevner LP. Please see the "Investment Manager" section above for further details on the Promoter.

### **Depositary**

The Company has appointed Northern Trust Fiduciary Services (Ireland) Limited to act as the depositary to the Company. The Depositary is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2017, the Northern Trust Group's assets under custody totalled in excess of US\$7.8 trillion.

The principal activity of the Depositary is to act as depositary and trustee to collective investment schemes.

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

- (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 Company's ownership of all any 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 Company;
- (iii) the Depositary shall ensure effective and proper monitoring of the Company's cash flows;
- (iv) the Depositary shall be responsible for certain oversight obligations in respect of the Company – see "Summary of Oversight Obligations" below.

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

Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Requirements, (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) the Depositary has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the Services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation.

The Depositary has delegated to its global sub-custodians, responsibility for the safekeeping of the Company's financial instruments and cash and the global sub-custodians propose to further delegate these responsibilities to sub-delegates.

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

*Summary of Oversight Obligations:*

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

- the sale, issue, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the Central Bank Rules and the Articles;
- the value of Shares is calculated in accordance with the Central Bank Rules and the Articles;
- in transactions involving the Company's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
- the Company and each Fund's income is applied in accordance with the Central Bank Rules and the Articles;
- the instructions of the Company are carried out unless they conflict with the Central Bank Rules and the Articles; and
- it has enquired into the conduct of the Company in each Accounting Period and reports thereon to the Shareholders. The Depositary's report will be delivered to the Company in good time to enable the Directors 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 Articles and/or the Central Bank Rules; and
  - (ii) otherwise in accordance with the provisions of the Companies Act and the Articles.

If the Company 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 Company and the Shareholders.

Up-to-date information regarding the Depositary, the Depositary's duties, any conflicts of interest that may arise and any safe-keeping functions delegated by the Depositary (including the delegates, sub-delegates and conflicts of interest arising from such a delegation) will be made available to investors upon request. A list of global sub-custodians and delegates of the global sub-custodians is set out at Appendix II.

### **Administrator**

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed by the Company to act as administrator, registrar and transfer agent under the terms of the Administration Agreement as described in Material Contracts.

The Administrator is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2017, the Northern Trust Group's assets under custody totalled in excess of US\$7.8 trillion. The principal business activity of the Administrator is the 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 Company as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the Company's books and accounts, liaising with the Auditor in relation to the audit of the financial statements of the Company and the provision of certain Shareholder registration and transfer agency services in respect of shares in the Company.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company 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 Company. 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.

### **Distributor**

Details of any Distributor appointed by the Company will be set out in the Prospectus, or where a Distributor is appointed only to certain Funds, in the Supplement for the relevant Fund.

Affiliated Managers Group (Switzerland) AG (the "**Swiss Distributor**") has been appointed by the Company to act as distributor of the Company's Shares in Switzerland as described in Material Contracts. The Swiss Distributor (Company No. CHE – 273 971 053) is a company limited by shares registered in Zurich and is a wholly-owned subsidiary of Affiliated Managers Group Limited. The Swiss Distributor is licensed as a fund distributor under the Swiss Collective Investment Schemes Act by the Swiss Financial Market Supervisory Authority. It provides financial services, including specified client and marketing services, as well as fund distribution, in Switzerland.

### **Paying Agents/Representatives/Distributors**

Local laws or regulations in certain EEA jurisdictions may require that the Company appoints a local Paying Agent and/or other local representatives. The role of the Paying Agent may entail, for example maintaining accounts through which subscription and redemption proceeds and dividends are paid. Investors who choose or are obliged under local regulations to pay/receive subscription/redemption monies via the intermediary entity rather than directly to the Administrator or the Company bear a credit risk against that entity with respect to a) subscription monies prior to the transmission of such monies to the Depositary for the account of the Company and b) redemption monies payable by such intermediate entity to the relevant investor. The appointment of a Paying Agent (including a summary of the agreement appointing such Paying Agent) may be detailed in a Country Supplement.

Fees and expenses of Paying Agents and/or other local representatives, which will be at normal commercial



rates, will be borne by the relevant Fund(s). Fees payable to the Paying Agents and/or other local representatives which are based on Net Asset Value will be payable only from the Net Asset Value of the relevant Fund(s) attributable to the relevant Class(es), all Shareholders of which Class(es) are entitled to avail of the services of the Paying Agents and/or other local representatives.

### **Portfolio Transactions and Conflicts of Interest**

Subject to the provisions of this section the Company, the Directors, the Investment Manager, the Administrator, the Depositary, any Distributor, any Shareholder and any of their respective subsidiaries, affiliates, associates, agents or delegates (each a **Connected Person**) may contract or enter into any financial, banking or other transaction with one another or with the Company. This includes, without limitation, investment by the Company in securities of any Connected Person 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. In addition, any Connected Person may invest in and deal in Shares relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else. The appointment of the Investment Manager, Administrator, Depositary and any Distributor in their primary capacity as service providers to the Company are excluded from the scope these Connected Party requirements.

Any cash of the Company may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 1998, of Ireland as amended by the Central Bank and Financial Services Regulatory Authority of Ireland Acts, 2003 to 2004 with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments (including foreign exchange and stocklending transactions) to or from the relevant Fund. There will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders of that Fund 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, consistent with the best interests of the Shareholders of that Fund and:

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

The Investment Manager may also, in the course of its business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to its obligations to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will ensure that such conflicts are resolved fairly as between the Company, the relevant Funds and other clients. The Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the Company and their other clients. In the event that a conflict of interest does arise the directors of the Investment Manager will endeavour to ensure that such conflicts are resolved fairly.

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

The Depositary (or in the case of a transaction involving the Depositary, the Directors) shall document how it complied with paragraphs (a), (b) and (c) above and where transactions are conducted in accordance with paragraph (c), the Depositary (or in the case of a transaction involving the Depositary, the Directors), must document the rationale for being satisfied that the transaction conformed to the principles outlined above. 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 Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee, custodian and/or administrator 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 Company and/or other funds for which the Depositary (or any of its affiliates) act.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company 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 Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary's functions from its other potentially conflicting tasks and by the Depositary adhering to its "Conflicts of Interest Policy" (a copy of which can be obtained on request from the head of compliance for the Depositary).

Each Connected Party will provide the Company with relevant details of each transaction (including the name of the party involved and where relevant, fees paid to that party in connection with the transaction) in order to facilitate the Company discharging its obligation to provide the Central Bank with a statement within the relevant Fund's annual and semi-annual reports in respect of all Connected Party transactions.

The preceding list of potential conflicts of interest does not purport to be a complete enumeration or explanation of all of the conflicts of interest that may be involved in an investment in the Company.

### **Organisational Requirements and Conduct of Business Rules**

As a self-managed UCITS authorised by the Central Bank, the Company is subject to a range of organisational requirements as prescribed in the Regulations and/or imposed by the Central Bank. The Company has put in place a business plan (the "**UCITS Business Plan**") in order to reflect how it meets these organisational requirements and effectively conducts its business within the requirements of the Regulations and the Central Bank Rules. The UCITS Business Plan contains detailed disclosure on how the Company provides for the discharge of the UCITS key management functions.

The Company is also required to put in place a range of measures in relation to conduct of business rules and procedures. Accordingly, the Company has established, implemented and will maintain appropriate policies and procedures in relation to the following aspects of its business, in accordance with the relevant requirements outlined in the Regulations and the Central Bank Rules:

- **Investment due diligence** – outlining the measures taken by the Company with respect to the due diligence carried out in the selection and ongoing monitoring of investments.
- **Handling of subscription and redemption orders** – outlining the reporting obligations of the Company in respect of the execution of subscription and redemption orders.
- **Recording of portfolio transactions and subscription and redemption orders** – outlining the measures applied by the Company to record information sufficient to reconstruct portfolio transactions and to record specific details in relation to each subscription and redemption order.
- **Best execution** – outlining measures taken by the Company when executing trades/placing dealing orders, in the best interests of the relevant Fund and its shareholders and demonstrating the taking of all reasonable steps to obtain the best possible result for the relevant Fund, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the trade/order.
- **Order handling and order aggregation** – outlining measures taken by the Company to provide for the prompt, fair and expeditious execution of portfolio transactions on behalf of the relevant Fund and conditions applicable when aggregating a Fund's orders with others.
- **Complaints handling** – outlining the Company's effective and transparent procedures for the

reasonable and prompt handling of complaints received from investors, noting that information regarding such procedures shall be made available to investors on request, free of charge.

- **Inducements** – outlining conditions applicable to the payment or receipt by the Company of any fee, commission or non-monetary benefit.
- **Personal transactions** – outlining measures aimed at preventing the occurrences of prescribed types of personal transactions between the Company and any relevant person (i.e. a person involved in activities that may give rise to a conflict of interest or who has access to inside information/confidential information relating to the Company).
- **Accounting procedures** – setting out measures applied by the Company to determine that the calculation of the Net Asset Value of each Fund is accurately effected, on the basis of the accounting, and that subscription and redemption orders can be properly executed at that Net Asset Value.
- **Business continuity** - outlining measures aimed at ensuring, in the case of an interruption to the Company's systems and procedures, the preservation of essential data and functions, and the maintenance of services and activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their services and activities.
- **Recordkeeping** - outlining measures aimed at providing for the retention of records for a period of at least five years.
- **Electronic data processing** – outlining the arrangements made by the Company for suitable electronic systems so as to permit a timely and proper recording of each portfolio transaction or subscription or redemption order and providing a high level of security during the electronic data processing as well as integrity and confidentiality of the recorded information, as appropriate.
- **Risk management** – reflecting the terms of the Company's documented risk management policy which identifies the risks each Fund is or might be exposed to. The risk management policy comprises such procedures as are necessary to enable the Company to assess for each Fund the exposure of that Fund to market, liquidity and counterparty risks, and the exposure of each Fund to all other risks, including operational risks, which may be material.
- **Exercise of voting rights** – outlining the Company's strategies for determining when and how voting rights attached to instruments held by the relevant Fund are to be exercised, to the exclusive benefit of the Fund and its Shareholders, noting that (a) a summary description of such strategies shall be made available to Shareholders on request and (b) details of the actions taken on the basis of those strategies shall be made available to Shareholders on request, free of charge.
- **Conflicts of interest** – outlining how the Company identifies circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the Company and the procedures to be followed and measures to be adopted in order to manage such conflicts.

As reflected elsewhere in this Prospectus and more fully described in the UCITS Business Plan, the Company has delegated administration, investment management and distribution functions to third party service providers and appointed an independent depositary. Where any of the functions highlighted above are delegated in the manner described, the Company will take all reasonable measures necessary with the aim of ensuring that the relevant delegate/third party service provider has taken the appropriate measures in order to comply with the relevant UCITS organisational requirements/conduct of business rules on the Company's behalf.

## **SUBSCRIPTION FOR SHARES**

### **Purchases of Shares**

Under the Articles, the Directors are given authority to effect the issue of Shares and to create new classes of Shares (in accordance with the Central Bank Rules) and have absolute discretion to accept or reject in whole or in part any application for Shares. Provided applications are received before the valuation point, the Directors may at their sole discretion accept a subscription application and / or subscription monies after the relevant dealing deadline.

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 relevant Supplement.

An initial application for Shares may only be made by letter or facsimile to the Administrator (or through a duly appointed Distributor or Sub-Distributor for onward transmission to the Administrator), the original of which, in addition to supporting documentation in relation to money laundering prevention checks, shall be delivered to the Administrator promptly. Subsequent applications may be made to the Administrator by letter or facsimile. Where an applicant fails to provide the original application form, or any of the supporting documentation required for anti-money laundering verification purposes, any request by such applicant to repurchase Shares (and, where relevant, the automatic re-investment of such applicant's dividends) shall be processed but the relevant redemption proceeds shall not be paid out until the Administrator has received the original application form and all of the necessary anti-money laundering checks have been completed to the satisfaction of the Directors. Any change to a Shareholder's registration details or payment instructions must also be received in original form.

Following the initial application, subsequent requests by facsimile will be treated by the Administrator as definite orders even if not subsequently confirmed by letter after acceptance by the Administrator and will not be capable of withdrawal, subject to the discretion of the Directors and in consultation with the Administrator. Applications received after the Dealing Deadline for the relevant Dealing Day shall, unless the Administrator and the Directors shall otherwise agree and provided they are received before the Valuation Point for the relevant Dealing Day, be deemed to have been received by the next Dealing Deadline. The Company will accept subscriptions from prospective Shareholders only after completion of all applicable customer due diligence measures have been completed in accordance with Section 33 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended) (the "**CJ Act**"), unless such prospective Shareholders qualify for the exemption to applying such measures as provided for in Section 34 of the CJ Act, or unless it deems it appropriate to complete such measures during the establishment of the business relationship.

In accordance with Section 33 of the CJ Act, the Company will deem it appropriate to complete customer due diligence measures during the establishment of the business relationship only in circumstances where applying such measures prior to establishing the business relationship would interrupt the normal conduct of business and where it is assessed that there is no real risk that the prospective Shareholder is involved in money laundering or terrorist financing. The Company therefore ensures that it does not accept subscriptions from a prospective Shareholder for which all customer due diligence measures have not been completed and where there is any real risk of money laundering or terrorist financing.

Furthermore, and for the avoidance of doubt, in accordance with Section 34 of the CJ Act, the Company will not apply the exemption to completion of customer due diligence measures prior to establishing the business relationship in the following circumstances:

- The prospective Shareholder is registered or resident in a jurisdiction which has been designated under Section 32 of the CJ Act as a place having inadequate procedures for the detection of money laundering or terrorist financing;
- There are reasonable grounds to suspect the prospective Shareholder is involved in, or the service or transaction sought by the prospective Shareholder, is for the purpose of, money laundering or terrorist financing;
- There is an obligation to apply enhanced customer due diligence measures under Section 37 of the CJ

Act in respect of the prospective Shareholder as it has been identified as being – or being beneficially owned by - a politically exposed person or an immediate family member, or a close associate of, a politically exposed person.

If, at any time, the conditions attaching to the acceptance of subscriptions as outlined here are not met, the account of the Shareholder or prospective Shareholder concerned will be blocked for subscriptions and redemptions pending the completion of all necessary customer due diligence measures. As necessary under Section 42 of the CJ Act, the Company will also comply with its obligation to make a report to authorities where there are reasonable grounds to suspect that another person is, or has been engaged, in money laundering or terrorist financing.

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

Fractions of Shares up to three decimal places may be issued. Subscription monies 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.

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

If an application is rejected, the Administrator at the cost and risk of the applicant will, subject to any applicable laws, return application monies or the balance thereof, without interest, by telegraphic transfer to the account from which it was paid within five Business Days of the rejection.

### **Issue Price**

During the Initial Offer Period for each Fund, the Initial Issue Price for Shares in the relevant Fund shall be the amount set out in the Supplement for the relevant Fund.

The issue price at which Shares of any Fund will 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.

### **Payment for Shares and Subscriptions/Redemptions Account**

Payment in respect of the issue of Shares must be made by the relevant Settlement Date by telegraphic transfer to the Subscriptions/Redemptions Account in cleared funds in the Base Currency of the relevant Fund. The Administrator may, at its discretion, accept payment in other currencies, but such payments will be converted into the relevant Base Currency at 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 moneys. This may result in a delay in processing the application.

Upon receipt into the Subscriptions/Redemptions Account, subscription monies will become the property of the relevant Fund and accordingly an investor will be treated as a general creditor of the relevant Fund during the period between receipt of subscription monies into the Subscriptions/Redemptions Account and the issue of Shares.

If payment in full has not been received in cleared funds into the Subscriptions/Redemptions Account by the Settlement Date, or in the event of non-clearance of funds, the allotment of Shares made in respect of such application may, at the discretion of the Directors, be cancelled, or, alternatively, the Directors may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Company may charge the applicant for any resulting bank charges or market losses incurred by the relevant Fund.

### **In Specie Issues**

The Directors may in their absolute discretion, provided that they are satisfied that no material prejudice would result to any existing Shareholder and subject to the provisions of the Companies Act 2014, allot Shares in any Fund against the vesting in the Depositary on behalf of the relevant Fund of investments, the nature of which would qualify as suitable investments of the relevant Fund in accordance with the investment objectives, policies





















































































