

# **Prospectus For Germany**

**Brilliance Asset Management ICAV**

**(the "ICAV")**

**An open-ended umbrella Irish collective asset-management vehicle with segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the Regulations**

6 May 2026

# **1 Important Information**

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

In deciding whether to invest in the ICAV, investors should rely on information in this Prospectus and the relevant Fund's most recent annual and/or semi-annual reports. Prospective investors may also wish to 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.

Each Class that is available for subscription will have a KIID issued in accordance with the Central Bank Rules. 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 that event a KIID may not be available. Prospective investors should contact the Distributor directly to determine whether the relevant Class is available for subscription.

Because the Prospectus 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.

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or the suitability for you of investing in the ICAV, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**

**Neither the ICAV, the Manager nor the Investment Manager shall be liable to investors (or to any other persons) for any error of judgement in the selection of each Fund's investments.**

This Prospectus and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with Irish law. With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Prospectus (including any non-contractual obligations arising out of or in connection with it), each party irrevocably submits to the jurisdiction of the Irish courts.

## **1.2 Central Bank Authorisation**

**The ICAV is both authorised and supervised by the Central Bank. The authorisation of the ICAV by the Central Bank shall not constitute a warranty as to the performance of the ICAV and the Central Bank shall not be liable for the performance or default of any Fund of the ICAV. The authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

## **1.3 Segregated Liability**

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

## **1.4 Responsibility**

To the best of the knowledge and belief of the Directors (whose names appear under the heading "**Management of the ICAV – Directors**" below and who have taken reasonable care to confirm that such is the case) the information contained in this Prospectus is in accordance with the facts and does not in the Directors' judgment omit anything likely to materially affect the import of such information. The Directors accept responsibility for the information contained in this Prospectus accordingly.

## **1.5 Prospectus/Supplements**

This Prospectus describes the ICAV. The ICAV issues Supplements to this Prospectus relating to each Fund. A separate Supplement will be issued at the time of establishment of each Fund.

Each Supplement forms part of and should be read in the context of and in conjunction with this Prospectus.

This Prospectus may only be issued with one or more Supplements, each containing information in relation to a particular Fund. Details relating to Classes may be dealt with in the relevant Supplement for the particular Fund or in a separate Class Supplement for each Class. Shareholders and potential investors should refer to the most recent Supplement and/or Class Supplement for details of the existing Classes which will also be included in the relevant Fund's semi-annual and annual reports.

## 1.6 **Restrictions on Offerings**

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

The Directors may in their sole discretion reject any application in whole or in part without giving any reason for such rejection in which event, subject to applicable law, the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk. For further details, please refer to the section of this Prospectus entitled "**Share Dealings; Ownership Restrictions.**"

Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate, the latest audited annual accounts and any subsequent semi-annual report.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, the English language Prospectus will prevail, except to the extent (but only to the extent) required by the laws of any jurisdiction including the regulations or requirements of the financial regulator of such jurisdiction where the Shares are sold. All disputes as to the terms thereof, regardless of the language version, shall be governed by, and construed in accordance with, the law of Ireland.

### **United States of America**

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the ICAV has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended. Accordingly the Shares may not be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person except pursuant to an exemption from, or in a transaction not subject to the requirements of the U.S. Securities Act of 1933, as amended, and the U.S. Investment Company Act of 1940, as amended. The Shares have not been approved by the United States Securities and Exchange Commission, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of U.S. Persons, the ICAV may make a private placement of its Shares to a limited number and/or certain categories of U.S. Persons.

## 1.7 Suitability of Investment

**As the price of Shares in each Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on his investment. A typical investor will be seeking to achieve a return on his investment in the medium to long term.**

The decision to invest in any Fund, and if so how much, should be based on a realistic analysis of the investor's own financial circumstances and tolerance for investment risk.

**As with any investment, future performance may differ from past performance, and Shareholders could lose money. There is no guarantee that any Fund will meet its objectives or achieve any particular level of future performance. These are investments, not bank deposits.**

No Fund in this Prospectus is intended as a complete investment plan, nor are all Funds appropriate for all investors. Before investing in a Fund, each prospective investor should read the Prospectus and should understand the risks, costs and terms of investment in that Fund. In particular, investors should read and consider Schedule 3 to this Prospectus (entitled "**Risk Factors**") before investing in the ICAV.

## 1.8 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.

## 1.9 Potential for Capital Reduction

**Where provided for in the relevant Supplement, (i) dividends may be declared out of the capital of the relevant Fund; and/or (ii) fees and expenses may be paid out of the capital of the relevant Fund, in each case in order to preserve cash flow to Shareholders. In any such cases, there is a greater risk that capital may be eroded (and also that the value of future returns may be diminished) and distribution will be achieved/fees will be paid in a manner that foregoes the potential for future capital growth of your investment. This cycle may continue until all capital is depleted.**

**Distributions out of capital may have different tax consequences to distributions of income and it is recommended that you seek appropriate advice in this regard. The likelihood is that the value of future returns would also be diminished.**

## 1.10 Repurchase Charge

**The Manager may levy a Repurchase Charge of up to 3% of the Net Asset Value per Share. The Repurchase Charge may be charged to redeeming Shareholders and retained by the Fund to reflect the cost of liquidity and protect remaining Shareholders from being unfairly disadvantaged and shall include estimated explicit transaction costs (including brokerage fees, trading levies, taxes and settlement fees) and, where appropriate to the investment strategy of the Fund, implicit transaction costs (including bid-ask spread and market impact), estimated on a best effort basis.**

**The Repurchase Charge, if applied, shall be calculated as a percentage of the Redemption Price, within the limits and on the basis disclosed in the Supplement for the relevant Fund or Class, and shall be deducted from the Redemption Price otherwise payable in respect of the relevant Shares.**

**Unless otherwise disclosed in this Prospectus, any Repurchase Charge applied as a liquidity management tool shall be retained by the relevant Fund for the benefit of remaining Shareholders.**

**The Manager may differentiate between Shareholders and/or Classes in the application and rate of the Repurchase Charge, provided that such differentiation is consistent with the treatment of Shareholders and disclosed in this Prospectus.**

**The application of any Repurchase Charge pursuant to this clause may be used in conjunction with, or as an alternative to, other permitted liquidity management tools as disclosed in this Prospectus, and may be reduced or disappplied when the relevant circumstances no longer prevail.**

**In addition to any Repurchase Charge applied pursuant to this Prospectus, the Manager may, as provided for in the Supplement of the relevant Fund, charge a separate exit fee on the repurchase of Shares for purposes other than liquidity risk management.**

**The difference at any one time between the subscription price (to which may be added a Preliminary Charge) and the Repurchase Price (from which may be deducted a Repurchase Charge) means that an investment should be viewed as medium to long-term.**

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## 2 Definitions

<b>"Accounting Period"</b>	means a period ending on 31 December of each year or such other date as the Directors may from time to time decide with the prior approval of the Central Bank;
<b>"Administration Agreement"</b>	means the agreement made between the Manager and the Administrator dated 21 March 2018 as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed as administrator of the ICAV;
<b>"Administrator"</b>	means Citco Fund Services (Ireland) Limited or any successor thereto duly appointed in accordance with the Central Bank Rules as the administrator to the ICAV;
<b>"Anti-Dilution Levy"</b>	means an adjustment made on a transaction basis in the case of net subscriptions and/or net repurchases as a percentage adjustment (which shall include estimated explicit transaction costs (including brokerage fees, trading levies, taxes and settlement fees) and, where appropriate to the investment strategy of the Fund, implicit transaction costs (including bid-ask spread and market impact), estimated on a best effort basis) to the value of the relevant subscription/repurchase calculated for the purposes of determining a subscription price or Repurchase Price to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund;
<b>"Annex(es)"</b>	means an annex to a Supplement to this Prospectus, issued from time to time, prepared for the purpose of meeting the specific financial product level disclosures contained in SFDR and specifically, the disclosure requirements applicable to Article 8 Funds and Article 9 Funds;
<b>"Application Form"</b>	means any application form to be completed by subscribers for Shares as prescribed by the ICAV from time to time;
<b>"AIF"</b>	means an alternative investment fund as defined in regulation 5(1) of the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) and/or any other collective investment undertaking meeting the criteria outlined in Regulation 68(e) of the Regulations;
<b>"Article 6 Fund"</b>	means a Fund of the ICAV which does not meet the criteria outlined in SFDR to qualify as either an Article 8 Fund or an Article 9 Fund;
<b>"Article 8 Fund"</b>	means a Fund of the ICAV that meets the criteria outlined in Article 8 of SFDR to qualify as a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics and provided that the companies that the Fund invests in follow good governance practices;

<b>"Article 9 Fund"</b>	means a Fund of the ICAV that in accordance with the criteria outlined in Article 9 of SFDR has Sustainable Investment as its objective;
<b>"Benchmark Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;
<b>"Base Currency"</b>	means, in relation to any Fund, such currency as is specified as such in the Supplement for the relevant Fund;
<b>"Business Day"</b>	means, in relation to any Fund, each day as is specified as such 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 ICAV;
<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 2019 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 ICAV pursuant to the Regulations;
<b>"China A-Shares"</b>	means mainland PRC's domestic shares listed on the PRC Stock Exchanges, which are available to mainland PRC's domestic investors, QFII and RQFII, and quoted in RMB;
<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 other such collective investment schemes;
<b>"Class(-es)"</b>	means the class or classes of Shares (if any) relating to a Fund (each of which may have specific features with respect to preliminary, exchange, repurchase, minimum subscription amount, hedged/unhedged, dividend policy, service provider fees or other specific features). The details applicable to each Class will be pre-determined and as described in the relevant Supplement;
<b>"Clear Day"</b>	means in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
<b>"Country Supplement"</b>	means a supplement to this Prospectus, issued from time to time, specifying certain information pertaining to the offer of

Shares of the ICAV or a Fund or Class in a particular jurisdiction or jurisdictions;

- "CRS"** 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, as implemented in Ireland;
- "Data Protection Legislation"** means the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679);
- "Dealing Day"** means, in respect of each Fund, each Business Day on which subscriptions for, redemptions of and exchanges of relevant Shares can be made by the ICAV as specified in the Supplement for the relevant Fund and/or such other Dealing Days as the Directors shall determine and notify to Shareholders in advance, provided that there shall be at least two Dealing Days in each Month occurring at regular intervals;
- "Dealing Deadline"** means, in relation to any application for subscription, redemption or exchange of Shares of a Fund, the day and time specified in the Supplement for the relevant Fund by which such application must be received by the Administrator on behalf of the ICAV in order for the subscription, redemption or exchange of Shares of the Fund to be made by the ICAV on the relevant Dealing Day;
- "Depositary"** 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 ICAV in accordance with the Central Bank Rules;
- "Depositary Agreement"** means the agreement made between the ICAV, the Manager and the Depositary dated 21 March 2018 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 ICAV;
- "Directors"** mean the directors of the ICAV or any duly authorised committee or delegate thereof, each a Director;
- "Distributor"** means, unless specifically stated otherwise in the Supplement for the relevant Fund, Brilliance Asset Management Limited (才华资本管理有限公司), of 19/F, 2 International Finance Centre, 8 Finance Street, Central Hong Kong or any successor thereto duly appointed in accordance with the Central Bank Rules as a distributor to the ICAV;

<b>"Eligible Counterparty"</b>	<p>means a counterparty to OTC derivatives with which a Fund may trade and belonging to one of the categories approved by the Central Bank which at the date of this Prospectus comprise the following:</p> <ul style="list-style-type: none"> <li>(a) a Relevant Institution;</li> <li>(b) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State; or</li> <li>(c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve.</li> </ul>
<b>"EEA Member States"</b>	<p>means EU countries and also Iceland, Liechtenstein and Norway;</p>
<b>"EMIR"</b>	<p>means Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories;</p>
<b>"ESG"</b>	<p>means environmental, social and governance matters;</p>
<b>"EU Member States"</b>	<p>means the member states of the European Union;</p>
<b>"Euro", "EUR" or "€"</b>	<p>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;</p>
<b>"Exchange Charge"</b>	<p>means the charge, if any, payable on the exchange of Shares as is specified in the Supplement for the relevant Fund;</p>
<b>"Exempt Irish Shareholder"</b>	<p>means</p> <ul style="list-style-type: none"> <li>(a) a qualifying management company within the meaning of section 739B(1) TCA;</li> <li>(b) an investment undertaking within the meaning of section 739B(1) TCA;</li> <li>(c) an investment limited partnership within the meaning of section 739J TCA;</li> <li>(d) a pension scheme which is an exempt approved scheme within the meaning of section 774 TCA, or a retirement annuity contract or a trust scheme to which section 784 or 785 TCA applies;</li> <li>(e) a company carrying on life business within the meaning of section 706 TCA;</li> <li>(f) a special investment scheme within the meaning of section 737 TCA;</li> <li>(g) a unit trust to which section 731(5)(a) TCA applies;</li> </ul>

- (h) a charity being a person referred to in section 739D(6)(f)(i) TCA;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 784A(2) TCA or section 848B TCA and the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (j) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 787I TCA and the Shares held are assets of a personal retirement savings account as defined in section 787A TCA;
- (k) the National Asset Management Agency;
- (l) the Courts Service;
- (m) a credit union within the meaning of section 2 of the Credit Union Act 1997;
- (n) an Irish resident company, within the charge to corporation tax under Section 739G(2) TCA, but only where the ICAV is a money market fund;
- (o) a company which is within the charge to corporation tax in accordance with section 110(2) TCA in respect of payments made to it by the ICAV;
- (p) any other person as may be approved by the Directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the ICAV in respect of that Shareholder under Part 27, Chapter 1A TCA;
- (q) the National Treasury Management Agency of Ireland, or a fund investment vehicle within the meaning of Section 739D(6)(kb) TCA;
- (r) a PEPP provider (within the meaning of Chapter 2D of Part 30 TCA) acting on behalf of a person who is entitled to an exemption from income tax and capital gains tax by virtue of Section 787AC TCA and the Shares held are assets of a PEPP (within the meaning of Chapter 2D of Part 30 TCA); and
- (s) a relevant Fund investment vehicle (within the meaning of section 32 of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024) in respect of which the Minister for Finance is the sole beneficial owner;

and where necessary the ICAV is in possession of a Relevant Declaration in respect of that Shareholder;

**"Extraordinary Expenses"**

means the extraordinary expenses defined as such in the section headed "Fees and Expenses";

<b>"FATCA"</b>	means (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance; (b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US 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 (c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs;
<b>"FDI"</b>	means a financial derivative instrument (including an OTC derivative);
<b>"Fund"</b>	means a sub-fund of the ICAV the proceeds of issue of which are pooled separately in a segregated portfolio of assets and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the ICAV from time to time with the prior approval of the Central Bank;
<b>"ICAV"</b>	means an Irish collective asset-management vehicle; namely Brilliance Asset Management ICAV;
<b>"ICAV Act"</b>	means the Irish Collective Asset-management Vehicles Act 2015 as may be amended, consolidated or substituted from time to time and including any regulations made thereunder by ministerial order and any conditions that may from time to time be imposed thereunder by the Central Bank whether by notice or otherwise affecting the ICAV;
<b>"Initial Issue Price"</b>	means the price (excluding any Preliminary Charge) 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>"Instrument of Incorporation"</b>	means the instrument of incorporation of the ICAV as amended from time to time in accordance with the ICAV Act and the Central Bank Rules;
<b>"Investment Account"</b>	means (i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under "Subscription for Shares";
<b>"Investment Grade"</b>	means rating awarded to high quality corporate and government securities that are judged likely to meet their payment obligations by Standard & Poor's (i.e. rated at least BBB-) or Moody's (i.e. rated at least Baa3); or if unrated determined by the Investment Manager to be of comparable quality;

<b>"Investment Management Agreement"</b>	<b>Management</b>	means the agreement made between the Manager and the Investment Manager dated 21 March 2018 as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed investment manager of the ICAV;
<b>"Investment Fee"</b>	<b>Management</b>	means the investment management fee detailed as such in the section headed "Fees and Expenses";
<b>"Investment Manager"</b>		means, unless specifically stated otherwise in the Supplement for the relevant Fund, Brilliance Asset Management Limited (才华资本管理有限公司), of Suite 3007-3008, 30/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or any successor thereto duly appointed in accordance with the Central Bank Rules as the investment manager to the ICAV;
<b>"Investor Money Regulations"</b>		means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (SI 604 of 2017), as may be amended from time to time;
<b>"Investor Registration Form"</b>		means the form pursuant to which an applicant for Shares requests the Administrator to open an investor account for the purchase of Shares;
<b>"Irish Resident"</b>		means any person resident in Ireland or ordinarily resident in Ireland (as described in the Taxation section of this Prospectus) other than an Exempt Irish Shareholder;
<b>"Irish Tax Authorities"</b>		means the Irish Revenue Commissioners;
<b>"KIID"</b>		means the key investor information document;
<b>"Manager"</b>		means Maples Fund Management Ireland Limited of 32 Molesworth Street, Dublin 2, Ireland or any successor thereto duly appointed with the prior approval of the Central Bank as the manager of the ICAV in accordance with the Central Bank Rules;
<b>"Management Agreement"</b>		means the agreement made between the ICAV and the Manager dated 21 March 2018 as may be amended or supplemented from time to time in accordance with the Central Bank Rules pursuant to which the latter was appointed as manager of the ICAV;
<b>"Manager's Fee"</b>		means the manager's fees detailed as such in the section headed "Fees and Expenses";
<b>"MiFID II"</b>		means the Markets in Financial Instruments Directive (recast) (Directive 2014/65/EU);

<b>"MiFID II Delegated Directive"</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 minimum cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested in any Fund by each Shareholder (after investing the Minimum Initial Investment Amount) and as such is specified in the Supplement for the relevant Fund;
<b>"Minimum Fund Size"</b>	means such 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 minimum initial cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested by each Shareholder as its initial investment for Shares of each Class in a Fund either during the Initial Offer Period or on any subsequent Dealing Day and as such is specified in the Supplement for the relevant Fund;
<b>"Minimum Repurchase Amount"</b>	means such minimum number or minimum value of Shares of any Class as the case may be (if any) which may be repurchased at any time by the ICAV and as such is specified in the Supplement for the relevant Fund;
<b>"Minimum Share Class Size"</b>	means such amount (if any) as the Directors may consider for each Share Class and as set out in the Supplement for the relevant Fund;
<b>"Minimum Shareholding"</b>	means such minimum number or minimum value of Shares of any Class as the case may be (if any) which must be held at any time by a Shareholder which shall be equal to or greater than at all times the Minimum Repurchase Amount and as such is 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 or traded on permitted markets);
<b>"Month"</b>	means a calendar month;

<b>"Net Asset Value"</b>	means, in respect of the assets and liabilities of a Fund, a Class or the Shares representing interests in a Fund, the amount determined in accordance with the principles set out in the "Valuation of Assets/Calculation of Net Asset Value" section below as the Net Asset Value of the Fund, the Net Asset Value per Class or the Net Asset Value per Share (as appropriate);
<b>"OECD"</b>	means the Organisation for Economic Co-operation and Development;
<b>"OTC"</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 ICAV in certain jurisdictions;
<b>"PRC"</b>	means the People's Republic of China;
<b>"Preliminary Charge"</b>	means the charge, if any, payable to the Distributor (or any other appropriate party at the direction of the Directors) on subscription for Shares as described under "Share Dealings – Subscription for Shares" and specified in the relevant Supplement;
<b>"Prospectus"</b>	means this prospectus issued on behalf of the ICAV as amended, supplemented or consolidated from time to time;
<b>"Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (S.I. No. 352 of 2011), as amended and as may be further amended, consolidated or substituted from time to time;
<b>"Relevant Declaration"</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B TCA;
<b>"Relevant Institutions"</b>	means credit institutions authorised in an EEA Member State or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988, or credit institutions authorised in the United Kingdom, Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>"Repurchase Charge"</b>	means the charge, if any, to be paid out of the Repurchase Price which Shares may be subject to, as described under "Important Information" and specified in the relevant Supplement;
<b>"Repurchase Price"</b>	means the price at which Shares are repurchased, as described under "Share Dealings - Repurchase of Shares" and as may be specified in the relevant Supplement;

<b>"Repurchase Proceeds"</b>	means the Repurchase Price less any Repurchase Charge and any charges, costs, expenses or taxes, as described under Share Dealings – Repurchase of Shares";
<b>"RMB" or "Renminbi"</b>	means the lawful currency of the PRC;
<b>"RQFII" or "RQFII Holder"</b>	means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time;
<b>"Securities Financing Transactions"</b>	means repurchase agreements, reverse repurchase agreements, securities lending agreements and any other transactions within the scope of SFTR that a Fund is permitted to engage in;
<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 date of receipt of completed repurchase documentation;
<b>"Securitisation Position"</b>	means an instrument held by a Fund that meets the criteria of a "Securitisation" contained in Article 2 of the Securitisation Regulation so as to bring such instruments into the scope of the Securitisation Regulation and trigger obligations which must be met by the Fund (as an "institutional investor" under the Securitisation Regulation). Without prejudice to the precise definition in Article 2 of the Securitisation Regulation, this generally covers transactions or schemes, whereby (i) the credit risk associated with an exposure or a pool of exposures is divided into classes or tranches; (ii) payments are dependent upon the performance of the exposure or of the pool of exposures; and (iii) the subordination of classes or tranches determines the distribution of losses during the ongoing life of the transaction or scheme.
<b>"Securitisation Regulation"</b>	means the Securitisation Regulation (EU) 2017/2402, as may be amended from time to time.
<b>"SFDR"</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>"SFT Regulations" or "SFTR"</b>	means Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;

<b>"Shares"</b>	means the participating shares in the ICAV 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 persons registered as the holders of Shares in the register of shareholders for the time being kept by or on behalf of the ICAV, and each a Shareholder;
<b>"State"</b>	means the Republic of Ireland;
<b>"Sterling", "GBP" and "£"</b>	means the lawful currency of the United Kingdom;
<b>"Sub-Distributor"</b>	means any sub-distributor appointed by the Distributor in accordance with the Central Bank Rules as a sub-distributor to the ICAV;
<b>"Subscriptions/Redemptions Account"</b>	means the account in the name of the ICAV 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 ICAV specifying certain information in relation to a Fund and/or one or more Classes from time to time;
<b>"Sustainability Factors"</b>	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
<b>"Sustainability Risks"</b>	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, including but not limited to, risks stemming from climate change, natural resource depletion, environmental degradation, human rights abuses, bribery, corruption and social and employee matters;
<b>"Sustainable Investment"</b>	means <ul style="list-style-type: none"> <li>(1) an investment in an economic activity that contributes to an environmental objective, as measured by key resource efficiency indicators on (i) the use of energy, (ii) renewable energy, (iii) raw materials, (iv) water and land, (v) on the production of waste, (vi) greenhouse gas emissions, or (vii) its impact on biodiversity and the circular economy, or</li> <li>(2) an investment in an economic activity that contributes to a social objective (in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations), or</li> <li>(3) an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices;</li> </ul>

<b>"Taxonomy Regulation"</b>	Regulation EU/2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending SFDR, as may be supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>"TCA"</b>	means the Irish Taxes Consolidation Act, 1997, as amended;
<b>"Total Return Swap"</b>	means an OTC derivative (and a transaction within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty;
<b>"Transferable Securities"</b>	shall have the meaning ascribed to that term in the Regulations, which at the date hereof means: <ul style="list-style-type: none"> <li>(a) 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;</li> <li>(b) bonds and other forms of securitised debt which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;</li> <li>(c) 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</li> <li>(d) securities specified for this purpose in Part 2 of Schedule 2 of the Regulations.</li> </ul>
<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 the UCITS Directive;
<b>"UCITS Directive"</b>	means Directive 2009/65/EC of the European Parliament and of the Council, as amended, supplemented, consolidated or otherwise modified from time to time;
<b>"United States" and "U.S."</b>	means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;
<b>"U.S. Dollars, "Dollars" and \$"</b>	means the lawful currency of the United States;
<b>U.S. Person</b>	means a U.S. Person as defined in Regulation S under the United States Securities Act of 1933 and U.S. Commodity Futures Trading Commission Rule 4.7; and
<b>Valuation Point</b>	means the time on or with respect to the relevant Dealing Day 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.

### 3 Headings and Numbering

The headings and numbering of sections of this Prospectus are for convenience of reference only and shall not affect the meaning or interpretation of this Prospectus in any way.

### 4 Directory

#### Brilliance Asset Management ICAV

##### Directors

Kyong Choi

John Hamrock

Roddy Stafford

##### Investment Manager and Distributor

Brilliance Asset Management Limited

才华资本管理有限公司

Suite 3201 - 3205

32/F, AIA Central

1 Connaught Road Central

Central, Hong Kong

##### Registered Office

32 Molesworth Street

Dublin 2

##### Irish Legal Advisers

Maples and Calder (Ireland) LLP

75. St. Stephen's Green

Dublin 2

##### Manager

Maples Fund Management Ireland Limited

32 Molesworth Street

Dublin 2

##### Auditors

EY

Block 1, Harcourt Centre

Harcourt Street

Dublin 2

##### Administrator

Citco Fund Services (Ireland) Limited

Custom House Plaza Block 6

IFSC

Dublin 1

##### Depository

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54 – 62 Townsend Street

Dublin 2

##### Secretary

MFD Secretaries Limited

32 Molesworth Street

Dublin 2

## **5 Funds**

### **5.1 Structure**

The ICAV is an open-ended umbrella Irish collective asset-management vehicle with segregated liability between Funds formed in Ireland on 6 November 2017 under the ICAV Act with registration number C174278. The ICAV has been authorised by the Central Bank as a UCITS pursuant to the Regulations.

The ICAV is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement. At the date of this Prospectus, the ICAV has established the Fund(s) listed below.

Brilliance China Core Long Short Fund

Additional Funds (in respect of which a Supplement or Supplements will be issued) may be established by the Directors from time to time with the prior approval of the Central Bank.

Shares may be issued in Classes within each Fund. Classes of Shares in each Fund may differ as to certain matters including currency of denomination, currency hedging strategies if any applied to the particular Class, dividend policy, fees and expenses charged or the Minimum Initial Investment Amount, Minimum Additional Investment Amount, Minimum Shareholding, and Minimum Repurchase Amount. The Classes of Shares available for subscription shall be set out in the relevant Supplement.

A separate pool of assets shall not be maintained in respect of each Class. Additional Classes in respect of which a Supplement or Supplements will be issued may be created by the Directors and notified to and cleared in advance with the Central Bank or otherwise the creation of further Classes must be effected in accordance with the requirements of the Central Bank. Separate books and records will be maintained for each Fund but not for each Class.

### **5.2 Investment Objective and Policies**

The assets of each Fund will be invested separately in accordance with the investment objectives and policies of the Fund. The specific investment objective and policies of each Fund will be set out in the relevant Supplement and will be formulated by the Directors at the time of creation of the relevant Fund.

The investment objective of a Fund may not be altered, and material changes to the investment policy of a Fund may not be made, without prior approval of Shareholders on the basis of (i) a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held or (ii) with the prior written approval of all Shareholders of the relevant Fund. In the event of a change of the investment objective and/or a material change in the investment policy of a Fund, by way of a majority of votes cast at a meeting of the relevant Shareholders, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them to repurchase their Shares prior to implementation of such a change.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund's assets may be invested in Money Market Instruments and in cash deposits.

### **5.3 Investment Restrictions**

The investment and borrowing restrictions applying to the ICAV and each Fund are set out in Schedule 1 and additional investment and borrowing restrictions (if any) will be set out in the relevant Supplement. Each of the Funds' investments will be limited to investments permitted by the Regulations. The limits on investments shall apply at the time of the purchase of the investments. If the limits referred to in Schedule 1 are exceeded for reasons beyond the control of the ICAV, or as a result of the exercise of subscription rights, the ICAV shall ensure that the Fund will adopt as a priority objective for its sales transactions the remedying of that situation

taking due account of the interests of the Shareholders. Each Fund may also hold ancillary liquid assets.

The permitted investments and investment restrictions applying to each Fund, in accordance with the Regulations and the Central Bank Regulations, are reflected in this Prospectus and the relevant Supplement.

With the exception of permitted investment in unlisted investments and over-the-counter FDI, investments by a Fund will be restricted to securities and FDI listed or traded on permitted markets as set out in Schedule 2. Accordingly, each Fund may invest up to 10% of its Net Asset Value in unlisted securities/securities listed on markets other than those set out in Schedule 2 provided this is consistent with its investment objective.

It is intended that the ICAV shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Regulations which would permit investment by a Fund in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the Regulations. Any changes to the investment or borrowing restrictions will be disclosed in an updated Prospectus and/or Supplement and will be subject to Shareholder approval if deemed appropriate by the ICAV pursuant to 5.2 above.

#### **5.4 Borrowing Powers**

The ICAV may only borrow on a temporary basis for the account of a Fund and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of such Fund. In accordance with the provisions of the Regulations, the ICAV may charge the assets of a Fund as security for borrowings of that Fund.

The ICAV may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) provided that the offsetting deposit (a) is denominated in the Base Currency and (b) equals or exceeds the value of the foreign currency loan outstanding.

#### **5.5 Cross-Investment**

Investors should note that, subject to the Central Bank Rules and where more than one Fund is established within the ICAV, each of the Funds may invest in the other Funds of the ICAV where such investment is appropriate to the investment objectives and policies of the relevant Fund. Any commission received by the Investment Manager (including a rebated commission) in respect of such investment will be paid into the assets of the relevant Fund. In addition, no Preliminary Charge, Repurchase Charge or Exchange Charge may be charged on the cross-investing Fund's investment.

In order to avoid double-charging of management and/or any performance fees, any Fund that is invested in another Fund may not be charged an Investment Management Fee and/or performance fee in respect of that part of its assets invested in other Funds unless such investment in another Fund is made into a Class of Shares that does not attract any Investment Management Fee and/or performance fee. Investment may not be made by a Fund in a Fund which itself cross-invests in another Fund within the ICAV.

#### **5.6 Investment through Subsidiaries**

The ICAV may from time to time (with the prior approval of and in accordance with the Central Bank Rules) make investments on behalf of Funds through wholly owned subsidiaries incorporated in any relevant jurisdiction. The investment objective and policy of the relevant Fund will not only be applied to the Fund but also to the wholly-owned subsidiary and the investments of the wholly-owned subsidiary will be treated as being held by the Fund for such purposes. The assets and shares of any wholly-owned subsidiary will be held by the Depositary or an appointed sub-custodian on behalf of the ICAV.

## 5.7 Efficient Portfolio Management

### (a) General

The ICAV 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:

- (i) the reduction of risk;
- (ii) the reduction of cost; or
- (iii) 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 ICAV, in employing such efficient portfolio management 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 or Class.

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 ICAV may (but is not obliged) to seek to mitigate this exchange rate risk by using FDI. Please refer to Schedule 3 to this Prospectus (sections entitled "**Risk Factors**") for more details. The risks arising from the use of such techniques and instruments shall be adequately captured in the ICAV's risk management process.

### (b) Use of FDI

- (i) 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 contracts.** Traded on a regulated exchange, a future is a standardised agreement between two parties to transact in an instrument at a specific price or rate at a future date. A purchased futures contract commits the buyer to purchase the underlying instrument at the specified price on the specified date. A sold futures contract commits the seller to sell the underlying instrument at the specified price on the specified date. In practice most futures positions are closed prior to contract maturity by dealing an opposite trade which cancels out the commitment.

**Swaps.** A swap is an OTC agreement between two parties to exchange a series of cash flows or returns on an underlying financial instrument for a set period of time.

Typical cash flow and return series exchanged in a swap include: fixed interest rate, inflation rate, total return of an instrument or index and floating interest rates. Swap legs can be denominated in the same or a different currency.

Other swaps reference instrument characteristics such as price volatility, variance, correlation, covariance and asset swap levels. These swaps have one active leg and a null second leg which means exposure is limited to change in the reference characteristic.

Specifically the use of Total Return Swaps by a Fund shall be subject to the requirements of the SFTR.

**Credit default swaps (CDS).** A CDS contract is an OTC risk-transfer instrument (in the form of a derivative security) through which one party transfers to another party the financial risk of a credit event, as it relates to a particular reference security or index of securities. A Fund which buys CDS protection pays a periodic premium to the CDS seller for the duration of the contract. In the event of credit event on the referenced entity the CDS protection activates. In a cash settled CDS an auction process sets a percentage recovery rate to the reference entity. The protection buyer receives cash equivalent to the contract nominal adjusted for the recovery rate percentage. In a physical settlement CDS the protection buyer delivers the contract nominal of a valid defaulted instrument to the CDS seller who pays the contract nominal for it. In practice funds can use CDS to gain or sell credit exposure to the referenced entity without having positions in the underlying reference entity.

**Options.** An option is an agreement between two parties where the option buyer has the right but not the obligation to buy (call option) or sell (put option) an instrument at a specified date and price. An option buyer pays a premium representing the value of the option and if, at the option expiry, it is economically advantageous may exercise a call option to buy the underlying instrument, or in the case of a put option, sell the underlying instrument. The option writer receives and keeps the option premium and at the choice of the option buyer has to buy or sell the underlying instrument at the time and price specified. The reference instrument for an option may be a security, another derivative such as a swap, future, CDS or may specify an interest or inflation rate, index, basket of instruments, currency or any instrument which the Fund is authorised to own. Standard options are exchange traded and other options are traded OTC.

**Contracts for Difference (CFD).** Contracts for difference are OTC derivatives (also known as synthetic swaps) which can be used to secure a profit or avoid a loss by reference to fluctuations in the value or price of equities or financial instruments or in an index of such equities or financial instruments. An equity CFD is a derivative instrument designed to replicate the economic performance and the cash flows of a conventional share investment. Contracts for difference may be used either as a substitute for direct investment in the underlying security or as an alternative to and for the same purposes as futures and options, particularly in cases where there is no futures contract available in relation to a specific security, or where an index option or index future represents an inefficient method of gaining exposure because of pricing risk or the risk of mismatches in (i) the price or (ii) volatility of an index option or index future compared to that of the underlying index. In a long CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have increased in value had it been invested in the underlying security or securities, plus any dividends that would have been received on those stocks. In a short CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have decreased in value had it been invested in the underlying security or securities. The Fund must also pay the counterparty the value of any dividends that would have been received on those stocks.

**Forward Settled Transactions.** A forward settled transaction delays settlement of a transaction to a forward date. Delaying settlement allows the Fund to change the economic exposure without changing the physical asset exposure until the transaction settles. A forward foreign exchange transaction is an obligation to purchase or sell a specified currency pair at a future date, at a price set at the time the contract is made. Funds use these forward foreign exchange transactions to change the currency profile of a Fund without changing the profile of the invested assets.

**Convertible securities.** The convertible securities in which a Fund may invest consist of bonds, notes, debentures and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares. Convertible securities may offer higher income than the shares into which they are convertible. A Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying shares or sell it to a third party. To the extent that any convertible securities in which a Fund may invest are leveraged or contain embedded derivatives, they will be managed by the Fund as FDI.

**Hybrid securities.** A Fund may invest in hybrid securities. A hybrid security is a security which combines two or more financial instruments. Hybrid securities generally combine a traditional stock or bond with an option or forward contract. Generally, the principal amount payable upon maturity or redemption, or the interest rate of a hybrid security, is tied (positively or negatively) to the price of some currency, securities index, another interest rate or some other economic factor (each a "**benchmark**"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on the changes in the value of the benchmark.

In the case of a hybrid security such as a convertible bond, for example, a Fund benefits from a steady income stream, the repayment of principal at maturity, and the potential to share in the upside of the common stock. The yield advantage and finite maturity give the convertible downside price support, or investment value. At the same time, the embedded option component provides participation in higher equity values.

To the extent that any hybrid securities in which a Fund may invest are leveraged or contain embedded derivatives, they will be managed by the Fund as FDI.

**Structured notes.** A Fund may invest in structured notes for which the coupon payment, principal repayment or repayment schedule varies according to pre-agreed conditions relating to fluctuations in unrelated assets such as currencies or stock indices. To the extent that any structured notes in which a Fund may invest are leveraged or contain embedded derivatives, they will be managed by the Fund as FDI.

**Warrants.** The Fund may acquire warrants either as a result of corporate actions or by purchasing warrants, subject to the above conditions. A warrant is a similar instrument to an option in that the holder of the warrant has the option but not the obligation to either purchase or sell the underlying for a specified price or before a specified date. The underlying of the warrant can be an equity, bond or an index.

**Share Purchase Rights.** Share purchase rights, which give the Fund the ability but not the obligation to purchase more shares, may be issued to the Fund pursuant to its investment in a particular security and, in such cases, may be retained for the purposes of efficient portfolio management and exercised when considered appropriate.

(c) Investment in Financial Indices through the use of Financial Derivative Instruments

Where provided for in the relevant Supplement, a Fund may gain exposure to financial indices through the use of financial derivative instruments where considered appropriate to the investment objective and investment policies of the relevant Fund.

Where the composition of financial index does not meet with the UCITS criteria for financial indices but the index is composed of UCITS eligible assets, investment by a Fund in a financial derivative instrument giving exposure to such an index may be permitted including as a financial derivative instrument on a combination of UCITS eligible assets or by the use of the index as a 'benchmark' for measuring performance or defining asset allocation as mentioned in section 5.10 (References to Benchmarks).

It may not be possible to comprehensively list the actual financial indices to which exposure may be taken as they have not, as of the date of this Prospectus, been selected and they may change from time to time. A list of the indices which a Fund takes exposure to will be included in the annual financial statements of the Fund. Details of any financial indices used by any Fund will also be provided to Shareholders of that Fund by the Investment Manager on request.

(d) Securities Financing Transactions

A Fund may use Securities Financing Transactions in accordance with normal market practice and subject to the requirements of the SFTR and the Central Bank Rules where provided for in the relevant Supplement. Such Securities Financing Transactions may be entered into for any purpose that is consistent with the investment objective of the relevant Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks.

Any type of assets that may be held by each Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. Where provided for in the relevant Supplement, the Fund may also use Total Return Swaps. Subject to each Fund's investment objective and policies, there is no limit on the proportion of assets that may be subject to Securities Financing Transactions and Total Return Swaps and therefore the maximum and expected proportion of a Fund's assets that can be subject to Securities Financing Transactions or Total Return Swaps can be as much as 100%, i.e. all of the assets of the relevant Fund. In any case the most recent semi-annual and annual accounts of each Fund will express the amount of the Fund's assets subject to Securities Financing Transactions and Total Return Swaps.

Securities lending means transactions by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities. Repurchase agreements are a type of securities lending transaction 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 recallable 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 Securities Financing Transactions 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 ICAV from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the ICAV 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 ICAV from time to time shall be included in the relevant Fund's semi-annual and annual reports.

While the ICAV will conduct appropriate due diligence in the selection of counterparties, including consideration of the legal status, country of origin, credit rating and minimum credit rating (where relevant), it is noted that the Central Bank Rules do not prescribe any pre trade eligibility criteria for counterparties to a Fund's Securities Financing Transactions Counterparties to such transactions shall: (1) be entities regulated, approved, registered or supervised in their home jurisdiction; and (2) be located in an OECD Member State, which together will constitute the ICAV's criteria to select counterparties. Counterparties need not have a minimum credit rating. In accordance with the Credit Ratings Agencies Directive (2013/14/EU), the Investment Manager shall not solely or mechanically rely on credit ratings in determining the credit quality of an issuer or counterparty. However, where a counterparty is downgraded to A-2 or below (or comparable rating) this shall result in a new credit assessment being conducted of the counterparty without delay.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the ICAV. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. 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.

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.

Please refer to Schedule 3, entitled "**Risk Factors**" in respect of the risks related to Securities Financing Transactions. The risks arising from the use of Securities Financing Transactions shall be adequately captured in the ICAV's risk management process.

(e) Risk Management Process

The ICAV 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 and Securities Financing Transactions where appropriate. Any FDI not included in the risk management process will not be utilised until such time as the risk management process has been updated in accordance with the Central Bank's requirements. The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the

quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

(f) 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.

## 5.8 Collateral Policy

In the context of efficient portfolio management techniques, Securities Financing Transactions 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 ICAV's collateral policy outlined below.

(a) Collateral – received by a 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 ICAV'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 components set out in Regulation 24 paragraph (8) of the Central Bank Regulations.

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 (including the transfer of daily variation margins) and the requirements outlined in the Central Bank Rules.

All assets received by a Fund in the context of Securities Financing Transactions shall be considered as collateral and must comply with the terms of the ICAV's collateral policy.

Any non-cash assets received by the Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-custodian. Assets provided by the Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-custodian.

(i) Non-Cash Collateral

Collateral received from a counterparty for the benefit of a Fund may be in the form of cash or non-cash assets (taking the form of Transferable Securities and other eligible assets under the Central Bank Regulations such as Chinese equities traded on regulated markets in Hong Kong, the US and China) and must, at all times, meet with the specific criteria outlined in the Central Bank Regulations, as summarised below, in relation to (i) liquidity; (ii) valuation; (iii) issuer credit quality; (iv) correlation; (v) diversification (asset concentration); and (vi) immediate availability:

- (A) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations.
- (B) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts (as referred to below) are in place. Where appropriate, non-cash collateral held for the benefit of a Fund shall be valued in accordance with the valuation policies and principles applicable to the ICAV. Subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty will be valued daily at mark-to-market value. The rationale for the valuation methodology as described above is to ensure compliance with the requirements in the Central Bank Regulations.
- (C) Issuer credit quality: Collateral received should be of high quality.
- (D) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (E) Diversification (asset concentration): Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- (F) Immediate availability: Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- (G) Safe-keeping: Any non-cash assets received by a Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-depositary. Assets provided by a Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary.
- (H) Haircuts: 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 in accordance with the requirements of EMIR. EMIR does not require the application of a haircut for cash variation margin. Accordingly any haircut applied to cover currency risk will be as agreed with the relevant counterparty. 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 on-going 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 Schedule 1 to the Prospectus.

There are no restrictions on maturity provided the collateral is sufficiently liquid.

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

(ii) Cash collateral

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

- (A) deposits with Relevant Institutions;
- (B) high-quality government bonds;
- (C) 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;
- (D) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).
- (E) 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 Schedule 3 to this Prospectus (section entitled "**Risk Factors; Reinvestment of Cash Collateral Risk**") for more details.

(b) Collateral – posted by a Fund

Collateral posted to a counterparty by or on behalf of a Fund must be taken into account when calculating counterparty risk exposure other than where it is protected by client money rules or similar arrangements. 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.

Collateral posted to a counterparty by or on behalf of a Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any types of assets held by the Fund.

## 5.9 References 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 (which amended the Regulations), 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.

## 5.10 References to Benchmarks

Certain Funds may refer to indices within the Supplement of the relevant Funds. These indices may be referenced for various purposes including, but not limited to (i) operating as a reference benchmark which the Fund seeks to outperform; (ii) relative VaR measurement and (iii) calculating the performance fees. The particular purpose of the relevant index shall be clearly

disclosed in the relevant Supplement. Where an index is used for the purposes of (i) above this will not constitute use of an index within the meaning of Article 3 (1)(7)(e) of the Benchmark Regulation unless the relevant Supplement (in particular as part of its investment policy or strategy) defines constraints on the asset allocation of the portfolio in relation to the index (e.g. an investment restriction that the Fund must invest only in components of the index or must be partially invested in line with index composition). Other references to indices, including for example for the purposes of relative VaR measurement as outlined at (ii) above, may not constitute use of an index within the meaning of Article 3 (1)(7)(e) of the Benchmark Regulation. Shareholders should note that the ICAV and/or its distributors may from time to time refer to other indices in marketing literature or other communications purely for financial or risk comparison purposes. However, unless such indices are referred to as such in the Supplement of the Fund they are not formal benchmarks against which the Fund is managed.

Where relevant the ICAV shall put in place written plans, in accordance with Article 28(2) of the Benchmark Regulation, detailing the actions it will take in the event that any index it uses for any Fund in accordance with Article 3 (1)(7)(e) of the Benchmark Regulation materially changes or ceases to be provided. These written plans shall detail the steps the ICAV will take to nominate a suitable alternative index.

Any index used by a Fund in accordance with Article 3 (1)(7)(e) of the Benchmark Regulation shall be provided by an administrator either included in the register referred to in Article 36 of the Benchmark Regulation or availing of the transitional arrangements pursuant to Article 51 of the Benchmark Regulation.

#### 5.11 **Currency Hedged Classes**

A Fund may offer currency hedged Classes whereby the Fund shall enter into certain currency-related transactions in order to seek to hedge out currency risk. The presence of any currency hedged Classes, as well as details of any particular features, shall be clearly disclosed in the Supplement for the relevant Fund.

Unless otherwise disclosed in the relevant Supplement, this will involve a Class designated in a currency other than the Base Currency being hedged against (i) exchange rate fluctuation risks between the designated currency of the Class and the Base Currency of the relevant Fund; or (ii) exchange rate fluctuation risks between the designated currency of the Class and the other denominated currencies of the Fund's assets.

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.

Any financial instruments used to implement such currency hedging strategies with respect to one or more Classes shall be assets/liabilities of the Fund but will be attributable to the relevant Class(es) and the gains and losses (realised and unrealised) on, and the costs of the currency hedging transactions (including any administrative costs arising from additional risk management) 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. Please refer to Schedule 3 to this Prospectus (section entitled "**Risk Factors; Currency Hedging at Share Class Level Risk**") for more details.

Any additional risk introduced to the Fund through the use of currency hedging for a given Share Class should be mitigated and monitored appropriately. Accordingly, in accordance with the Central Bank Rules, the following operational provisions will apply to any currency hedging transactions:

- (i) Counterparty exposure should be managed in accordance with the limits in the UCITS Regulations and the Central Bank Rules.
- (ii) Over-hedged positions should not exceed 105 per cent. of the Net Asset Value of the relevant Class of Shares which is to be hedged against the currency risk.

- (iii) Under-hedged positions should not fall short of 95 per cent. of the portion of the Net Asset Value of the relevant Class which is to be hedged against currency risk.
- (iv) Hedged positions will be kept under review on an ongoing basis, at least at the same valuation frequency of the Fund, to ensure that over hedged or under hedged positions do not exceed/fall short of the permitted levels disclosed above.
- (v) Such review (referred to above) will incorporate a procedure to rebalance the hedging arrangements on a regular basis to ensure that positions materially in excess of 100% or under-hedged positions will not be carried forward from month to month.
- (vi) The currency exposures of different currency Classes may not be combined or offset and currency exposures of assets of the Fund may not be allocated to separate Share Classes.
- (vii) Notwithstanding the above, there can be no guarantee that the hedging techniques will be successful and, while not intended, this activity could result in over-hedged or under-hedged positions due to external factors outside the control of the ICAV. Further, these hedging techniques are designed to reduce a Shareholder's exposure to currency risk. The use of such class hedging techniques may therefore substantially limit holders of Shares in the relevant Classes from benefiting if the currency of that Class falls against that of the Base Currency of the relevant Fund and/or the currency in which the assets of the relevant Fund are denominated. Please refer to Schedule 3 to this Prospectus (section entitled "**Risk Factors; Currency Risk; Currency Hedging**") for more details.

#### 5.12 Foreign Exchange Arrangements

Where provided for in the Supplement, a Fund may enter into forward foreign exchange contracts in the context of its investment activity and/or for efficient portfolio management purposes and this may give rise to variation margin requirements under EMIR. However, it should be noted that the EMIR variation margin rules will not apply to foreign exchange contracts characterised as spot trades in accordance with Commission Delegated Regulation (EU) 2017/565. This includes foreign exchange contracts with up to T+5 settlement terms where the main purpose of the contract is in connection with the sale or purchase of investments by the Fund and this corresponds with the standard settlement period for such investments.

#### 5.13 Impact of EU Securitisation Rules

It is anticipated that, subject to certain exemptions and transitional provisions, the instruments held by a Fund may constitute Securitisation Positions within the scope of the Securitisation Regulation. In such cases, the Fund will be characterised as an "institutional investor" for the purposes of the Securitisation Regulation and as such shall be directly subject to obligations outlined in the Securitisation Regulation with respect to the relevant Securitisation Positions it holds/proposes to hold. This includes a range of specific due diligence measures that must be considered by the Manager in advance of a Fund holding a Securitisation Position. In particular, the Manager will be required to verify that the originator, sponsor or original lender of the Securitisation Position that the Fund proposes to hold is complying with the requirement to retain on an ongoing basis a material net economic interest in the relevant securitisation (the "**Risk Retention Requirement**"). Additionally, where the Fund is exposed to a Securitisation Position that no longer meets the requirements provided for in the Securitisation Regulation, the Manager or Investment Manager shall, in the best interests of the investors in the Fund, act and take corrective action, if appropriate.

It is noted that the Securitisation Regulation also imposes obligations directly on originators / sponsors / original lenders of Securitisation Positions established in the EU, including the applying the Risk Retention Requirement to those parties as a direct obligation – thereby aligning with the pre-investment verification obligation that will apply to the Fund as an institutional investor in such instruments. It should therefore be quite efficient in practice for the Fund to verify that the Risk Retention Requirement is being met. Conversely, in practice it may be more difficult for the Fund

to verify that the Risk Retention Requirement is being met for originators/sponsors/original lenders of Securitisation Positions established outside the EU. Indeed, there may be instances where instruments the Fund would seek to invest in, that are structured by parties established outside the EU, are not compliant with the Risk Retention Requirement (or other requirements of the Securitisation Regulation). This presents the risk that the universe of instruments the Fund may consider investing in may be narrower than would otherwise be the case.

#### **5.14 Dividend Policy**

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

Any dividends payable to Shareholders will be paid by electronic transfer to the relevant Shareholder's bank account of record on the initial Application Form at the expense of the payee. Any dividends paid which are not claimed or collected within six years of payment shall revert to and form part of the assets of the relevant Fund.

Any 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 ICAV.

#### **5.15 Publication of Net Asset Value per Share and Disclosure of Holdings**

The Net Asset Value per Share for each Class shall be made available on the internet at [www.brilliancecap.com](http://www.brilliancecap.com) or such other website as may be notified to Shareholders in advance from time to time and updated following each calculation of the Net Asset Value. In addition, the Net Asset Value per Share for each Class may be obtained from the office of the Administrator during normal business hours in Ireland. These Net Asset Values will be those prices applicable to the previous Dealing Day's subscriptions, redemptions and exchanges and are therefore only indicative after the relevant Dealing Day.

In addition to the information disclosed in the periodic reports of the ICAV, the ICAV may, from time to time, make available to investors portfolio holdings and portfolio-related information in respect of one or more of the Funds. Any such information will be available to all investors in the relevant Fund on request. Any such information will only be provided on a historical basis and after the relevant Dealing Day to which the information relates. Notwithstanding the fact that this will be historical information, an investor that has received such information may be in a more informed position regarding the relevant Fund than investors that have not received the information.

Notwithstanding any other provision contained in the Prospectus, nothing shall limit, prevent or restrict the ICAV from disclosing portfolio holdings information for the purposes of compliance with the laws and regulations of any relevant jurisdiction where shares of the ICAV are sold or disclosing such information to a court of a competent jurisdiction, upon request.

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

The ICAV operates a Subscriptions/Redemptions Account in the name of each Fund. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds 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 ICAV's cash flows in accordance with its obligations as prescribed under UCITS Directive. There nonetheless remains a risk for investors to the extent that monies are held by the ICAV in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the ICAV) 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 ICAV.

## **6 Management of the ICAV**

### **6.1 General**

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

### **6.2 Directors**

The address of the Directors is the registered office of the ICAV. The Directors, all of whom are non-executive directors of the ICAV, are:

#### **Kyong Choi**

Kyong Choi is a senior executive member of the Investment Manager and is responsible for various functions including but not limited to its business development, operations, trading, and information technology. Mr. Choi possesses over twenty years of work experience in the finance industry. Prior to joining the Investment Manager, he was with JPMorgan Chase for over ten years in New York and Hong Kong, his last role serving as JPMorgan's Head of Hong Kong Legal and Head of APAC Securities Services Legal. Mr. Choi holds a Juris Doctor degree from Columbia Law School, a Master of Science in Electrical Engineering from Stanford University, and a Bachelor of Science in Electrical Engineering from Carnegie Mellon University

#### **John Hamrock**

John Hamrock has extensive international experience in the corporate governance of traditional and alternative investment funds. He has been serving as an independent director for a range of Irish regulated investment funds since 2010. Previously, he was a Partner at Kinetic Partners where he focused primarily on assisting asset management firms in UCITS and AIFM compliance, corporate governance, and developing cross-border fund distribution strategies. He also served as a Designated Individual for global fund promoters in providing oversight and compliance monitoring for their UCITS fund boards based in Ireland. Previously, John had established and managed a consultancy business where he was responsible for advising fund promoters on European distribution and in developing sub-advisory relationships. He had also advised fund promoters in establishing funds and selecting service providers in Ireland, Luxembourg, and the Cayman Islands. He was previously based in Brussels where he managed the European Fund Distribution team of State Street Global Advisors. He was also responsible in developing their Exchange Traded Funds (ETF) business. He had previously worked in Boston with State Street Corporation as Head of its Offshore Fund Services Sales and Marketing teams. Formerly, John was responsible for establishing Federated International Management Limited, a UCITS management company in Dublin's IFSC. He served on the Irish Funds Industry Association's Legal and Regulatory Committee and on the Taoiseach's Financial Services Working Group Task Force. John holds an MBA in International Business and Industrial Development (with distinction) from the University of Ulster, a Certificate in Investment Planning from Boston University, and a Bachelor of Science in Business Administration from Suffolk University in Boston, Massachusetts. He is a member of the Irish Fund Directors Association since 2017. He is proficient in French and Spanish.

#### **Roddy Stafford**

Roddy Stafford is an independent director of a number of financial services companies, including UCITS funds and Non-UCITS qualifying investor funds. He is also a director and shareholder in Stafford Holdings Limited, whose wholly-owned subsidiaries include Lifestyle Sports, Campus Oil and Stafford Fuels Limited. Mr Stafford began his career in Arthur Cox, a Dublin commercial law firm, in the late 1990s. As a solicitor, he specialised in finance, funds and capital markets, advising numerous top tier investment banks. In 2004, he was seconded to the Fortis Funds Administration business to work as in-house legal counsel. Since 2005, Mr Stafford has dedicated

himself full time to the role of independent director. Mr Stafford is a member of the Law Society of Ireland and of the Irish Taxation Institute and he has been approved by the Central Bank to act as a director of investment funds.

### 6.3 **Manager**

The ICAV has appointed Maples Fund Management Ireland Limited as the Manager of the ICAV. Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the ICAV's affairs. The Manager is a private limited liability company, incorporated under registration number 496127 on 11 March 2011 under the laws of Ireland whose registered office is as specified in the directory.

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. The Manager has assumed the role of the *responsible person* for the ICAV. The Manager is responsible for the general management and administration of the ICAV's affairs and for ensuring compliance with the Regulations, including investment and reinvestment of each Fund's assets, having regard to the investment objective and policies of each Fund. However, pursuant to the Administration Agreement, the Manager has delegated certain of its administration and transfer agency functions in respect of each Fund to the Administrator. Pursuant to the Investment Management Agreement, the Manager has delegated certain investment management functions in respect of each Fund to the Investment Manager.

The directors of the Manager are:

**Declan McHugh (Ireland)** – Declan McHugh is the chief executive officer of the Manager. With nearly three decades experience in financial services in the areas of fund management, fund directorship, compliance, risk, finance and operations Mr. McHugh has gained valuable and broad experiences. Prior to joining Maples Fund Management Ireland Limited, Mr. McHugh spent seven years working for other AIFM & UCITS management companies as an executive director also holding various designated person roles. Mr. McHugh has been a fund director since 2014 sitting on ICAVs with combined assets in excess of €14bn predominately specialising in real estate, private equity and fund of funds. Previously Mr. McHugh spent two years as Head of Compliance & Risk for Kennedy Wilson Europe Ltd where he acted as a non-executive director to several regulated funds and associated SPV boards. Mr. McHugh has worked as a senior regulator with the Central Bank of Ireland in the Investment Firms & Fund Supervision Dept. Mr. McHugh has been involved in the establishment of several regulated firms and in addition to his core roles was heavily involved in establishing sales and distribution networks. Over the past ten years Mr. McHugh has worked continuously in the area of fund establishment and structuring including developing a network of EU distribution channels. Mr. McHugh is a Certified Public Accountant and holds a BA in Business Studies from the University of Ulster and is an Honorary Fellow of the Association of Compliance Officer in Ireland. Mr. McHugh is resident in Ireland.

**Christina McCarthy (Ireland)** – Christina McCarthy is the global head of fund administration at the Maples Group and a member of the executive management team. Ms. McCarthy has global oversight of both the operational units of the fund administration and transfer agency business functions, which forms part of a global AUA of US\$110bn. Ms. McCarthy is responsible for strategic planning, including development of operations and new business. She is also a member of the Maples Global Operating Committee, including the Maples Fund Services Project Prioritization Board. Ms McCarthy has been with the Maples Group since 2005 where she has held a number of positions, across both the fiduciary and fund administration businesses. Prior to joining Maples, Ms. McCarthy was a senior relationship manager at Fortis Prime Fund Solutions in the Cayman Islands and served multi-billion dollar asset managers in various structures and fund domiciles. Ms. McCarthy is a Fellow of the Institute of Chartered Accountants in Ireland having trained in the Financial Services division of KPMG. Ms. McCarthy is an active member of Maples Diversity and Inclusion Steering Group and a member of the Irish Chapter of 100 Women in Finance. She has successfully completed the Certified Investment Fund Director (CIFD) programme and strives to leverage her collective qualifications and experience to assist clients with their operational, investment and governance needs or challenges. She returned to Ireland in 2007 to lead the groups Irish fund administration business with responsibility for strategic

planning, operational governance and new business development. Ms. McCarthy is a member of the following professional institutes: Certified Investment Fund Directors Institute (CIFD), Institute of Directors in Ireland (IOD) and Chartered Accountants Ireland (FCA). Ms. McCarthy is also Executive Director of Maples Fund Services (Ireland) Limited and a non-executive Director of the Maples regulated administration and fiduciary business in Luxembourg.

**James Finn (Ireland)** - James Finn has more than three decades of experience in the asset management industry. Since his retirement from Russell Investments in 2014, Mr. Finn has been an independent director for asset management, fund administration and fund distribution firms in Ireland, the United Kingdom, and the Cayman Islands. His roles include acting as independent chairperson and organisational effectiveness director, and also as a member of several audit, investment, and nominating committees. From 1988 until his retirement in 2014, he held a number of roles for Russell in the United States and in Europe, including senior executive roles as the head of EMEA assurance functions (legal, compliance, risk, and internal audit), government relations, and product and marketing. His responsibilities included the development, servicing and distribution of investment products and services in multiple target markets and distribution channels (institutional, intermediary, and private bank channels) in the US, Europe, Africa, Asia and the Middle East. Prior to joining Russell, Mr. Finn was a securities lawyer in the United States focusing on mergers and acquisitions, re-capitalisations and other capital raising activities of banks and oil and gas companies. He holds a law degree from Southern Methodist University in Dallas, Texas, and is a member of the Washington State, American and International Bar Association, as well as of the UK's Institute of Directors.

**John O'Connell (Ireland)** - John O'Connell is an independent investment fund chairman and director. Mr. O'Connell has over thirty years' experience in the international funds industry. Mr. O'Connell has served as an executive director on the boards of investment funds and banks in Ireland, the United Kingdom and mainland Europe. Mr. O'Connell has run multibillion dollar portfolios across all global asset classes for an international client base and managed investment fund businesses operating across major European markets. In his current capacity as independent non-executive director Mr. O'Connell acts as chairman, audit committee member, investment committee chairman and director responsible for organisational effectiveness for a range of investment fund management companies. Having worked with a variety of fund promoters such as Citigroup, Bank of Tokyo and Irish Life (both as executive and non-executive director), he has a keen insight into the pressures and opportunities presented by the global funds industry. Mr. O'Connell is an honours economics graduate of Trinity College Dublin (M.A.), a Fellow of the Chartered Institute of Securities and Investment (FCSI) London and a Qualified Member (IoD.Dip) of the Institute of Directors.

**Mark Weir (Canada)** - Mark Weir is the deputy global head of fund services at the Maples Group and a member of firm's executive management team. Mr. Weir has specialist experience in providing operational, compliance and technology solutions to institutional investors, hedge funds and private asset funds across the US, Europe, Asia and the Middle East. Mr. Weir has oversight of the Maples Group's middle office services offering, anti-money laundering centre of excellence and Montreal based fund administration team portfolio accounting, performance analytics, risk analytics and regulatory solutions to hedge funds, private asset funds and institutional investors (family offices, OCIOs, pension plans, foundations and endowments). In addition, Mr. Weir has responsibility for the global business technology, data management and programme management office teams. Mr. Weir has authored several articles and has been asked to speak at various industry events on topics relating to institutionalising operations for various fund and investor types and how technology can support investment decision-making. Mr. Weir has been with the Maples Group since 2010 where he has held a number of positions across the fund services business. Mr. Weir previously held operational, technology and project management roles at Bank of Montreal (Montreal, Canada), Citi (Dublin, Ireland) and Investors Bank and Trust (Dublin, Ireland).

**Michael Páircéir (Ireland)** - Michael Páircéir has over 25 years of experience working for a number of management companies in various roles. He has served as management company director, ICAV director and chairman, designated person as well as company secretary to regulated firms. Previously, Mr. Páircéir worked at BNY Mellon as a legal entity risk director covering both the Administration and Depositary firms. Prior to this, he worked at Goodbody Fund

Management Limited as director and designated person for Fund Risk Management and designated person for operational risk and served as director on boards of ICAVs, including as chairman of two ICAVs with assets in excess of \$14bn. Mr. Páircéir also worked at Davy in various senior fund roles in both their investment management firm and with their management company. Mr. Páircéir began his career with AIB International Financial Services Limited and is a Fellow of Chartered Accountants Ireland and a graduate of Trinity College Dublin.

The Manager is a service provider to the ICAV and is not responsible for disclosures in this Prospectus, save for disclosure in respect of its obligations as a UCITS management company subject to the requirements of the Regulations.

#### 6.4 **Investment Manager**

The Manager has delegated portfolio management to the Investment Manager, Brilliance Asset Management Limited 才华资本管理有限公司, who is also the promoter of the ICAV. The Investment Managers was established in 2013, is based in Hong Kong and acts for a number of China-focused funds. The Investment Manager is licensed by the Hong Kong Securities and Futures Commission for carrying out Type 9 (Asset Management) regulated activities. The Investment Manager is also registered with the United States Securities and Exchange Commission as a registered investment advisor (under the Investment Advisors Act).

Under the terms of the Investment Management Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Manager, for managing the assets and investments of the ICAV in accordance with the investment objective and policies of each Fund.

The Investment Manager may delegate the discretionary investment management functions in respect of the assets of each or any Fund to a sub-investment manager in accordance with the Central Bank Rules. Where a sub-investment manager is appointed but not paid directly out of the assets of the relevant Fund, disclosure of such entity will be provided to the Shareholders on request and details thereof will be disclosed in the ICAV's periodic reports. Where a sub-investment manager is appointed and paid directly out of the assets of a Fund, this will be set out in the Supplement for the relevant Fund.

The Investment Manager may also appoint non-discretionary investment advisers, in each case in accordance with the Central Bank Rules. Where an investment adviser is paid directly out of the assets of the relevant Fund, details of such investment adviser, including details of fees shall be set out in this Prospectus or in the relevant Supplement.

Brilliance Asset Management Limited (才华资本管理有限公司) shall also act as distributor of Shares in each Fund with authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the Central Bank Rules.

#### 6.5 **Administrator**

The Manager, acting on behalf of the ICAV, has appointed Citco Fund Services (Ireland) Limited as administrator of the ICAV pursuant to the Administration Agreement with responsibility for the day to day administration of the ICAV's affairs. The responsibilities of the Administrator include share registration and transfer agency services, calculation of the ICAV's and each Fund's Net Asset Value and calculation of the Net Asset Value per Share and the preparation of the Funds' semi-annual and annual reports. The Administrator is a company incorporated with limited liability in Ireland on 13 March 1998 with registered number 282013 and is authorised by the Central Bank. Its registered office is as specified in the directory.

The Administrator's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

The Administrator is a service provider to the ICAV and is not responsible for the preparation of this Prospectus and, other than the information contained in this Prospectus with respect to the Administrator, accepts no responsibility for any information contained herein. The Administrator does not have any responsibility or authority to make investment decisions, nor render investment

advice, with respect to the assets of the ICAV and each Fund. The Administrator is not an auditor and does not provide any tax, accounting or auditing advice or assistance, nor is it a fiduciary to the Fund, the Investment Manager or the Fund's investors.

## 6.6 Depositary

The ICAV has appointed Northern Trust Fiduciary Services (Ireland) Limited as depositary of the ICAV pursuant to the Depositary Agreement with responsibility for acting as depositary and trustee of the assets of each Fund. 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.

The Depositary has been appointed as depositary of the ICAV's assets, subject to the overall supervision of the Directors. The Depositary Agreement provides that the appointment of the Depositary will continue unless and until terminated by the ICAV, the Manager or the Depositary giving to the other parties not less than 120 days' written notice, although in certain circumstances the Agreement may be terminated immediately by the ICAV, the Manager or the Depositary. However, the appointment of the Depositary shall continue in force until a replacement Depositary approved by the Central Bank has been appointed. In addition, if within a period of 120 days from the date on which the Depositary notifies the ICAV of its desire to retire or from the date on which the ICAV notifies the Depositary of its intention to remove the Depositary, no replacement Depositary shall have been appointed, the ICAV shall apply to the High Court for an order to wind up the ICAV or convene in an extraordinary general meeting of the Shareholders of the ICAV at which there shall be proposed an ordinary resolution to wind up the ICAV.

The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations, (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) the Depositary exercises due, skill, care and diligence in the selection, appointment and ongoing monitoring of any third party to which it delegates parts of its services. However, the liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the ICAV's financial instruments and cash.

The Depositary Agreement provides that the Depositary shall be liable (i) in respect of a loss of a financial 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 efforts to the contrary, and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

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

- (a) 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;
- (b) the Depositary shall verify the ICAV's ownership of all any assets (other than those referred to in (a) above) and maintain and keep up-to-date a record of such assets it is satisfied are owned by the ICAV;
- (c) the Depositary shall ensure effective and proper monitoring of the ICAV's cash flows;

- (d) the Depositary shall be responsible for certain oversight obligations in respect of the ICAV, so as to ensure, among other things, that:
- (i) the sale, issue, redemption and cancellation of Shares effected on behalf of the ICAV are carried out in accordance with the Regulations, the conditions imposed by the Central Bank and the Instrument of Incorporation;
  - (ii) the value of Shares is calculated in accordance with the Regulations and the Instrument of Incorporation;
  - (iii) in transactions involving the ICAV's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;
  - (iv) the ICAV and each Fund's income is applied in accordance with the Regulations and the Instrument of Incorporation;
  - (v) the instructions of the ICAV are carried out unless they conflict with the Regulations or the Instrument of Incorporation; and
  - (vi) it has enquired into the conduct of the ICAV in each Accounting Period and reports thereon to the Shareholders. The Depositary's report will be delivered to the ICAV in good time to enable the 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:
    - (A) in accordance with the limitations imposed on the investment and borrowing powers of the Fund imposed by the Instrument of Incorporation and/or the Central Bank under the powers granted to the Central Bank under the Regulations; and
    - (B) otherwise in accordance with the provisions of the Regulations and the Instrument of Incorporation.

If the ICAV has not complied with (A) or (B) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken to rectify the situation.

Duties and functions in relation to (c) and (d) above may not be delegated by the Depositary to a third party.

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

The ICAV shall make available to investors upon request, up-to-date information in respect of the identity of the Depositary, a description of any safe-keeping functions delegated by the Depositary, the list of the Depositary's delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

## 6.7 Auditor

Ernst and Young have been appointed to act as the Auditor for the ICAV. The responsibility of the Auditor is to audit and express an opinion on the financial statements of each Fund in accordance with Irish law and the applicable accounting standards. The Auditor opines on whether the financial statements give a true and fair view, in accordance with GAAP, of the state of the Fund's affairs and of its profit and cash flows for the year then ended and whether they have been properly prepared.

## 6.8 Paying Agents / Representatives / Distributors

Under the UCITS Directive, the ICAV (or a suitably qualified third party on its behalf) is required to make available certain facilities to investors in EEA jurisdictions where it markets its Shares (such as provision of information and documentation to investors). These facilities may be provided electronically online via a website and there is no requirement to be physically present in the jurisdiction to provide these services. The ICAV may also in appoint a local Paying Agent and/or other local representatives to provide investors with certain services (the role of the Paying Agent may entail, for example maintaining accounts through which subscription and redemption proceeds and dividends are paid) depending on local laws or requirements.

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 ICAV 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 ICAV 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.

Investors who do not themselves wish to be registered as Shareholders may use the services of a nominee. Where Shares are held through a nominee, those underlying investors who avail of the services of such nominee may be obliged to pay a fee directly to it in relation to the subscription, repurchase or conversion of Shares, details of which will be provided by the nominee. Regard must be had to the anti-money laundering requirements set out in the section entitled "**Share Dealings**".

## 6.9 **Secretary**

The secretary of the ICAV MFD Secretaries Limited.

## 7 **Conflicts of Interest**

### 7.1 **Conflicts of Interest**

The Directors, the Manager, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and shareholders, employees and agents (each a "**Connected Party**" for these purposes, collectively the "**Connected Parties**") are or may be involved in other financial, investment and professional activities (for example provision of securities lending agent services) which may on occasion cause a conflict of interest with the management of the ICAV and/or their respective roles with respect to the ICAV. These other activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the ICAV may invest. Each of the Connected Parties will use reasonable endeavours to ensure that any conflicts which may arise will be resolved fairly. The appointment of the Manager, the Investment Manager, Administrator and Depositary in their primary capacity as service providers to the ICAV are excluded from the scope of these Connected Party requirements.

The Investment Manager may advise or manage other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the Funds. Also, a conflict of interest may arise where the competent person valuing unlisted securities and/or OTC derivatives held by a Fund is the Investment Manager or a sub-investment manager or any other Connected Party. For example, because the Investment Manager's fees are calculated on the basis of a percentage of a Fund's Net Asset Value, such fees increase as the Net Asset Value of the Fund increases. When valuing securities owned or purchased by a Fund,

the Investment Manager (or any other Connected Party) will, at all times, have regard to its obligations to the ICAV and the Fund and will ensure that such conflicts are resolved fairly.

There is no prohibition on transactions with the ICAV, the Manager, the Investment Manager, the Administrator, the Depositary or entities related to the Investment Manager, the Administrator or the Depositary including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the ICAV and none of them shall have any obligation to account to the ICAV for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are in the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and

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

The Depositary (or in the case of a transaction involving the Depositary, the Manager) shall document how it complies with paragraphs (i), (ii) and (iii) above and where transactions are conducted in accordance with paragraph (iii), the Depositary (or in the case of a transaction involving the Depositary, the Manager), 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 ICAV 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 ICAV 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 ICAV and will treat the ICAV and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the ICAV than if the conflict or potential conflict had not existed. 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 ICAV 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 ICAV 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 ICAV.

## 7.2 **Directors' Interests**

None of the Directors has or has had any direct interest in the promotion of the ICAV or in any transaction effected by the ICAV which is unusual in its nature or conditions or is significant to the business of the ICAV up to the date of this Prospectus or in any contracts or arrangements of the ICAV subsisting at the date hereof other than –

Davis Law is an employee of the Investment Manager.

### 7.3 **Investment Manager Investment in Shares**

The Investment Manager or an associated company or key employee of the Investment Manager may invest in Shares of a Fund for general investment purposes or for other reasons including so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Investment Manager or its associated company or key employee may hold a high proportion of the Shares of a Fund or Class in issue. Any subsequent redemption of such investment by the Investment Manager or its associated company or key employee could have an adverse impact for the relevant Fund and its remaining investors as their proportionate share of fixed expenses could increase.

### 7.4 **Soft Commissions**

The Manager and/or the Investment Manager may effect transactions with or through the agency of another person with whom the Manager and/or the Investment Manager or an entity affiliated to the Manager and/or the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Manager and/or the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Manager and/or the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the ICAV. A report will be included in the relevant Fund's annual and semi-annual reports describing the Manager and/or the Investment Manager's soft commission practices. Where appropriate, any such arrangements will comply with the requirements of Article 11 of the MiFID II Delegated Directive.

### 7.5 **Common Counsel and Auditor**

Maples and Calder LLP is Irish counsel to the ICAV. Maples and Calder LLP may also act as counsel to the Investment Manager in matters not involving the ICAV, and may also represent promoter group and its affiliates. Consequently, certain conflicts of interest may arise. Prospective investors and Shareholders are advised to consult their own independent counsel (and not Maples and Calder LLP) with respect to the legal and tax implications of an investment in the Shares.

Ernst and Young has been appointed as the auditor for the ICAV. Ernst and Young may also act as the auditor to the Investment Manager in matters not involving the ICAV, and may also act as the auditor to promoter group and its affiliates. Consequently, certain conflicts of interest may arise.

### 7.6 **Other Conflicts**

Any other potential conflicts may be disclosed in the relevant Supplement.

## 8 **Share Dealings**

### 8.1 **Subscription for Shares**

#### (a) **General**

During the Initial Offer Period specified in the relevant Supplement, Shares shall be issued at the Initial Issue Price as specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share (plus any Preliminary Charge and duties and charges) on any Dealing Day.

#### (b) **Applications for Shares**

Applicants for Shares who have not previously subscribed for Shares in the ICAV must send a completed Investor Registration Form (including supporting documentation in relation to money laundering prevention checks) in original form, by electronic means or by fax to the Administrator at least 10 Business Days before the relevant Dealing Day, or

such other period as set out in the Investor Registration Form, to enable the Administrator to open an investor account for use by the applicant. The opening of an investor account is subject to compliance with all anti-money laundering procedures.

Following the submission of the Investor Registration Form, applications should be made using an Application Form obtained from the Administrator which may be submitted in original form, by electronic means or by fax.

In the case of Investor Registration Forms and Application Forms submitted by electronic means or by fax, it shall not be necessary for the Administrator to subsequently receive the original forms provided that the Directors are satisfied that the appropriate controls and procedures are in place to comply with applicable anti-money laundering legislation and to ensure that any risk of fraud associated with the processing of transactions based on such means are adequately mitigated. Any applications submitted by electronic means must be in a form and method agreed by the Manager and the Administrator.

Applications for Shares may be made through the Administrator or through a duly appointed distributor for onward transmission to the Administrator. Applications received by the Administrator or duly appointed distributor prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion, in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of written or electronic instructions and appropriate original documentation from the relevant Shareholder.

Applications will be irrevocable unless the Manager, or a delegate, otherwise agree.

The Investor Registration Form and the Application Form contains certain conditions regarding the application procedure for Shares in the ICAV and certain indemnities in favour of the ICAV, 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.

**APPLICATION FORMS WILL ONLY BE PROCESSED BY THE ADMINISTRATOR ONCE THE ADMINISTRATOR HAS OPENED AN INVESTOR ACCOUNT IN THE NAME OF THE APPLICANT. THE OPENING OF AN INVESTOR ACCOUNT IS SUBJECT TO COMPLIANCE WITH ALL ANTI-MONEY LAUNDERING PROCEDURES. WHERE AN APPLICATION FORM HAS BEEN SUBMITTED BY AN APPLICANT IN RESPECT OF A PARTICULAR DEALING DAY AND THE ADMINISTRATOR HAS NOT COMPLETED ITS VERIFICATION CHECKS OR OPENED AN INVESTOR ACCOUNT, THE APPLICATION FOR SHARES WILL BE HELD OVER TO THE NEXT AVAILABLE DEALING DAY FOLLOWING RECEIPT OF CONFIRMATION FROM THE ADMINISTRATOR THAT AN INVESTOR ACCOUNT HAS BEEN OPENED AND SUCH SHARES WILL THEN BE ISSUED AT NET ASSET VALUE PER SHARE APPLICABLE ON THAT DEALING DAY.**

(c) Fractions

Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.0001 of a Share. Subscription monies representing less than 0.0001 of a Share will be retained by the ICAV in order to defray administration costs.

(d) Method of Payment and Subscriptions/Redemptions Account

Subscription payments net of all bank charges should be paid by SWIFT or electronic transfer to the Subscriptions/Redemptions Account. Other methods of payment are subject to the prior approval of the Manager or their delegate.

No interest will be paid in respect of payments received in circumstances where the application is received in advance of a Dealing Day or held over until a subsequent Dealing Day.

Where the subscription monies are received into the Subscriptions/Redemptions Account from an investor in advance of Shares being issued (as will be the case in the context of a Fund which operates on a cleared funds basis), such subscription monies will be the property of the relevant Fund and accordingly an investor will be treated as a general unsecured creditor of the ICAV during the period between receipt of subscription monies into the Subscriptions/Redemptions Account and the issue of Shares.

(e) Currency of Payment

Subscription monies are payable in the denominated currency of the Share Class. However, the ICAV may accept payment in such other currencies as the Managers may agree at the prevailing exchange rate available to the Administrator. The cost and risk of converting currency will be borne by the investor.

In the case of Classes that are denominated in a currency other than the Base Currency and are not identified as hedged, a currency conversion will take place on subscription and also on redemptions, exchanges and distributions at prevailing exchange rates and the value of the Shares in the relevant Class will be subject to exchange rate risk in relation to the Base Currency. Please refer to Schedule 3 to this Prospectus (section entitled "**Risk Factors; Currency Risk**") for more details.

(f) Timing of Payment

Payment in respect of subscription must be received in cleared funds into the Subscriptions/Redemptions Account on or before the Settlement Date as outlined in the Supplement for the relevant Fund.

If payment in full in respect of the issue of Shares has not been received by the relevant time on the relevant 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 applicant may be charged interest together with an administration fee. In addition the Directors will have the right to sell all or part of the applicant's holdings of Shares in the Fund or any other Fund of the ICAV in order to meet those charges.

(g) Form of Shares and Confirmation of Ownership

Confirmation of each purchase of Shares will normally be sent to Shareholders within two (2) Business Days of the purchase being made. Shares shall be issued in registered form only and title to Shares will be evidenced by written confirmation of entry of the investor's name on the ICAV's register of Shareholders and no certificates will be issued.

(h) In Specie Subscriptions

The ICAV does not currently facilitate subscriptions in specie.

(i) Minimum Initial and Additional Investment Amount and Minimum Shareholding Requirements

The Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding of Shares of each Class of a Fund may vary and are set out in the Supplement for the relevant Fund. The Directors have delegated to the Investment Manager the right from time to time to waive any requirements relating to the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding as and when the Investment Manager determines at its reasonable discretion provided that any exercise of such discretion is subsequently notified to and ratified by the Directors.

(j) Restrictions on Subscriptions

The Directors may, in their sole discretion, reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will, subject to applicable law, be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's cost and risk.

The Directors may, in their sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares representing more than 5% of the Net Asset Value of a Fund. In such case, the Directors may postpone the application and, in consultation with the relevant investor, either require such investor to stagger the proposed application over an agreed period of time, or establish an Investment Account outside the structure of the ICAV in which to invest the investor's subscription monies. Such Investment Account will be used to acquire the Shares over a pre-agreed time schedule. The investor shall be liable for any transaction costs or reasonable expenses incurred in connection with operating and monitoring any such Investment Account. Any applicable Preliminary Charge will be deducted from the subscription monies before the investment of the subscription monies commences.

Shares may not be issued or sold by the ICAV during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "**Suspension of Calculation of Net Asset Value**" below.

(k) Anti-Dilution Levy

The Manager reserves the right to impose an Anti-Dilution Levy on a transaction basis in the case of net subscriptions on a given Dealing Day as a percentage adjustment (to be communicated to the Administrator and which shall include estimated explicit transaction costs (including brokerage fees, trading levies, taxes and settlement fees) and, where appropriate to the investment strategy of the Fund, implicit transaction costs (including bid-ask spread and market impact), estimated on a best effort basis) on the value of the relevant subscription calculated for the purposes of determining a subscription price to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund where they consider such a provision to be in the best interests of a Fund. The Anti-Dilution Levy will be added to the price at which Shares will be issued in the case of net subscription requests and will be paid into the account of the relevant Fund.

(l) Ownership Restrictions

Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction (for example, by reason of the ICAV becoming liable in the relevant jurisdiction of the Shareholder) or whose holding could, in the opinion of the Directors, cause the ICAV to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the ICAV, the Investment Manager, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in any Fund.

The Directors have power under the Instrument of Incorporation to compulsorily repurchase and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

While Shares will generally not be issued or transferred to any U.S. Person, the Directors may authorise the purchase by or transfer to a U.S. Person in their discretion. The Directors will seek reasonable assurances that such purchase or transfer does not violate United States securities laws, e.g., will not require the Shares to be registered under the United States Securities Act of 1933 or the ICAV or any Fund to be registered under the

United States Investment Company Act of 1940 or result in adverse tax consequences to the ICAV or to the non-U.S. Shareholders. Each investor who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

The ICAV may reject in their discretion any application for Shares by or any transfer of Shares to any persons whose holding would result in "**Benefit Plan Investors**" as defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") holding 25 per cent or more of the total value of any Fund or Class.

(m) Anti-Money Laundering and Counter Terrorist Financing Measures

The ICAV is regulated by the Central Bank, and must comply with the measures provided for in the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 (the "**CJA**") which are aimed towards the prevention and detection of money laundering and terrorist financing.

The CJA requires a detailed verification of the investor's identity including any persons purporting to act on the investor's behalf. This may include obtaining proof of address, source of funds, source of wealth or other additional information which may be requested from time to time, monitoring the business relationship on an on-going basis and where applicable, identifying and verifying the identity of the beneficial owner on a risk sensitive basis in order to comply with the obligations set out in the CJA. Politically exposed persons ("**PEPs**"), an individual who is or has, at anytime in the preceding year, been entrusted with prominent public functions, their immediate family members and/or persons known to be close associates of such persons, must also be identified and will be subject to enhanced due diligence measures in accordance with the CJA.

By way of example an individual may be required to produce an original certified copy of a passport or identification card together with evidence of his/her address such as two original copies of evidence of his/her address, i.e. utility bills or bank statements (not more than six months old). Date of birth and tax residence details may also need to be provided and verified.

In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), a certified copy of the corporate investor's authorised signatory list, the names, occupations, dates of birth and residential and business addresses of all directors.

The level of customer due diligence/verification documentation required will depend on the circumstances of each application following a risk based assessment of the applicant. For example, a detailed verification might not be required where the application is deemed low risk after consideration of a number of risk variables including jurisdiction, customer type and distribution channels. The ICAV will have regard to the relevant business risk assessment when determining the level of customer due diligence required under Sections 33 and 35 of the CJA.

Pursuant to Section 35 of the CJA, prior to establishing a business relationship with an applicant to which the European Union (Anti-Money Laundering: Beneficial Ownership of Trusts) Regulations 2021 apply, the ICAV is required to confirm that information concerning the beneficial ownership of the applicant has been entered in the relevant central beneficial ownership register that applies to the applicant.

The Administrator, on behalf of the ICAV, reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator, on behalf of the ICAV, may refuse to accept an application for Shares, for additional Shares or the redemption of Shares and may return all subscription money or compulsorily redeem such Shareholder's Shares and/or refuse or delay payment of redemption proceeds and none of the ICAV, the Directors, the Manager, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an

application for Shares or for the redemption of Shares is not processed or where Shares are compulsorily redeemed in such circumstances or payment of redemption proceeds is delayed or stopped.

Appropriate measures to verify an applicant's identity are required to take place before the establishment of the business relationship or as soon as practicable after initial contact is made with an applicant. For the avoidance of doubt, no payments will be made on non-verified accounts.

(n) Data Protection

Prospective investors should note that, by virtue of making an investment in the ICAV and the associated interactions with the ICAV and its affiliates and delegates (including completing the Application Form, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the ICAV with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the ICAV and its affiliates and delegates with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation. The ICAV shall act as a data controller in respect of this personal data and its affiliates and delegates, such as the Administrator, the Investment Manager and the Distributor, may act as data processors.

The ICAV has prepared a document outlining the ICAV's data protection obligations and the data protection rights of individuals under the Data Protection Legislation (the "**Privacy Notice**").

All new investors shall receive a copy of the Privacy Notice as part of the process to subscribe for Shares in the ICAV. The Privacy Notice contains information on the following matters in relation to data protection:

- (i) that investors will provide the ICAV with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation;
- (ii) a description of the purposes and legal bases for which the personal data may be used;
- (iii) details on the transmission of personal data, including (if applicable) to entities located outside the EEA;
- (iv) details of data protection measures taken by the ICAV;
- (v) an outline of the various data protection rights of individuals as data subjects under the Data Protection Legislation;
- (vi) information on the ICAV's policy for retention of personal data;
- (vii) contact details for further information on data protection matters.

Given the specific purposes for which the ICAV and its affiliates and delegates envisage using personal data, under the provisions of the Data Protection Legislation, it is not anticipated that individual consent will be required for such use. However, as outlined in the Privacy Notice, individuals have the right to object to the processing of their data where the ICAV has considered this to be necessary for the purposes of it's or a third party's legitimate interests.

(o) Sanctions

The ICAV is subject to laws that restrict it from dealing with entities, individuals, organisations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the ICAV will require each investor to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief, its beneficial owners, controllers or authorised persons ("Related Persons") (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the United Nations or pursuant to European Union ("EU") and/or United Kingdom ("UK") Regulations, (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, the EU, the UK or (iii) otherwise subject to sanctions imposed by the United Nations, the EU, the UK (collectively, a "Sanctions Subject").

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the ICAV may be required immediately and without notice to the subscriber to cease any further dealings with the investor and/or the investor's interest in the relevant Fund until the investor or the relevant Related Person (as applicable) ceases to be a Sanctions Subject, or a licence is obtained under the applicable law to continue such dealings (a "**Sanctioned Persons Event**"). The ICAV, the Directors, the Administrator, the Manager and the Investment Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses incurred by the investor as a result of the Sanctioned Persons Event.

In addition, should any investment made on behalf of a Fund subsequently become subject to applicable sanctions, the ICAV, the Manager or the Investment Manager may immediately and without notice to the subscriber cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings.

## 8.2 Repurchase of Shares

### (a) General

Shareholders may redeem their Shares on a Dealing Day at the Repurchase Price which shall be the Net Asset Value per Share, less any Repurchase Charge and any applicable duties and charges (save during any period when the calculation of the Net Asset Value is suspended). Please see the section entitled "**Suspension of Calculation of NAV**" herein for further information in this regard.

### (b) Repurchase Requests

Requests for the repurchase of Shares should be made to the Administrator on behalf of the ICAV or through a duly appointed distributor for onward transmission to the Administrator and may be submitted in original form, by electronic means or by fax and should include such information as may be specified from time to time by the Directors or their delegate. Requests for repurchase received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for repurchase received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such request(s) have been received prior to the Valuation Point for the particular Dealing Day.

The Minimum Repurchase Amount (if any) may vary according to the Fund or the Class of Share.

In the event of a Shareholder requesting a repurchase which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Shareholding, the ICAV may, if it thinks fit, repurchase the whole of the Shareholder's holding.

### (c) Method of Payment

The amount due on repurchase of Shares will be paid by electronic transfer only to the relevant Shareholder's account of record on the initial Application Form by the Settlement Date.

In no event shall Repurchase Proceeds be paid until such papers as may be required by the Directors have been received from the investor and all of the necessary anti-money laundering checks have been carried out, verified and received in original form.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of written instructions and appropriate original documentation from the relevant Shareholder.

(d) Currency of Payment

Shareholders will normally be repaid in the denominated currency of the relevant Class. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) at prevailing exchange rates on behalf of and for the account, risk and expense of the Shareholder.

In the case of Classes that are denominated in a currency other than the Base Currency and are not identified as hedged, a currency conversion will take place on repurchase at prevailing exchange rates. In the case of Classes of Shares denominated in a non-freely-convertible currency, Repurchase Proceeds may be paid in a freely-convertible currency if the currency of the Share Class is not available. The rate of exchange used to convert the currency from the Base Currency of the Fund shall be that prevailing at the time of conversion and available to the ICAV and the expenses of such conversion shall be borne by the Shareholder. Please refer to Schedule 3 to this Prospectus (section entitled "**Risk Factors; Currency Risk**") for more details.

(e) Timing of Payment and Subscriptions/Redemptions Account

Repurchase Proceeds will be paid by the Settlement Date and in accordance with the provisions specified in the relevant Supplement.

Investors should note that any redemption proceeds being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account shall remain an asset of the relevant Fund until such time as the proceeds are released to the investor. This would include, for example, cases where redemption proceeds are temporarily withheld pending the receipt of any outstanding identity verification documents as may be required by the ICAV or the Administrator – enhancing the need to address these issues promptly so that the proceeds may be released. It should also be noted that the investor shall have ceased being considered a Shareholder and instead will rank as a general unsecured creditor of the ICAV.

(f) Withdrawal of Repurchase Requests

Requests for repurchase may not be withdrawn save with the written consent of the Directors or their delegate.

(g) Deferred Repurchases

If the number of Shares to be repurchased on any Dealing Day equals at least one tenth or more of the total number of Shares of any Fund in issue on that Dealing Day and at least one tenth or more of the Net Asset Value of a Fund the Directors, in consultation with the Manager and the Investment Manager, may at their discretion refuse to repurchase any Shares in excess of one tenth of the total number of Shares in issue or one tenth of the Net Asset Value as aforesaid and, if they so refuse, the requests for repurchase on such Dealing Day shall be reduced pro rata and Shares which are not repurchased by reason of such refusal shall be treated as if a request for repurchase had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been repurchased. Repurchase requests which have been

carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with pro rata to later requests.

(h) In Specie Repurchases

The ICAV does not currently facilitate redemptions in specie.

(i) Anti-Dilution Levy

The Manager reserves the right to impose an Anti-Dilution Levy on a transaction basis in the case of net repurchases on a given Dealing Day as a percentage adjustment (to be communicated to the Administrator) and which shall include estimated explicit transaction costs (including brokerage fees, trading levies, taxes and settlement fees) and, where appropriate to the investment strategy of the Fund, implicit transaction costs (including bid-ask spread and market impact), estimated on a best effort basis, on the value of the relevant repurchase calculated for the purposes of determining a Repurchase Price to cover dealing costs and to preserve value of the underlying assets of the Fund where they consider such a provision to be in the best interests of a Fund. The Anti-Dilution Levy will be deducted from the price at which Shares will be repurchased in the case of net repurchase requests and will be paid into the account of the Fund.

(j) Compulsory Repurchase of Shares/Deduction of Tax

Shareholders are required to notify the ICAV and the Administrator immediately if they become U.S. Persons or persons who are otherwise subject to restrictions on ownership as set out in this Prospectus and such Shareholders may be required to sell or transfer their Shares. The ICAV may repurchase any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out in this Prospectus or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to the ICAV, the Shareholders as a whole or any Fund or Class. The ICAV may also repurchase any Shares held by any person who holds less than the Minimum Shareholding or who does not, within seven days of a request by or on behalf of the Directors, supply any information or declaration required under the terms hereof to be furnished (including, without limitation, the failure to provide such documentation as may be required by the ICAV to satisfy the ICAV as to the identity and verification of beneficial ownership in accordance with anti-money laundering and prevention of terrorism law applicable in Ireland and the failure to provide any declarations including declarations as to appropriate tax status of the transferee). The ICAV may apply the proceeds of such compulsory repurchase in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon.

When a repurchase request has been submitted by an investor which may result in a tax liability, the ICAV shall deduct from the Repurchase Proceeds an amount which is equal to the tax payable by the ICAV to the Irish Tax Authorities in respect of the relevant transaction. The attention of investors is drawn to the section of this Prospectus entitled "**Taxation**" and in particular the section headed "Irish Taxation" which details circumstances in which the ICAV shall be entitled to deduct from payments to Shareholders amounts in respect of any liability to Irish taxation including any penalties and interest thereon and/ or compulsorily repurchase Shares to discharge such liability. Relevant Shareholders will be required to indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

(k) Total Repurchase of Shares

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

- (i) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size or the Minimum Share Class Size (if any) determined by the Directors in respect of that Fund or Class and set out in the relevant Supplement; or
- (ii) on the giving by the ICAV of not less than twenty-one Clear Days' notice expiring on a Dealing Day to Shareholders of the relevant Fund or Class of its intention to repurchase such Shares; or
- (iii) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be repurchased.

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

Please refer also to section 10 for a summary of provisions in the Instrument of Incorporation in relation to the circumstances where a Fund may be terminated in relation to procedures for the winding up of the ICAV.

### 8.3 Exchange of Shares

#### (a) Exchanges

If provided for in the relevant Supplement, Shareholders will be able to apply to exchange on any Dealing Day all or part of their holding of Shares of any Class of any Fund (the "**Original Class**") for Shares of another Class which are being offered at that time (the "**New Class**") (such Class being of the same Fund or another Fund), provided that all the criteria for applying for Shares in the New Class have been met and that notice is given to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. The Manager may, following receipt of instructions from the Directors, in exceptional circumstances may agree to accept requests for exchange received after the relevant Dealing Deadline provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and repurchase of Shares will apply equally to exchanges, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

When requesting the exchange of Shares as an initial investment in a Fund, Shareholders should ensure that the value of the Shares exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class specified in the Supplement for the relevant Fund. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Shareholding for the Original Class.

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

$$SS = \frac{[RR \times (RRRR \times EERR)] - FF}{SSSS}$$

where:

- R = the number of Shares of the Original Class to be exchanged;
- S = the number of Shares of the New Class to be issued;
- RP = the Repurchase Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;

- ER = in the case of an exchange of Shares designated in the same Base Currency, the value of ER is 1. In any other case, the value of ER is the currency conversion factor determined by the Manager at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- SP = the subscription price per Share of the New Class as at the Valuation Point for the applicable Dealing Day; and
- F = the Exchange Charge (if any) payable on the exchange of Shares.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion S to R.

An Exchange Charge of up to 3 % of the Repurchase Price of the Shares being exchanged may be charged by the ICAV on the exchange of Shares. Details of any Exchange Charge will be set out in the relevant Supplement.

Exchange requests may not be withdrawn save with the written consent of the ICAV or its authorised agent.

(b) **Restrictions on Exchange**

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

The Directors may, at their discretion, refuse to effect an exchange request without giving any reason for such refusal. In addition, restrictions may apply on making exchanges between certain Classes as may be set out in the relevant Supplement(s).

**8.4 Transfers of Shares**

Shares are freely transferable and may be transferred in writing in a form approved by the Directors and signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferee and the transferor. Prior to the registration of any transfer, transferees, who are not existing Shareholders, must complete an Application Form and provide any other documentation (e.g. as to identity) reasonably required by the Directors or the Administrator.

Notwithstanding the foregoing, the Directors in their absolute discretion may decline to register transfers, as more particularly described in the Instrument of Incorporation.

In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the ICAV as having any title to or interest in the Shares registered in the names of such joint Shareholders.

**9 Valuation of Assets**

**9.1 Calculation of Net Asset Value**

The Net Asset Value of a Fund shall be expressed in the Base Currency (with regard to a specific Class, it may be expressed in its currency) and shall be calculated by ascertaining the value of the assets of the Fund and deducting from such value the liabilities of the Fund as at the Valuation Point for such Dealing Day.

In the event that the Shares of any Fund are further divided into Classes, the Net Asset Value per Class shall be determined by notionally allocating the Net Asset Value of the Fund amongst the Classes making such adjustments for subscriptions, redemptions, fees, dividend accumulation or

distribution of income and the expenses, liabilities or assets attributable to each such Class (including the profit and loss (realised and unrealised) on and the costs of the currency hedging transactions (including any administrative costs arising from additional risk management) will accrue solely to that Class) and any other factor differentiating the Classes determined by the Manager. The Net Asset Value of the Fund, as allocated between each Class, shall be divided by the number of Shares of the relevant Class which are in issue or deemed to be in issue and rounding the result mathematically to four decimal places as determined by the Manager or such other number of decimal places as may be determined by the Manager from time to time.

The Net Asset Value per Share of a Fund or Class will be calculated by dividing the Net Asset Value of the Fund or Class as appropriate by the number of Shares in the Fund or Class then in issue or deemed to be in issue as at the Valuation Point for such Dealing Day and rounding the result mathematically to four decimal places or such other number of decimal places as may be determined by the Manager from time to time.

The Instrument of Incorporation provides for the correct allocation of assets and liabilities amongst each Fund. The Instrument of Incorporation provides for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund. The assets and liabilities of a Fund will be valued at the Valuation Point as follows:

- (a) Assets listed or traded on a recognised exchange for which market quotations are readily available shall be valued at the last traded price. Where a security is listed or dealt in on more than one recognised exchange, the relevant exchange or market shall be the principal or main stock exchange or market on which the security is listed or dealt on or the exchange or market which the Manager determines provides the fairest criteria in determining a value for the relevant investment. Assets listed or traded on a recognised exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point provided that the Depositary shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (b) The value of any investment which is not quoted, listed or dealt in on a recognised exchange, or which is so quoted, listed or dealt but for which no such quotation or value is available, or the available quotation or value is not representative of the fair market value, shall be the probable realisation value as estimated with care and good faith by (i) the Manager or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Where reliable market quotations are not available for fixed income securities, the value of such securities may be determined using matrix methodology compiled by the Manager or competent person (as approved by the Depositary) whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) Cash (in hand or on deposit) will be valued at its nominal/ face value plus accrued interest or less debit interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Notwithstanding paragraph (a) above, units in collective investment schemes shall be valued at the latest available net asset value per unit or latest bid price as published by the relevant collective investment scheme or, if listed or traded on a recognised exchange, in accordance with paragraph (a) above.
- (e) Exchange-traded derivative instruments will be valued based on the settlement price as determined by the market where the instrument is traded. If such settlement price is not available, such value shall be calculated in accordance with paragraph (ii) above.
- (f) Notwithstanding the provisions of paragraphs (a) to (e) above:

- (A) The Manager or its delegate shall, at their discretion in relation to any particular Fund which is a short-term money market fund, have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the Investment Manager or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank.
- (B) Where it is not the intention or objective of the Manager to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
- (g) Notwithstanding the generality of the foregoing, the Manager may with the approval of the Depositary adjust the value of any investment if they consider that such adjustment is required to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant. The rationale for adjusting the value must be clearly documented.
- (h) If the Manager deems it necessary, a specific investment may be valued under an alternative method of valuation approved by the Depositary and the rationale/ methodologies used must be clearly documented.

The foregoing valuation principles are subject to any prevailing rules that may apply to how the ICAV is required to value particular instruments as may be contained in EMIR.

Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which the Manager or its delegate shall determine to be appropriate.

## 9.2 **Suspension of Calculation of Net Asset Value and Subscriptions / Redemptions**

The Directors may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and/or the subscription, redemption and exchange of Shares and the payment of Repurchase Proceeds:

- (a) during any period when any of the markets or stock exchanges on which a substantial portion of the assets of the relevant Fund are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the assets of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (c) during any breakdown in the means of communication normally employed in determining the price of a substantial portion of the assets of the relevant Fund, or when, for any other reason the current prices on any market or stock exchanges of any of the assets of the relevant Fund cannot be promptly and accurately ascertained; or
- (d) any period when, as a result of adverse market conditions, the payment of Repurchase Proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in the relevant Fund; or
- (e) any period (other than ordinary holiday or customary weekend closings) when any market or exchange which is the main market or exchange for a significant part of the instruments or positions is closed, or in which trading thereon is restricted or suspended; or

- (f) any period when proceeds of any sale or repurchase of the Shares cannot be transmitted to or from the account of the relevant Fund; or
- (g) any period in which the repurchase of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
- (h) during any period during which any transfer of funds involved in the realisation or acquisition of assets or payments due on the repurchase of Shares of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- (i) during any period when the Directors is unable to repatriate funds required for the purpose of making payments due on the repurchase of Shares in the relevant Fund; or
- (j) during any period when in the opinion of the Directors, such suspension is justified having regards to the best interests of the ICAV and/or the relevant Fund; or
- (k) following the circulation to Shareholders of a notice of a general meeting at which a resolution proposing to wind up the ICAV or terminate the relevant Fund is to be considered.

Any suspension, restriction or deferral implemented shall:

- (i) be applied fairly and proportionately across affected Shareholders and Classes, and be consistent with the ICAV's liquidity risk management framework and the requirements of the Instrument of Incorporation, this Prospectus and the Central Bank; and
- (ii) be lifted promptly upon the cessation, withdrawal or expiry of the relevant direction or requirement, or earlier where permitted and where the Directors, in consultation with the Manager and the Investment Manager, determines that the circumstances justifying such suspension, restriction or deferral no longer prevail.

In exceptional circumstances and in the interest of Shareholders, the Central Bank may require the ICAV to temporarily suspend the calculation of the Net Asset Value of any Fund and/or the subscription, redemption and exchange of Shares and the payment of Repurchase Proceeds, where there are risks to investor protection or financial stability that, on a reasonable and balanced view, necessitate such suspension.

Shareholders who have requested subscriptions or redemptions of Shares of any Class in any Fund or exchanges of Shares of one Class in any Fund to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified immediately (without delay) on the same Business Day to the Central Bank. Details of any such suspension will also be notified to all Shareholders if, in the opinion of the Directors, it is likely to exceed 14 days.

## **10 Fees and Expenses**

The ICAV may pay out of the assets of each Fund the fees and expenses as described below.

### **10.1 Manager's Fees**

The Manager shall be paid a fee out of the assets of the ICAV on behalf of each Fund, calculated and accrued daily and payable quarterly in arrears (at the rates set out below) out of the Net Asset Value of each Fund plus VAT, if any, thereon subject to a minimum annual fee in respect of each Fund of EUR65,000.

Where the assets under management of a Fund are under EUR150 million a fee of 5 basis points will be charged, where the assets under management are between EUR150 million and EUR300 million a fee of 4 basis points will be charged and where the assets under management exceed EUR300 million a fee of 3 basis points will be charged.

The Manager shall also be entitled to its reasonable out of pocket fees and expenses payable out of the assets of the relevant Fund. The maximum annual fee charged by the Manager shall not be increased without approval on the basis of a majority of votes cast at a general meeting of Shareholders of the relevant Fund. If the annual fee is increased a reasonable notification period will be provided to Shareholders to enable them to redeem their Shares prior to the implementation of the increase.

## 10.2 **Investment Management Fees**

The Investment Manager shall be entitled to receive from the ICAV a fee in relation to each Fund or Class as specified in the relevant Supplement. The Investment Manager may be paid different fees for investment management in respect of individual Classes as disclosed in the relevant Supplement which may be higher or lower than the fees applicable to other Classes. Unless otherwise specified in the relevant Supplement, the Investment Management Fee is payable by the ICAV monthly in arrears. The Investment Management Fee will be calculated and accrued daily.

The Investment Manager may also be entitled to receive a performance fee, the details of which shall be specified in the relevant Supplement. Performance fees payable to the Investment Manager shall be calculated and accrued daily and shall be payable in arrears following the end of each Performance Period. The calculation of any performance fee must be verified by the Depositary.

The Investment Manager may from time to time, at its sole discretion and out of its own resources, decide to rebate to Shareholders part or all of its Investment Management Fee and/or performance fee. Any such rebates may be applied by issuing additional Shares to Shareholders or in cash.

The Investment Manager shall also be entitled to be repaid out of the assets of the relevant Fund for all of its reasonable out-of-pocket expenses incurred on behalf of the relevant Fund.

Details of any fees payable out of the assets of any Fund to a duly appointed sub-investment manager will be disclosed in the relevant Supplement.

## 10.3 **Distributor's Fees**

The Distributor shall be entitled to receive from the ICAV a fee in relation to each Fund or Class as specified in the relevant Supplement. Unless otherwise specified in the relevant Supplement, the Distributor's fee is payable by the ICAV monthly in arrears. The Distributor's fee will be calculated and accrued daily. Fees payable to any Sub-Distributor may be paid out of the Distributor's fees and will be paid at normal commercial rates.

## 10.4 **Administrator's and Depositary's Fees**

The Administrator shall be paid an annual fee out of the assets of the ICAV on behalf of each Fund, calculated and accrued at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 9 basis points per annum of the Net Asset Value of each Fund plus VAT, if any, thereon subject to a minimum monthly fee in respect of each Fund of USD10,000.

The Administrator shall also be entitled to be repaid out of the assets of the ICAV all of its reasonable out-of-pocket expenses incurred on behalf of the ICAV. Each Fund will bear its proportion of the expenses of the Administrator.

The Depositary shall be paid an annual fee out of the assets of the ICAV on behalf of each Fund, calculated and accrued daily and payable monthly in arrears which shall not exceed 0.045% of the Net Asset Value per annum of each Fund plus VAT, if any, thereon, subject to a minimum annual fee in respect of each Fund of USD72,000.

The Depositary shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including all custody fees, sub-custodian fees, expenses and transaction charges which shall be at normal commercial rates together with VAT, if any, thereon. Each Fund will bear its proportion of the fees and expenses of the Depositary.

## 10.5 **Directors' Fees**

Unless and until otherwise determined from time to time by the ICAV in a general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors and disclosed in the annual report of the ICAV. At the date of this Prospectus, the maximum fee per Director shall be €20,000 plus VAT, if any, per annum. Directors who are employees of the Investment Manager shall not be entitled to a fee.

All Directors will be entitled to reimbursement by the ICAV of expenses properly incurred in connection with the business of the ICAV or the discharge of their duties. Directors' fees shall be payable semi-annually in arrears and shall be apportioned equally among the Funds, unless disclosed otherwise.

## 10.6 **Paying Agent Fees**

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

## 10.7 **Establishment Expenses**

The cost of the establishment, organisation and authorisation of the ICAV and the initial Fund(s) including the fees of the ICAV's professional advisers (including legal, accounting, tax, regulatory, compliance, fiduciary and other professional advisers), were approximately €65,000 and have been discharged.

The cost of establishing each new Fund will be set out in the relevant Supplement and amortised over the first five years of such Fund's operation or such other period as the Directors may determine. The cost of establishing any subsequent Fund will be charged to the relevant Fund.

## 10.8 **Operating Expenses and Fees**

The ICAV and/or each Fund and, where expenses or liabilities are attributable specifically to a Class, such Class shall bear the following expenses and liabilities or, where appropriate, its pro rata share thereof subject to adjustment to take account of expenses and/or liabilities attributable to one or more Classes:

- (a) all fees and expenses payable to or incurred by the Administrator, the Depositary, the Investment Manager, the Secretary, any sub-investment manager, adviser, Distributor, Sub-Distributor(s), dealer, Paying Agent or local representatives (which will be at normal commercial rates), sub-custodian (which will be at normal commercial rates), money laundering reporting officer, correspondent bank, fiscal representative or other supplier of services to the ICAV appointed by or on behalf of the ICAV or with respect to any Fund or Class and their respective delegates;
- (b) all duties, taxes or government charges which may be payable on the assets, income or expenses of the ICAV;
- (c) all brokerage fees, bank fees, charges and commissions incurred by or on behalf of the ICAV in the course of its business and any payments to a research payment account in accordance with Article 13 of the MiFID II Delegated Directive;
- (d) all regulatory and compliance consultancy fees, fiduciary services fees and other professional advisory fees incurred by the ICAV or by or on behalf of its delegates;
- (e) all transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale, purchase or transfer of Shares or the purchase or sale or proposed purchase or sale of assets or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation, but not including commission payable on the issue and/or repurchase of Shares;

- (f) all expenses incurred in connection with the operation and management of the ICAV, including, without limitation to the generality of the foregoing, all Directors' fees and expenses, all costs incurred in organising Directors' meetings and in obtaining proxies in relation to such meetings, all insurance premiums including any policy in respect of directors' and officers' liability insurance cover and association membership dues and all non-recurring and extraordinary items of expenditure as may arise;
- (g) the remuneration, commissions and expenses incurred or payable in the marketing, promotion and distribution of Shares including without limitation commissions payable to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in the ICAV and the costs and expenses of preparation and distribution of all marketing material and advertisements;
- (h) all fees and expenses connected with the preparation, publication and supply of information to Shareholders and the public including, without limitation, the cost of preparing, translating, printing, distributing the Prospectus and any addenda or supplements, KIID and any periodic updates thereof, marketing literature, any report to the Central Bank or any other regulatory authority, the annual audited report and any other periodic reports and the calculation, publication and circulation of the Net Asset Value per Share, certificates, confirmations of ownership and of any notices given to Shareholders in whatever manner;
- (i) all fees and expenses incurred in connection with the convening and holding of Shareholders' meetings;
- (j) all fees and expenses incurred or payable in registering and maintaining a Fund or Class registered with any and all government agencies and/or regulatory authority and/or rating agencies, clearance and/or settlement systems and/ or any exchanges in any various countries and jurisdictions including, but not limited to, filing and translation expenses;
- (k) if applicable for any Fund or Class, all fees and expenses incurred or payable in listing and in maintaining or complying with the requirements for the listing of the Shares on the Irish Stock Exchange (or other exchange to which Shares may be admitted);
- (l) all legal and other professional fees and expenses incurred by the ICAV or by or on behalf of its delegates in any actions taken or proceedings instituted or defended to enforce, protect, safeguard, defend or recover the rights or property of the ICAV;
- (m) all other liabilities and contingent liabilities of the ICAV of whatsoever kind and all fees and expenses incurred in connection with the ICAV's operation and management including, without limitation, interest on borrowings, all secretarial expenses and all regulatory fees;
- (n) all fees and expenses of the Auditors, tax, legal and other professional advisers and any valuer or other supplier of services to the ICAV;
- (o) the costs of any amalgamation or restructuring of the ICAV or any Fund;
- (p) the costs of carrying out any risk analysis associated with the ICAV or any Fund including calculating the SRRI, stress tests and VaR testing on an ongoing basis;
- (q) the costs of liquidation or winding up the ICAV or terminating any Fund; and
- (r) all other fees and all expenses incurred in connection with the ICAV's operation and management;
- (s) in each case together with any applicable value added tax.

- (t) Any such expenses may be deferred and amortised by the ICAV in accordance with standard accounting practice, at the discretion of the Manager and any such deferral of fees shall not be carried forward to subsequent accounting periods. An estimated accrual for operating expenses of the ICAV will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the ICAV shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class.
- (u) Where an expense is not considered by the Manager to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Manager deems fair and equitable.

#### **10.9 Entry/Exit Charges**

- (a) **Preliminary Charge**  
Shareholders may be subject to a Preliminary Charge of up to a maximum of 5 % of subscription monies, as specified in the relevant Supplement.
- (b) **Repurchase Charge**  
Shareholders may be subject to a Repurchase Charge up to a maximum of 3 % of repurchase monies, as specified in the relevant Supplement and as more particularly described section 1.10 of this Prospectus.
- (c) **Exchange Charge**  
Shareholders may be subject to an Exchange Charge on the exchange of any Shares up to a maximum of 3 % of the Net Asset Value of the Shares in the original Fund, as specified in the relevant Supplement.
- (d) **Anti-Dilution Levy**  
The Manager reserves the right to impose an Anti-Dilution Levy in the case of net subscriptions and/or net redemptions on a transaction basis as more particularly described in section 8.1(k) and 8.2(i) of this Prospectus.

#### **10.10 Extraordinary Expenses**

The ICAV shall be liable for Extraordinary Expenses including, without limitation, expenses relating to litigation costs and any tax, levy, duty or similar charge imposed on the ICAV or its assets that would otherwise not qualify as ordinary expenses. Extraordinary Expenses are accounted for on a cash basis and are paid when incurred or invoiced on the basis of the Net Asset Value of each Fund to which they are attributable. Extraordinary Expenses are allocated across each Class of Shares on a pro- rata basis.

#### **10.11 Fees and Expenses out of Capital**

Where disclosed in the relevant Supplement, a Fund may charge all or part of its fees and expenses to the capital at Fund or Share Class level. This will have the effect of lowering the capital value of your investment.

### **11 Taxation**

An Irish authorised UCITS is not subject to any Irish taxation on its income or gains. No withholding tax is applied on dividend or redemption payments to non-Irish investors or certain Irish resident exempted investors.

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of shares in a UCITS and no subscription taxes are levied by the Irish Tax Authorities on the assets of a UCITS.

## General

The following statements on taxation are with regard to the law and practice in force in Ireland at the date of this document and do not constitute legal or tax advice to Shareholders or prospective Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time that an investment in the ICAV is made will endure indefinitely, as the basis for and rates of taxation can fluctuate.

Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and repurchase of, Shares in the places of their citizenship, residence and domicile.

The Directors recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the ICAV and any investment returns from those Shares.

## Ireland

### (a) Taxation of the ICAV

The Directors have been advised that the ICAV is an investment undertaking within the meaning of section 739B TCA and therefore is not chargeable to Irish tax on its relevant income or relevant gains so long as the ICAV is resident for tax purposes in Ireland. The ICAV will be resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland. It is intended that the Directors of the ICAV will conduct the affairs of the ICAV in a manner that will allow for this.

Notwithstanding the above, a charge to tax may arise for the ICAV, in respect of the Shareholders, on the happening of a "**Chargeable Event**" in the ICAV.

A Chargeable Event includes:

- (i) any payment to a Shareholder by the ICAV in respect of their Shares;
- (ii) any transfer, cancellation, redemption or repurchase of Shares; and
- (iii) any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "**Deemed Disposal**").

A "relevant period" is a period of 8 years beginning with the acquisition of Shares by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

A Chargeable Event does not include:

- (i) any transaction in relation to Shares held in a recognised clearing system;
- (ii) any exchange by a Shareholder effected by way of a bargain made at arm's length by the ICAV, of Shares in the ICAV for other Shares in the ICAV;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;
- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another Irish investment undertaking; or
- (v) the cancellation of Shares in the ICAV arising from an exchange in relation to a scheme of amalgamation (as defined in Section 739HA of the TCA).

On the happening of a Chargeable Event, the ICAV shall be entitled to deduct the appropriate amount of tax on any payment made to a Shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the ICAV to the Shareholder, the ICAV may appropriate or cancel the required number of Shares to meet the tax liability.

Where the Chargeable Event is a Deemed Disposal and the value of Shares held by Irish Resident Shareholders in the ICAV is less than 10% of the total value of Shares in the ICAV (or a Fund) and the ICAV has made an election to the Irish Tax Authorities to report annually certain details for each Irish Resident Shareholder, the ICAV will not be required to deduct the appropriate tax and each Irish Resident Shareholder (and not the ICAV) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the ICAV or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of the Shares, a refund of any unutilised credit will be payable.

(b) Taxation of Shareholders

Non-Irish Resident Shareholders

Non-Irish Resident Shareholders will not be chargeable to Irish tax on the happening of a Chargeable Event provided that either:

- (i) the ICAV is in possession of a completed Relevant Declaration to the effect that the Shareholder is not an Irish Resident, or
- (ii) the ICAV is in possession of written notice of approval from the Irish Tax Authorities to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn by the Irish Tax Authorities.

If the ICAV is not in possession of a Relevant Declaration or the ICAV is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the ICAV must deduct tax on the happening of a Chargeable Event in relation to such Shareholder. The tax deducted will generally not be refunded.

Intermediaries acting on behalf of non-Irish Resident Shareholders can claim the same exemption on behalf of the Shareholders for whom they are acting. The intermediary must complete a Relevant Declaration that it is acting on behalf of a non-Irish Resident Shareholder.

A non-Irish Resident corporate Shareholder which holds Shares directly or indirectly by or for a trading branch or agency of the Shareholder in Ireland, will be liable for Irish corporation tax on income from the Shares or gains made on the disposal of the Shares.

*Exempt Irish Shareholders*

The ICAV is not required to deduct tax in respect of an Exempt Irish Shareholder so long as the ICAV is in possession of a completed Relevant Declaration from those persons and the ICAV has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Shareholder must notify the ICAV if it ceases to be an Exempt Irish Shareholder. Exempt Irish Shareholders in respect of whom the ICAV is not in possession of a Relevant Declaration will be treated by the ICAV as if they are not Exempt Irish Shareholders.

While the ICAV is not required to deduct tax in respect of Exempt Irish Shareholders, those Shareholders may themselves be liable to Irish tax on their income, profits and gains in relation to any sale, transfer, repurchase, redemption or cancellation of Shares or dividends or distributions or other payments in respect of their Shares depending on their circumstances. It is the obligation of the Exempt Irish Shareholder to account for such tax to the Irish Tax Authorities.

*Irish-Resident Shareholders*

Irish Resident Shareholders (who are not Exempt Irish Shareholders) will be liable to tax on the happening of a Chargeable Event. Tax at the rate of 38% will be deducted by the ICAV on payments made to the Shareholder in relation to the Shares or on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Shares or the making of any other payment in respect of the Shares.

An Irish Resident Shareholder who is not a company and is not an Exempt Irish Shareholder will not be liable to any further income or capital gains tax in respect of any sale, transfer, Deemed Disposal, cancellation, redemption or repurchase, of Shares or the making of any other payment in respect of their Shares.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is not taxable as trading income under Schedule D Case I, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted. The rate of tax applicable to a Chargeable Event in respect of any Irish tax resident corporate investor in this instance is 25% provided the corporate investor has made a declaration to the ICAV including its Irish tax reference number.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) the amount received by the Shareholder is increased by any amount of tax deducted by the ICAV and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (ii) where the payment is made on the sale, transfer, Deemed Disposal, cancellation, redemption or repurchase of Shares, such income will be reduced by the amount of consideration in money or money's worth given by the Shareholder for the acquisition of those Shares; and
- (iii) the amount of tax deducted by the ICAV will be set off against the Irish corporation tax assessable on the Shareholder in respect of the chargeable period in which the payment is made.

#### *Personal Portfolio Investment Undertaking*

An investment undertaking will be considered to be a personal portfolio investment undertaking (PPIU) in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA TCA.

#### *Currency Gains*

Where a currency gain is made by an Irish Resident Shareholder on the disposal of Shares, that Shareholder may be liable to capital gains tax in respect of any chargeable gain made on the disposal.

#### *Stamp Duty*

On the basis that the ICAV qualifies as an investment undertaking within the meaning of section 739B TCA, no Irish stamp duty will be payable on the subscription, transfer or repurchase of Shares. The stamp duty implications for subscriptions for Shares or transfer or repurchase of Shares in specie should be considered on a case by case basis (noting the ICAV does not currently support dealings in specie).

#### *Capital Acquisitions Tax*

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

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

#### *Certain Irish Tax Definitions*

**Residence – Company** (which includes any body corporate, including an ICAV)

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

#### *Residence – Individual*

The Irish tax year operates on a calendar year basis.

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

- (i) spends 183 days or more in Ireland in that tax year; or
- (ii) has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding tax year.

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

#### *Ordinary Residence – Individual*

The term "ordinary residence" as distinct from "residence", relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which that individual is not resident in Ireland. Thus, an individual who is resident and ordinarily resident in Ireland in 2026 will remain ordinarily resident in Ireland until the end of the tax year 2029.

#### *Intermediary*

means a person who:

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

#### **Other Tax Matters**

The income and capital gains received by the ICAV from securities issued in countries other than Ireland, or assets located in countries other than Ireland, may be subject to taxes including withholding tax in the countries where such income and gains arise. The ICAV may not be able to benefit from reduced rates of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries. The Directors

will have sole discretion as to whether the ICAV will apply for such benefits and may decide not to apply for such benefits if they determine that it may be administratively burdensome, cost prohibitive or otherwise impractical.

In the event that the ICAV receives any repayment of withholding tax suffered, the Net Asset Value of the ICAV will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of repayment.

### **Automatic Exchange of Information**

The ICAV is obliged, pursuant to the IGA, Council Directive 2011/16/EU, section 891E, section 891F and section 891G of the TCA and regulations made pursuant to those sections, to collect certain information about its investors.

The ICAV will be required to provide certain information to the Irish Tax Authorities in relation to the investors (including information in respect of the investor's tax residence status) and also in relation to accounts held by investors. For further information on FATCA or CRS please refer to the website of the Irish Tax Authorities at [www.revenue.ie/en/business/aeoi/index.html](http://www.revenue.ie/en/business/aeoi/index.html).

Further detail in respect of FATCA and CRS is set out below.

#### **FATCA Implementation in Ireland**

On 21 December 2012, the governments of Ireland and the U.S. signed the IGA.

The IGA significantly increases the amount of tax information automatically exchanged between Ireland and the U.S. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish Residents. The ICAV will be subject to these rules. Complying with such requirements will require the ICAV to request and obtain certain information and documentation from its Shareholders, other account holders and (where applicable) the beneficial owners of its Shareholders and to provide any information and documentation indicating direct or indirect ownership by U.S. Persons to the competent authorities in Ireland. Shareholders and other account holders will be required to comply with these requirements, and non-complying Shareholders may be subject to compulsory redemption and/ or U.S. withholding tax of 30% on withholdable payments and/or other monetary penalties.

The IGA provides that Irish financial institutions will report to the Irish Tax Authorities in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the IRS in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis.

The ICAV (and/or any of its duly appointed agents) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the ICAV may have as a result of the IGA or any legislation promulgated in connection with the IGA and Shareholders will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the ICAV or any other person to the relevant tax authorities.

#### **OECD Common Reporting Standard**

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the CRS Regulations.

CRS is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

Ireland and a number of other jurisdictions have entered or will enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. The ICAV is required to provide certain information to the Irish Tax Authorities about investors resident or established in jurisdictions which are party to CRS arrangements.

The ICAV, or a person appointed by the ICAV, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where applicable) will request information in relation to the beneficial owners of any such account holders. The ICAV, or a person appointed by the ICAV, will report the information required to the Irish Tax Authorities by 30 June in the year following the year of assessment for which a return is due. The Irish Tax Authorities will share the appropriate information with the relevant tax authorities in participating jurisdictions.

#### *DAC6 – Disclosure requirements for reportable cross-border tax arrangements*

On 25 June 2018, Council Directive (EU) 2018/822 ("DAC6") introduced rules regarding the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

DAC6 imposes mandatory reporting requirements on EU-based intermediaries who design, market, organise, make available for implementation or manage the implementation of potentially aggressive cross-border tax-planning schemes. It also covers persons who provide aid, assistance or advice in relation to potentially aggressive cross-border tax-planning schemes, where they can be reasonably expected to know that they have performed that function. If the intermediary is located outside the EU or is bound by legal professional privilege, the obligation to report may pass to the taxpayer.

DAC6 was required to be transposed by each EU member state by the end of 2019 with the measures being in effect since 1 July 2020. In addition, arrangements implemented between 25 June 2018 and 30 June 2020 were also subject to the reporting requirements. Intermediaries and/or taxpayers are required to report any reportable cross-border arrangements within 30 days from the earliest of:

- (a) The day after the arrangement is made available for implementation;
- (b) The day after the arrangement is ready for implementation; or
- (c) When the first step in the implementation of the arrangement was taken.

The transactions contemplated under the Prospectus may fall within the scope of mandatory disclosure rules under DAC6 or equivalent local law provisions and thus may qualify as reportable cross-border arrangements within the meaning of such provisions. If that were the case, any person that falls within the definition of an "intermediary" with respect to the ICAV may have to report certain transactions entered into by the ICAV to the relevant EU tax authority.

#### **Measures on Global Minimum Level of Taxation**

One of the BEPS actions relates to the Global Anti-Base Erosion Model Rules which are aimed at ensuring that Multinational Enterprises ("**MNEs**") will be subject to a global minimum 15% tax rate from 2023 ("**GloBE Rules**"). In December 2022, the Council of the European Union adopted a directive to implement the GloBE Rules in the EU (the "**Minimum Tax Directive**"). The Minimum Tax Directive introduces a minimum effective tax rate of 15% for MNE groups and large-scale domestic groups which have annual consolidated revenues of at least €750 million, operating in the EU's internal market and beyond.

The Minimum Tax Directive is required to be implemented by all EU Member States. It contains an income inclusion rule (the "**IIR**") and an undertaxed profit rule (the "**UTPR**"). The IIR works by imposing a top-up tax on a parent entity, or intermediate parent entity, in respect of the low-taxed income of group entities. The UTPR acts as a backstop to the IIR and applies in situations where the parent does not apply an IIR, or where a low level of taxation arises in the jurisdiction of the parent. The directive allows Member States to impose a domestic top-up tax (a "**QDTP**") if the effective tax rate of an in-scope entity or group in that jurisdiction is under 15%. This is intended to allow the jurisdiction where the entity or group is based, to charge and collect additional tax, instead of allowing other jurisdictions to collect such additional tax by way of the IIR and/or the UTPR.

The legislation implementing the Minimum Tax Directive in Ireland was included in Finance (No.2) Act 2023. Ireland has opted to apply a QDTT to constituent entities located in Ireland. If the ICAV is regarded as part of an MNE group (or large-scale domestic group) which has revenues of more than EUR 750 million a year, it may be within the scope of the Minimum Tax Directive.

A Fund of the ICAV may be considered an entity for GLoBE rule purposes if it prepares separate financial accounts. In general terms, the ICAV or a Fund should only be regarded as part of such a group if it is included in the consolidated financial statements of another entity for accounting purposes.

If the ICAV or a Fund were consolidated by a Shareholder and therefore within scope of the rules, the GloBE Rules provide for an exemption for certain investment funds or investment entities (i.e. excluded entities). Provided that the ICAV or relevant Fund has multiple Shareholders, is regulated and professionally managed, it should qualify as an investment fund and be relieved from any Irish Pillar Two top-up taxes.

If the ICAV or Fund does not fall within the ambit of these excluded entity exemptions it could be subject to tax in Ireland in the future under these measures. The ICAV or any Fund should not be subject to the IIR unless it has ownership interests in an entity which is part of the same consolidated group as the ICAV or the Fund and that group's consolidated revenue exceeds the thresholds. The ICAV or a Fund should not be subject to the UTPR, as the UTPR allocates any top-up tax based on the value of tangible assets and the number of employees. The ICAV should have no employees and negligible amounts of tangible assets. The application of the QDTT, in the event that the ICAV or any Fund is part of an MNE group would need to be monitored.

Technical guidance on implementation of the GloBE Rules has continued to issue from the OECD. This has taken the form of a commentary on the rules. Discussions also remain ongoing on various open issues related to implementation, including ensuring coordination and consistency in the application of the rules across jurisdictions, as well as providing further administrative guidance. It is possible that further changes to the GloBE Rules, Minimum Tax Directive and the related Irish legislation may be made in the future.

### **Other Jurisdictions**

As Shareholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore, the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares relating to a Fund and any investment returns from those Shares.

**THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.**

## **12 General Information**

### **12.1 Reports and Accounts**

The year end of the ICAV and each Fund is 31 December in each year. Each Fund will prepare an annual report and audited accounts as of 31 December in each calendar year and a semi-annual report and unaudited accounts as of 30 June in each year.

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

The audited annual report and accounts will be published within four months of the ICAV's/ the Funds' financial year end and its semi-annual report will be published within two months of the end of the half-year period and in each case will be offered to subscribers before conclusion of a

contract and supplied to Shareholders free of charge on request and will be available to the public at the office of the Administrator.

The audited annual report and accounts for each Fund in respect of each financial year shall be prepared in accordance with International Financial Reporting Standards.

The Directors may send such reports and accounts electronically to Shareholders in accordance with the Central Bank Rules. See "**Access to Documents**" below.

## 12.2 **Form and Share Capital**

The authorised share capital of the ICAV is 300,000 redeemable non-participating Shares of no par value and 500,000,000,000 participating Shares of no par value. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefor but do not otherwise entitle them to participate in the assets of the ICAV. The Directors have the power to allot shares in the capital of the ICAV on such terms and in such manner as they may think fit.

## 12.3 **The Instrument of Incorporation**

Clause 3 of the Instrument of Incorporation provides that the sole object of the ICAV is the collective investment of its funds in property and giving members the benefit of the results of the management of its funds, consistent with the requirements of Regulation 4(3) of the Regulations.

The Instrument of Incorporation contains, among other things, provisions to the following effect:

### (a) **Voting Rights**

Whenever the share capital is divided into different Classes, the class specific characteristics of a Class may be varied or abrogated by the ICAV, subject to the Central Bank Rules.

Subject to any rights or restrictions for the time being attached to any Class or Classes of Shares, on a show of hands every holder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue and on a poll every holder present in person or by proxy shall have one vote for every Share of which he is the holder and every holder of a subscriber share present in person or by proxy shall have one vote in respect of his holding of subscriber shares. Holders who hold a fraction of a Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such fraction of a Share.

### (b) **Funds**

The Manager is required to establish a separate portfolio of assets for each Fund created by the ICAV from time to time, to which the following shall apply:

(c) for each Fund the ICAV shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and, in particular, the proceeds from the allotment and issue of Shares of each Class of the Fund, and the investments and the liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation;

(d) any asset derived from any other asset(s) (whether cash or otherwise) comprised in any Fund, shall be applied in the books and records of the ICAV to the same Fund as the asset from which it was derived and any increase or diminution in the value of such an asset shall be applied to the relevant Fund;

(e) in the event that there are any assets of the ICAV which the Manager do not consider are attributable to a particular Fund or Funds, the Manager shall, with the approval of the Depositary, allocate such assets to and among any one or more of the Funds in such manner and on such basis as they, in their discretion, deem fair and equitable; and the

Manager shall have the power to and may at any time and from time to time, with the approval of the Depositary, vary the basis in relation to assets previously allocated;

- (f) no Shares will be issued on terms that entitle the Shareholders of any Fund to participate in the assets of the ICAV other than the assets (if any) of the Fund relating to such Shares. If the proceeds of the assets of the relevant Fund are not sufficient to fund the full Repurchase Proceeds payable to each Shareholder for the relevant Fund, the proceeds of the relevant Fund will, subject to the terms for the relevant Fund, be distributed equally among each Shareholder of the relevant Fund pro rata to the amount paid up on the Shares held by each Shareholder. If the realised net assets of any Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the terms of the relevant Fund, the relevant Shareholders of that Fund will have no further right of payment in respect of such Shares or any claim against the ICAV, any other Fund or any assets of the ICAV in respect of any shortfall;
- (g) each Fund shall be charged with the liabilities, expenses, costs, charges or reserves of the ICAV in respect of or attributable to that Fund; and
- (h) in the event that any asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of section 36(6) of the ICAV Act, shall apply.
- (i) **Termination of Funds**  
Any Fund may be terminated by the Directors, in their sole and absolute discretion, in any of the following events:
  - (j) if at any time the Net Asset Value of the relevant Fund shall be less than the Minimum Fund Size (if any) determined by the Directors at their discretion in respect of that Fund;
  - (k) the Shareholders resolve by special resolution that the relevant Fund be wound up;
  - (l) if any Fund shall cease to be authorised or otherwise officially approved;
  - (m) if any law shall be passed or regulatory requirement introduced which renders it illegal or in the opinion of the Directors impracticable or inadvisable or not commercially viable or excessively onerous from a compliance perspective to continue the relevant Fund;
  - (n) if there is a change in material aspects of business or in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the investments of the Fund; or
  - (o) if the Directors shall have resolved that it is impracticable or inadvisable for a Fund to continue to operate having regard to prevailing market conditions and the best interests of the Shareholders.

The decision of the Directors in any of the events specified herein shall be final and binding on all the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund pursuant to points (i) to (v) above or otherwise.

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

- (p) Winding up  
The Instrument of Incorporation contains provisions to the following effect:
- (q) If the ICAV shall be wound up the liquidator shall, subject to the provisions of the ICAV Act, apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund;
- (r) The assets available for distribution amongst the Shareholders shall be applied as follows: first the proportion of the assets in a Fund attributable to each Class of Shares shall be distributed to the holders of Shares in the relevant Class in the proportion that the number of Shares held by each holder bears to the total number of Shares relating to each such Class of Shares in issue as at the date of commencement to wind up; secondly, in the payment to the holder(s) of the subscriber shares of sums up to the notional amount paid thereon out of the assets of the ICAV not attributable to other Classes of Shares. In the event that there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets of the ICAV attributable to each Class of Share; and thirdly, any balance then remaining and not attributable to any of the Classes of Shares shall be apportioned pro-rata as between the Classes of Shares based on the Net Asset Value attributable to each Class of Shares as at the date of commencement to wind up and the amount so apportioned to a Class shall be distributed to holders pro-rata to the number of Shares in that Class of Shares held by them;
- (s) A Fund may be wound up pursuant to section 37 of the ICAV Act and in such event the provisions of the Instrument of Incorporation shall apply mutatis mutandis in respect of that Fund;
- (t) If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the relevant holders and any other sanction required by the ICAV Act, divide among the holders of Shares of any Class or Classes of a Fund in specie the whole or any part of the assets of the ICAV relating to that Fund, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between all the holders of Shares or the holders of different Classes of Shares as the case may be. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of holders as the liquidator, with the like authority, shall think fit, and the liquidation of the ICAV may be closed and the ICAV dissolved, but so that no holder shall be compelled to accept any assets in respect of which there is a liability. A Shareholder may require the liquidator instead of transferring any asset in specie to him/her, to arrange for a sale of the assets and for payment to the holder of the net proceeds of same.
- (u) Segregation of Liability  
The Instrument of Incorporation contains provisions reflecting the segregation of liability between the Funds in line with the ICAV Act.

#### 12.4 **Directors Indemnities and Insurance**

Pursuant to the Instrument of Incorporation, each of the Directors shall be indemnified by the ICAV against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such office in the discharge of his duties provided that, as permitted by the ICAV Act such indemnity shall not extend to any of the foregoing sustained or incurred as a result of any negligence, default, breach of duty or breach of trust by him in relation to the ICAV and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the ICAV and have priority as between the Shareholders over all other claims.

The ICAV acting through the Directors is empowered under the Instrument of Incorporation to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the ICAV insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## 12.5 **Material Contracts**

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the ICAV and are or may be material.

### (a) **Management Agreement**

Pursuant to the Management Agreement the Manager will be entitled to receive fees as described in each Supplement. The Management Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Management Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Investment Management Agreement or upon the insolvency of a party (or upon the happening of a like event).

The Manager shall not be liable to the ICAV or any Shareholder of the ICAV or otherwise for any loss suffered by the ICAV or any such Shareholder in connection with the performance or non-performance of the Manager's duties or otherwise in connection with the subject matter of the Management Agreement or any matter or thing done or omitted to be done by the Manager in pursuance thereof unless such loss or disadvantage arises from the fraud, bad faith, negligence or wilful default in the performance or non-performance by the Manager of its obligations or duties. Subject and without prejudice to the foregoing, the Manager shall not be liable for or indemnify in respect of (i) any indirect, special or consequential damages suffered by the ICAV or any Shareholder of the ICAV, or (ii) any action taken, omitted or suffered by it, which was taken or omitted in accordance with specific instructions, advice or directions issued by the ICAV or on behalf of the ICAV.

The ICAV, out of the assets of the relevant Fund, shall indemnify and keep indemnified and hold harmless the Manager and the directors, officers and employees of the Manager from and against any and all actions, obligations, liabilities, tax, proceedings, debts, claims, demands, suits, losses, damages, judgements, costs, expenses and disbursements which may be incurred by or asserted against the Manager in its capacity as of the Funds other than those resulting from the negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties.

The Management Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Management Agreement.

### (b) **Investment Management Agreement**

Pursuant to the Investment Management Agreement the Investment Manager will be entitled to receive fees as described in each Supplement. The Investment Management Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Investment Management Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Investment Management Agreement or upon the insolvency of a party (or upon the happening of a like event).

The Investment Manager accepts responsibility for and shall indemnify and hold harmless the Manager against all costs, losses, claims and expenses suffered or incurred by the Manager to the extent that such costs, losses, claims and expenses are due to the negligence, fraud bad faith, recklessness, or wilful default in the performance of its obligations or duties or as a result of a breach of the agreement or breach of the Regulations by the Investment Manager or of any delegates appointed. The Investment Manager will not otherwise be liable for any costs, losses, claims and expenses suffered

or incurred by the Manager and in no case shall the Investment Manager be liable for indirect, special or consequential loss or damage incurred by the Manager.

The Manager, out of the assets of the ICAV, shall indemnify and keep indemnified the Investment Manager and the directors, officers and employees of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager of the Funds other than those resulting from the negligence, bad faith, recklessness, wilful default or fraud in the performance of its obligations or duties.

The Investment Management Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Investment Management Agreement.

(c) Administration Agreement

Pursuant to the Administration Agreement, the Administrator will provide certain administrative, registrar and transfer agency services to the ICAV. The Administrator will be entitled to receive fees as described in section of this Prospectus entitled "**Fees and Expenses; Administrator and Depositary Fees**". The Administration Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Administration Agreement may also be terminated by either party forthwith by giving notice in writing to the other party upon certain breaches as outlined in the Administration Agreement or upon the insolvency of a party (or upon the happening of a like event).

The ICAV will indemnify the Administrator from and against any claim made (other than by reason of negligence, fraud or wilful misconduct on the part of the Administrator) in connection with the provision of services under the Administration Agreement.

The Administration Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Administration Agreement.

(d) Depositary Agreement

The Depositary shall act as depositary of the ICAV's assets and shall be responsible for the oversight of the ICAV to the extent required by and in accordance with applicable law, rules and regulations. The Depositary shall exercise the supervisory duties in accordance with applicable law, rules and regulations as well as the Depositary Agreement.

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

The Depositary Agreement shall continue in force unless and until terminated by either party giving not less than 120 days' prior written notice to the other, although termination may be immediate in certain circumstances, such as the insolvency of the Depositary. Upon an (envisaged) removal or resignation of the Depositary, the ICAV shall with due observance of the applicable requirements of the Central Bank, appoint a successor Depositary. The Depositary may not be replaced without the approval of the Central Bank.

The Depositary Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

Please refer to each Supplement for details of other relevant material contracts (if any) in respect of a Fund.

(e) Additional Contracts.

In addition to the above, the ICAV may enter into additional contracts with Paying Agents as may be required in connection with an offer of Shares into a particular jurisdiction from time to time. The provision of such services shall be on arm's length commercial terms for the ICAV for which fees shall be charged at normal commercial rates and expenses are to be reimbursed.

## 12.6 Access to Documents and Up-to-date Information

The following documents may be provided in a durable medium (which shall include in writing and/or by electronic mail) or in an electronic format on a website designated by the ICAV for this purpose ([www.brilliancecap.com](http://www.brilliancecap.com) or such other website as may be notified to Shareholders in advance from time to time). A copy in writing of such documents shall be provided to Shareholders on request, free of charge.

- (a) this Prospectus;
- (b) once published, the latest annual and semi-annual reports of each Fund;
- (c) KIID (noting the disclosures regarding KIID access in section 1.1 of the Prospectus); and
- (d) the Instrument of Incorporation.

In addition, copies of the following documents may be obtained free of charge from the registered office of the ICAV in Ireland during normal business hours, on any Business Day:

- (a) the Instrument of Incorporation; and
- (b) once published, the latest annual and semi-annual reports of each Fund.

To the extent not captured in this Prospectus or in the event such details have changed and have not been reflected in a revised version of this Prospectus, up-to-date information will be provided to Shareholders on request, free of charge regarding:

- (a) the identity of the Depositary and a description of its duties and of conflicts of interest that may arise; and
- (a) a description of any safe-keeping functions delegated by the Depositary, a list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

## 12.7 Remuneration Policy

The Manager has a remuneration policy in place to ensure compliance with UCITS Directive. This remuneration policy imposes remuneration rules on staff and senior management within the Manager whose activities have a material impact on the risk profile of the Funds. The Manager will ensure that its remuneration policies and practices are consistent with sound and effective risk management, will not encourage risk-taking which is inconsistent with the risk profile of the Funds and the Instrument of Incorporation, and will be consistent with UCITS Directive. The Manager will ensure that the remuneration policy is at all times consistent with the business strategy, objectives, values and interests of the ICAV, the Funds and Shareholders, and includes measures to ensure that all relevant conflicts of interest may be managed appropriately at all

times. Further details with regard to the remuneration policy (including how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits) are available at the following website: [www.brilliancecap.com](http://www.brilliancecap.com). A paper copy of the remuneration policy may be obtained free of charge on request from the Manager.

(ii) Sustainable Finance Disclosures

The European Union has introduced a series of legal measures (the primary one being SFDR) requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage.

It is noted that some matters of interpretation of SFDR remain open (subject to ongoing exchanges between the European Supervisory Authorities and the European Commission). It is likely that SFDR related disclosures will need to be reviewed and updated once further clarification is provided on the open matters of interpretation of SFDR. Such clarifications could require a revised approach to how the relevant Article 8 or Article 9 Fund seeks to meet the SFDR disclosure obligations.

SFDR related disclosures may also develop and be subject to change due to ongoing improvements in the data provided to, and obtained by, financial market participants and financial advisers to achieve the objectives of SFDR in order to make sustainability-related information available. Compliance with the SFDR pre-contractual disclosure obligations is therefore made on a best-efforts basis.

SFDR seeks to establish a pan-European framework to facilitate Sustainable Investment, by providing for a harmonised approach in respect of sustainability-related disclosures to investors within the European Union's financial services sector. In the absence of such harmonisation, individual EU Member States would be free to adopt divergent disclosure standards or develop different approaches, resulting in an uneven playing field and/or creating barriers to entry for asset managers looking to make available financial products within the internal market of the European Union.

The objectives of SFDR are to (i) strengthen protection for investors of financial products, (ii) improve the disclosures made available to investors from financial market participants and (iii) improve the disclosures made available to investors regarding the financial products, to amongst other things, enable investors make informed investment decisions.

*Fund Classification*

For SFDR purposes each Fund is classified as either (i) an Article 6 Fund; (ii) an Article 8 Fund or (iii) an Article 9 Fund.

A clear indication of a Fund's classification (along with any required additional SFDR-related disclosures) will be made in the Supplement for the relevant Fund.

**Integration of Sustainability Risk and Consideration of Principal Adverse Impacts into the investment decision making process**

For the purposes of SFDR each Fund is a financial product and must comply with the disclosure requirements of Article 6 of SFDR relating to the integration of Sustainability Risks into the investment decision making process or explain why the Investment Manager does not consider Sustainability Risks to be relevant to the investment decision making process. Information on the manner in which the Investment Manager integrates Sustainability Risks into the investment decision making process for each Fund, including an assessment of the likely impact on the returns of the Fund of doing so, is set out in the relevant Supplement.

Notwithstanding that the Investment Manager may integrate the consideration of Sustainability Risks into the investment decision making process for a Fund, as detailed in the relevant Supplement, unless disclosed otherwise in the relevant Supplement the Manager and the

Investment Manager do not currently consider the principal adverse impacts of their investment decisions on Sustainability Factors (in the manner specifically contemplated by Article 4(1)(a) of the SFDR) given the investment objective, strategy and guidelines of the Funds, and how the Investment Manager considers it best to undertake the investment opportunity selection process, and achieve the returns sought.

For any Fund that is classified as an Article 8 Fund or Article 9 Fund, additional disclosures required under Article 8 or Article 9 of SFDR (as applicable) will be set out in the relevant Supplement and Annex.

### **Risk Factors**

Please refer to the section, entitled "**Risk Factors**" and the section entitled "**Sustainable Finance Disclosure Risks**" in respect of the risks related to sustainable finance disclosures.

### **Taxonomy Regulation**

The Taxonomy Regulation is a piece of directly effective EU legislation that is applicable to the ICAV. Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore although there are disclosure requirements for both, these two concepts should be considered and assessed separately.

For further details on each Fund's approach to the Taxonomy Regulation please refer to the section of the relevant supplement headed "Sustainable Finance Disclosures" and the Annex thereto (in respect of any Article 8 Fund or Article 9 Fund).

**Schedule 1**  
**Investment Restrictions Applicable to Funds**

**1 Permitted Investments**

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 AIFs.
- 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 shall not invest any more than 10% of its Net Asset Value in securities of the type to which Regulation 68(1)(d) of the Regulations 2011. 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 have been issued with an undertaking to register the securities 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 bondholders. 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 Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the Net Asset Value of a Fund.
- 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:
- (a) investments in transferable securities or money market instruments;
  - (b) deposits; and/or
  - (c) 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-EU Member States or public international bodies of which one or more EU Member States are members or any of the following:
- (a) European Investment Bank
  - (b) European Bank for Reconstruction and Development
  - (c) International Finance Corporation
  - (d) International Monetary Fund
  - (e) Euratom
  - (f) The Asian Development Bank
  - (g) European Central Bank
  - (h) Council of Europe
  - (i) Eurofima
  - (j) African Development Bank
  - (k) International Bank for Reconstruction and Development (The World Bank)
  - (l) The Inter American Development Bank
  - (m) European Union
  - (n) Federal National Mortgage Association (Fannie Mae)
  - (o) Federal Home Loan Mortgage Corporation (Freddie Mac)

- (p) Government National Mortgage Association (Ginnie Mae)
- (q) Student Loan Marketing Association (Sallie Mae)
- (r) Federal Home Loan Bank
- (s) Federal Farm Credit Bank
- (t) Tennessee Valley Authority
- (u) Straight-A Funding LLC
- (v) OECD Governments (provided the relevant issues are investment grade)
- (w) Government of Brazil (provided the issues are of investment grade)
- (x) Government of the People's Republic of China
- (y) Government of India (provided the issues are of investment grade)
- (z) Government of Singapore

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 AIFs 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 ICAV or by any other company with which the management company of the ICAV 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(b), 5.2(c) and 5.2(d) 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 5.2 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.

## Schedule 2 Permitted Markets

With the exception of permitted investments in unlisted securities and derivative instruments, investments will be restricted to the following stock exchanges and markets listed below in accordance with the regulatory criteria as defined in the Central Bank Regulations. For the purposes of this Schedule 2, reference to "unlisted securities" may include securities that are listed on a market or exchange where such exchange is not set out in the below list in accordance with Regulation 68(1)(c) and 68(2)(a) of the Regulations. The Central Bank does not issue a list of approved stock exchanges or markets.

- (a) any stock exchange in the EU and also any investments listed, quoted or dealt in on any stock exchange in Australia, Canada, Japan, New Zealand, Norway, the United Kingdom or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges;
- (b) any exchange registered with the SEC as a National Stock Exchange, NASDAQ, the over-the-counter market in the U.S. regulated by the Financial Industry Regulatory Authority, Inc.; the market known as the **"Grey Book Market"**, that is the market conducted by those persons for the time being included in the list maintained by the FCA for the purposes of section 43 of the Financial Services Act, 1986 under the conditions imposed by the FCA under that section conducted by listed money market institutions as described in the Bank of England publication entitled **"The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion"** dated April, 1988 (as amended or revised from time to time); the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan; the market organised by the International Capital Markets Association; the market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank in New York; the French market for **"Titres de Créances Négociables"** (over-the-counter market in negotiable debt instruments) and the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
- (c) all of the following stock exchanges and markets: the Hong Kong Stock Exchange, the Bombay Stock Exchange, the Kuala Lumpur Stock Exchange, the Singapore Stock Exchange, the Taiwan Stock Exchange, the Stock Exchange of Thailand, the Korea Stock Exchange, the Shanghai Stock Exchange, the Philippines Stock Exchange, the Johannesburg Stock Exchange, the Shenzhen Stock Exchange (SZSE), the Cairo and Alexandria Stock Exchange, the National Stock Exchange of India, the Jakarta Stock Exchange, the Amman Financial Market, the Nairobi Stock Exchange, the Bolsa Mexicana de Valores, the Casablanca Stock Exchange, the Namibia Stock Exchange, the Nigeria Stock Exchange, the Karachi Stock Exchange, the Moscow Exchange, the Colombo Stock Exchange, the Buenos Aires Stock Exchange (MVBA), the Bogota Stock Exchange, the Medellin Stock Exchange, the Lima Stock Exchange, the Valencia Stock Exchange, the Santiago Stock Exchange, the Bolsa Electronica de Chile, the Sao Paulo Stock Exchange, the Rio de Janeiro Stock Exchange, the Stock Exchange of Mauritius Ltd., the Istanbul Stock Exchange, the Botswana Stock Exchange, the Lahore Stock Exchange, the Ho Chi Minh Stock Exchange, the Ghana Stock Exchange, the Tunis Stock Exchange, the Chittagong Stock Exchange, the Dhaka Stock Exchange, the Tel Aviv Stock Exchange, the Uganda Securities Exchange, the Belgrade Stock Exchange, the Bolsa de Valores de Panamá, the Lusaka Stock Exchange the market organised by the International Capital Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the SEC and by the Financial Industry Regulatory Authority, Inc. and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Corporation; the market conducted by listed money market institutions as described in the FCA publication entitled **"The Regulation of the Wholesale Cash and OTC Derivatives Markets"**: **"The Grey Paper"** (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange; the French Market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and

- (d) for investments in financial derivative instruments: CME Group, NASDAQ OMX Group, Chicago Board of Trade, Chicago Mercantile Exchange, New York Mercantile Exchange, American Stock Exchange, New York Futures Exchange, New York Stock Exchange, NYSE Arca, Chicago Board Options Exchange, NASDAQ OMX NLX, NASDAQ OMX PHLX, Philadelphia Board of Trade, Kansas City Board of Trade, CBOE Futures Exchange, CME Europe, Eurex, Euronext (Amsterdam, Brussels, Lisbon, Paris), ICE Futures Europe, ICE Futures Canada, ICE Futures U.S., Australian Stock Exchange, Sydney Futures exchange, New Zealand Exchange, Toronto Stock Exchange, Montreal Stock Exchange, Bolsa Mercadorias & Futuros, Bolsa Mexicana de Valores, Hong Kong Exchange, Johannesburg Stock Exchange, MEFF Renta Variable (Madrid), Barcelona MEFF Rent Fija, OMX Nordic Exchange Copenhagen, OMX Exchange Helsinki, OMX Nordic Exchange Stockholm, Osaka Exchange, Singapore Exchange, Tokyo Financial Exchange, Tokyo Stock Exchange, Korea Exchange, London Stock Exchange, London Metal Exchange, NASDAQ OMX Sweden, ERIS Exchange, Global Markets Exchange, ELX Futures.

## **Schedule 3 Risk Factors**

### **1 General**

- 1.1 All financial investments involve an element of risk to both income and capital.
- 1.2 There are risks associated with investment in the ICAV and in the Shares of each Fund.
- 1.3 The risks described in this Prospectus should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks from time to time.
- 1.4 Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement.
- 1.5 Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or a Fund or the suitability for you of investing in the ICAV or a Fund, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.
- 1.6 As the price of Shares in each Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on his investment.
- 1.7 Past performance of the ICAV or any Fund should not be relied upon as an indicator of future performance.
- 1.8 The liability of a Shareholder is limited to any unpaid amount of the nominal value of its Shares and all Shares in the ICAV will only be issued on a fully paid basis. However, under the Application Form and the Instrument of Incorporation (to which each Shareholder will subscribe as a member), investors will be required to indemnify the ICAV and its associates for certain matters.

### **2 Investment Risks**

#### **2.1 General Investment Risk**

The securities and instruments in which the Funds invest are subject to normal market fluctuations and other risks inherent in investing in such investments, and there can be no assurance that any appreciation in value will occur.

There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which a Fund invests may fluctuate. The investment income of each Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income.

#### **2.2 Risk of Loss**

In the case of all Funds, an investment in a Fund is neither insured nor guaranteed by any bank, government, government agency or instrumentality, guarantee scheme or any bank guarantee fund which may protect the holders of a bank deposit. Shares of the ICAV are not bank deposits or obligations of, or guaranteed or endorsed or otherwise supported by the ICAV, the Investment Manager, the Distributor or any of their affiliates.

#### **2.3 Credit Risk**

- (a) There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of

the sums invested in such securities or instruments or payments due on such securities or instruments (as well as any appreciation of sums invested in such securities).

- (b) Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. However, there is no guarantee of the accuracy of credit ratings. A Fund investing in bonds or other debt securities will be subject to the credit risk of the issuers of the bonds or debt securities in which it invests. In the event that any issuer of bonds or other debt securities in which the assets of a Fund are invested defaults, becomes insolvent or experiences financial or economic difficulties, this may adversely affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero), which may in turn adversely affect the Net Asset Value of the Fund. In times of financial instability, there may be increased uncertainty surrounding the creditworthiness of issuers of debt or other securities, including financial derivatives instruments and market conditions may lead to increased instances of default amongst issuers. This may in turn affect the Net Asset Value of the Fund.
- (c) The value of a Fund may be affected if any of the financial institutions with which the cash of the Fund is invested or deposited suffers insolvency or other financial difficulties.
- (d) There is no certainty in the credit worthiness of issuers of debt securities. Unstable market conditions may mean there are increased instances of default amongst issuers.

#### 2.4 **Changes in Interest Rates Risk**

The value of Shares may be affected by substantial adverse movements in interest rates.

#### 2.5 **Currency Risk**

**Currency Exchange Rates:** Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a Fund's Net Asset Value to fluctuate as well. To the extent that a substantial portion of a Fund's total assets is denominated in the currencies of particular countries, the Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

**Currency Hedging:** A Fund may enter into currency exchange transactions and/or use derivatives (at a Fund level or, in certain circumstances as described in this Prospectus, at a Class level) to seek to protect against fluctuation as a result of changes in currency exchange rates. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy cannot be assured. It may not be possible to hedge against generally anticipated exchange fluctuations at a price sufficient to protect the assets from the anticipated decline in value as a result of such fluctuations.

#### 2.6 **Currency Hedging at Share Class Level Risk**

Hedging activity at Share Class level may expose the Fund to cross contamination risk as it may not be possible to ensure (contractually or otherwise) that a counterparty's recourse in any such arrangements is limited to the assets of the relevant Share Class. Although the costs, gains and losses of the currency hedging transactions will accrue solely to the relevant Share Class, investors are nonetheless exposed to the risk that currency hedging transactions undertaken in one Share Class may impact negatively on another Share Class, particularly where (pursuant to EMIR) such currency hedging transactions require the Fund to post collateral (i.e. initial or variation margin). Any such collateral is posted by a Fund and at the Fund's risk (rather than by

the Share Class and at the risk of the Share Class only because the Share Class does not represent a segregated portion of the Fund's assets) thus exposing investors in other Share Classes to a proportion of this risk.

## 2.7 Derivatives and Securities Financing Transactions Risk

**General:** The use of derivatives and Securities Financing Transactions may result in greater returns but may entail greater risk for your investment. Derivatives may be used as a means of gaining indirect exposure to a specific asset, rate or index and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other investments. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

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

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

Securities Financing Transactions create several risks for the ICAV and its investors, including counterparty risk if the counterparty to a Securities Financing Transaction defaults on its obligation to return assets equivalent to the ones provided to it by the relevant Fund and liquidity risk if the Fund is unable to liquidate collateral provided to it to cover a counterparty default.

**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 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.

**Collateral Risk:** Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions or Securities Financing 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.

Risks related to a counterparty's right of re-use of any collateral include that, upon the exercise of such right of re-use, such assets will no longer belong to the relevant Fund and the Fund will only have a contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty the Fund shall rank as an unsecured creditor and may not recover its assets from the counterparty. More broadly, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Fund or its delegates will not have any visibility or control.

**Counterparty Rating Downgrade Risk:** The ICAV will enter into OTC derivative transactions and Securities Financing Transactions only with those counterparties that it believes to be sufficiently creditworthy.

If a counterparty (which is not a Relevant Institution) engaged by the ICAV, in respect of a Fund, is subject to a credit rating downgrade, this could potentially have significant implications for the relevant Fund both from a commercial perspective and a regulatory perspective. Pursuant to the Central Bank Rules, a rating downgrade for a counterparty to an OTC derivative transaction or a Securities Financing Transaction to A-2 or below (or a comparable rating) shall require the relevant Fund without delay to conduct a new credit assessment of that counterparty.

Regardless of the measures the ICAV, in respect of a Fund, may implement to reduce counterparty credit risk, there can be no assurance that a counterparty will not default or that the relevant 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.

**Credit Default Swap Risk:** If a Fund is the buyer of a credit default swap, it would be entitled to receive the agreed-upon value (or par) of a referenced debt obligation from the counterparty to the swap on the occurrence of certain credit events in relation to the relevant reference entity. As consideration, the Fund would pay to the counterparty a periodic stream of fixed payments during the life of the swap if no credit event has occurred, in which case the Fund would receive no benefits under the swap. In circumstances in which a Fund does not own the debt securities that are deliverable under a credit default swap, the Fund is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavourable prices. In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. In either of these cases, a Fund would not be able to realise the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, a Fund incurs exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations.

**Credit Risk and Counterparty Risk:** Funds 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 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.

**Foreign Exchange Transactions:** Where a Fund utilises derivatives which alter the currency exposure characteristics of securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

**Forward Trading:** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated.

There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

**Futures and Options Trading is Speculative and Volatile:** Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which a Fund may trade. Certain of the instruments in which a Fund may invest are sensitive to interest rates and foreign exchange rates, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and foreign exchange rates, and to utilise appropriate strategies to maximise returns to the Fund, while attempting to minimise the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. Warrants give a Fund the right to subscribe to or purchase securities in which a Fund may invest. The underlying security may be subject to market volatility thus rendering an investment in a warrant a higher risk than an investment in an equity security.

**Index Risk:** If a derivative is linked to the performance of an index, it will be subject to the risks associated with changes to that index. If the index changes, a Fund could receive lower interest payments or experience a reduction in the value of the derivative to below what the Fund paid. Certain indexed securities – including inverse securities (which move in the opposite direction to the index) – may create leverage, to the extent that the increase or decrease in value is at a rate that is a multiple of the changes in the applicable index.

**Legal Risk:** The use of OTC derivatives and Securities Financing Transactions will expose the Funds to the risk that the legal documentation of the relevant contract may not accurately reflect the intention of the parties.

**Leverage Component Risk:** Since many derivative instruments 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 derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is 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.

**Liquidity Risk:** Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

**Liquidity of Futures Contracts:** Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits".

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

**Margin Risk:** A Fund may be obliged to pay margin deposits and option premia to brokers in relation to futures and option contracts entered into for the relevant Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the relevant Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The relevant Fund will seek to minimise this risk by trading only through high quality names which are determined by factors such as their credit ratings, regulatory and market capitalisation, regulatory status and home jurisdiction, and/or that of their parent group.

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

**Repurchase Agreements:** A Fund may enter into repurchase arrangements. Accordingly, the Fund will bear a risk of loss in the event that the other party to the transaction defaults on its obligation and the Fund is delayed or prevented from exercising its rights to dispose of the underlying securities. The Fund will, in particular, be subject to the risk of a possible decline in the value of the underlying securities during the period in which the Fund seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement.

**Risks Associated with Investment in Convertible Securities and Hybrid Securities:** The convertible securities in which a Fund may invest consist of bonds, notes (including participation notes), debentures and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. Convertible securities may offer higher income than the common stocks into which they are convertible. A Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying common stock, or sell it to a third party.

A Fund with convertible securities may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on a Fund's ability to achieve its investment objective because the issuer may force conversion before the Fund would otherwise choose to do so. This may impact on the value of the Fund's investment and as a result, the Net Asset Value of the Fund may be adversely affected.

Hybrid securities are generally traded on the stock market and therefore susceptible to changes in their price. As these securities have fixed interest characteristics their price may be impacted

by movements in interest rates, as well as perceptions of the issuer's ability to meet coupon payments.

**Risks Associated with Swaps:** A Fund may enter into swap agreements with respect to currencies, interest rates, credit defaults and financial indices. A Fund may use these techniques for investment purposes or for efficient portfolio management purposes to hedge against changes in interest rates, currency rates, securities prices, or as part of their overall investment strategies. Whether a Fund's use of swap agreements will be successful will depend on an Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments.

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

**Securities Lending Risk:** As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. A securities lending transaction will involve the receipt of collateral. However there is a risk that the value of the collateral may fall and the Fund suffers a loss as a result.

## 2.8 Emerging Markets Risk

Where a Fund invests in securities in emerging markets, additional risks may be encountered. These include:

**Accounting Standards:** in emerging markets there is an absence of uniform accounting, auditing and financial reporting standards and practices.

**Business Risks:** in some emerging markets, for example Russia, crime and corruption, including extortion and fraud, pose a risk to businesses. Property and employees of underlying investments may become targets of theft, violence and/or extortion.

**Country Risk:** the value of the Fund's assets may be affected by political, legal, economic and fiscal uncertainties. Existing laws and regulations may not be consistently applied.

**Currency Risk:** the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.

**Disclosure:** less complete and reliable fiscal and other information may be available to investors.

**Legal:** the legal infrastructure and accounting, custodial, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Risks associated with many emerging market legal systems (for example the Russian legal system) include (i) the untested nature of the independence of the judiciary and its immunity from economic, political or nationalistic influences; (ii) inconsistencies among laws, presidential decrees and governmental and ministerial orders and resolutions; (iii) the lack of judicial and administrative guidance on interpreting applicable laws; (iv) a high degree of discretion on the part of government authorities; (v) conflicting local, regional and federal laws and regulations; (vi) the relative inexperience of judges and courts in interpreting new legal norms; and (vii) the unpredictability of enforcement of foreign judgements and foreign arbitration awards. There is no guarantee that further judicial reform aimed at balancing the rights of private and governmental authorities in courts and reducing grounds for re-litigation of decided cases will be implemented and succeed in building a reliable and independent judicial system.

**Market Characteristics/ Liquidity and Settlement Risks:** in general, emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and many emerging markets are not highly regulated. When seeking to sell emerging market securities, little or no market may exist for the securities.

The combination of price volatility and the less liquid nature of securities markets in emerging markets may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund. Settlement of transactions may be subject to delay and administrative uncertainties.

**Political Risk:** the risk of government intervention is particularly high in the emerging markets because of both the political climate in many of these countries and the less developed character of their markets and economies. Government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

**Tax:** The taxation system in some emerging market countries is subject to varying interpretations, frequent changes and inconsistent enforcement at the federal, regional and local levels. Tax laws and practices in some emerging market countries are at an initial stage of development and are not as clearly established as in more developed countries.

**Frontier Markets Risk:** Investing in the securities of issuers operating in frontier emerging markets carries a high degree of risk and special considerations not typically associated with investing in more traditional developed markets. In addition, the risks associated with investing in the securities of issuers operating in emerging market countries are magnified when investing in frontier emerging market countries. These types of investments could be affected by factors not usually associated with investments in more traditional developed markets, including risks associated with expropriation and/ or nationalisation, political or social instability, pervasiveness of corruption and crime, armed conflict, the impact on the economy of civil war, religious or ethnic unrest and the withdrawal or non-renewal of any licence enabling a Fund to trade in securities of a particular country, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting, auditing and financial reporting standards, less publicly available financial and other information, diplomatic development which could affect investment in those countries and potential difficulties in enforcing contractual obligations.

These risks and special considerations make investments in securities in frontier emerging market countries highly speculative in nature and, accordingly, an investment in a Fund's shares must be viewed as highly speculative in nature and may not be suitable for an investor who is not able to afford the loss of their entire investment. To the extent that a Fund invests a significant percentage of its assets in a single frontier emerging market country, a Fund will be subject to heightened risk associated with investing in frontier emerging market countries and additional risks associated with that particular country.

## 2.9 Risk Factors relating to the PRC

**PRC market risk:** A Fund may invest in the PRC. Investing in the PRC market is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market which involves a greater risk of loss than investment in more developed countries due to higher economic, political, social and regulatory uncertainty and risks linked to volatility and market liquidity.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the PRC market.

Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares and H-Shares. The PRC securities market has in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future.

Investment in RMB denominated bonds may be made in or outside the PRC. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

**Foreign exchange control risk:** The Renminbi is not currently a freely convertible currency and is subject to exchange control imposed by the Chinese government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC.

**Renminbi exchange risk:** Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. In particular, there is no guarantee that the value of Renminbi against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Fund. Investors whose base currency is not the Renminbi may be adversely affected if the Renminbi depreciates against the base currency of holding of the investors in that such investors' investments may be worth less when they exchange Renminbi back to their base currency.

Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of the PRC may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant Fund. Any delay in repatriation of Renminbi may result in delay in payment of redemption proceeds to the redeeming Shareholders. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Fund's or the investors' position may be adversely affected.

**PRC tax considerations:** The following summary of PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Shares. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Shares both under the laws and practice of PRC and the laws and practice in force in PRC at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus but it is noted that the Prospectus will be updated as and when required to reflect any material changes necessary. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

By investing in securities issued by tax residents in the PRC (including without limitation China A-Shares and bonds) ("**PRC Securities**"), a Fund may be subject to withholding and other taxes imposed in the PRC.

- (a) Corporate Income Tax ("**CIT**");

If the ICAV or the relevant Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the ICAV or the relevant Fund is considered as a non-tax resident enterprise with an establishment or place of business ("PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

The Investment Manager intends to manage and operate the ICAV and the relevant Fund in such a manner that the ICAV and the relevant Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT purposes, although due to uncertainty and potential changes to tax law or policies, this result cannot be guaranteed.

Several tax reforms have been introduced by the government of the PRC in recent years, and it is possible that the current tax rules will be revised or modified in the future. Any change in tax policy could lead to a reduction in after-tax profits for companies in the PRC on which a Fund's performances depend.

Moreover, even if the PRC's State Administration of Taxation has confirmed a withholding tax on income in the form of dividends and interest paid to investors with QFII status which should similarly apply to RQFII, it should be noted that it is impossible to know with certainty what the obligations of these investors are in respect of tax deducted by the PRC on capital gains.

(b) Tax Provision:

The PRC generally imposes withholding income tax at a rate of 10% on dividends, premiums, interest and capital gains originating in the PRC and paid to a company that is not a resident of the PRC for tax purposes and that has no permanent establishment in China. The withholding is, in general, made by the relevant PRC tax resident company making such payments. The State Administration of Taxation has confirmed the application to a QFII and RQFII of the withholding income tax on dividends, premiums and interest. In the event the relevant PRC tax resident company fails to withhold the relevant PRC withholding income tax or otherwise fails to pay the relevant withholding income tax to the PRC tax authorities, the PRC tax authorities may, at their sole discretion, impose tax obligations on the ICAV.

Effective as of November 17, 2014, Chinese authorities issued two circulars (Caishui [2014] 79 and Caishui [2014] 81) clarifying the corporate income tax policy of China in respect of QFIIs and RQFIIs and investments through the Shanghai-Hong Kong Stock Connect program. Pursuant to Caishui [2014] 79, the ICAV will not make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares through RQFII with effect from 17 November 2014.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, there is a risk that taxes may be levied in future on a Fund for which no provision is made, which may potentially cause substantial loss to a Fund.

Investors should note that the aforesaid tax filing and tax treaty application are made in accordance with the prevailing tax rules and practices of the Shanghai tax authority at the time of submission. The Net Asset Value of a Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authority.

The ICAV will closely monitor any further guidance by the relevant PRC and Hong Kong tax authorities and adjust the withholding policy of the relevant Fund accordingly. The ICAV will act in the best interest of the Funds at all times. In order to meet the potential tax liability on capital gains arising from disposal of PRC Securities, the ICAV reserves the right to provide for withholding income tax on such gains and withhold the tax for the account of the relevant Fund. The ICAV will at the inception of a Fund decide whether the investment objectives and policies of a Fund would necessitate the making of tax

provisions in respect of that Fund for the above tax obligations. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. Where any provision is made, the amount of actual provision will be disclosed in the accounts of the Funds. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the ICAV may be excessive or inadequate to meet actual PRC tax liabilities on gains derived from investments held by the relevant Fund. Upon any future resolution of the abovementioned uncertainty or further changes to tax law or policies, the ICAV will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary. Investors should note that if provision for taxation is made, such provision may be excessive or inadequate to meet actual PRC tax liabilities on investments made by the relevant Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC tax authorities. If no provision for potential withholding tax is made and in the event that the PRC tax authorities enforce the imposition of such withholding tax in respect of a Fund's investment, the Net Asset Value of the relevant Fund may be affected. As a result, redemption proceeds or distributions may be paid to the relevant Shareholders without taking full account of tax that may be suffered by the relevant Fund, which tax will subsequently be borne by the relevant Fund and affect the Net Asset Value of the relevant Fund and the remaining Shares in that Fund. In this case, the then existing and new Shareholders will be disadvantaged from the shortfall.

On the other hand, if the provision is in excess of the final PRC tax liabilities attributable to the relevant Fund, the excess will be distributed to the relevant Fund and reflected in the Net Asset Value of that Fund. Notwithstanding the foregoing, please note that no Shareholders who have realised their Shares in the ICAV before the distribution of any excess provision to a Fund shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to that Fund, which amount would be reflected in the Net Asset Value of that Fund. Therefore, Shareholders who have redeemed their Shares will be disadvantaged as they would have borne the loss from the overprovision for PRC tax.

Investors should also note that the dividends (if any) paid by a Fund to Shareholders will be net of the applicable PRC tax on dividends and interest.

(c) Business Tax ("**BT**") and other surtaxes:

The revised PRC Provisional Regulations of BT ("**BT Law**") which came into effect on 1 January 2009 stipulates that gains derived by taxpayers from the trading of marketable securities would be subject to BT at 5%.

Caishui [2005] 155 states that gains derived by QFIIs from the trading of marketable securities (including China A-Shares and other PRC listed securities) are exempt from BT. The BT Law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Prospectus. However, it is not clear whether a similar exemption would be extended to RQFIIs and the PRC's State Administration of Taxation has not provided an indication of when this will be determined. However, in the event of a determination being made by the PRC's State Administration of Taxation that the BT will apply to RQFIIs, then all Funds of the ICAV which have a RQFII strategy would be subject to this BT, which would be a charge against the assets of the Fund and therefore would negatively impact on a Shareholders holding.

For marketable securities other than those trading under RQFIIs, the BT Law shall apply to levy BT at 5% on the difference between the selling and buying prices of those marketable securities. However, capital gains derived from trading of offshore PRC marketable securities (e.g. H-Shares) should not be subject to BT.

The BT Law does not specifically exempt BT on interest earned by non-financial institution. Hence, interest on both government and corporate bonds in theory should be subject to 5% BT.

Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of BT.

In addition, urban construction and maintenance tax (currently at the rate ranging from 1% to 7%), education surcharge (currently at the rate of 3%) and local education surcharge (currently at the rate of 2%) (collectively the surtaxes) are imposed based on the BT liabilities; i.e. if the ICAV is deemed liable for BT, it will be required to pay these surtaxes. If BT will be exempted based on the above, no corresponding surtaxes will be levied. However as indicated above, if this position were to change, then the surtaxes would apply, which would be a charge against the assets of the Fund and therefore would negatively impact on a Shareholders holding.

(d) Stamp duty:

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in the PRC of certain documents, including contracts for the sale of China A- and B-Shares traded on the PRC stock exchanges. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

(e) Other tax uncertainty:

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the relevant Fund invests in, thereby reducing the income from, and/or value of the Shares.

The interpretation and applicability of the tax law and regulations by tax authorities may not be as consistent and transparent as those of more developed nations, and may vary from region to region.

(f) Accounting and Reporting Standards:

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may differ from those in countries that have more developed financial markets. These differences may lie in areas such as different valuation methods of the properties and assets of such companies, and the requirements for disclosure of information to investors of such companies.

**Shareholders should seek their own tax advice on their tax position with regard to their investment in a Fund.**

**Government Intervention and Restriction:** There may be substantial government intervention in the economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests.

Governments and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. Further, intervention or restrictions by governments and regulators may affect the trading of China A-Shares or Shares of the relevant Fund. This may affect the operation and market making activities of a Fund, and may have an unpredictable impact on a Fund. This may also lead to an increased tracking error for the relevant Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Fund. In a worst case scenario, the investment objective of the relevant Fund cannot be achieved.

**Economic, political and social risks:** The economy of the PRC has been in a state of transition from a planned economy to a more market oriented economy. In many respects it differs from the

economies of developed countries, including the level of government intervention, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions, including expropriation or confiscatory taxation, foreign exchange control or nationalisation of property held by issuers of the underlying securities in which the relevant Fund invests. These factors could adversely affect the performance of the relevant Fund.

**PRC law and regulations risk:** The PRC's legal system is based on written statutes and, therefore, prior court decisions do not have binding legal effect, although they are often followed by judges as guidance. The PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in promulgating laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, enforcement of such laws and regulations may be uncertain and sporadic, and implementation and interpretation of such laws and regulations may be inconsistent. The PRC's judiciary is relatively inexperienced in enforcing the existing laws and regulations, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. Even where adequate laws exist in the PRC, it may be difficult to obtain swift and equitable enforcement of such laws, or to obtain enforcement of a judgment by a court of another jurisdiction. The introduction of new Chinese laws and regulations and the interpretation of existing ones may be subject to policy changes reflecting domestic political or social changes. The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving. As the PRC's legal system develops, there can be no assurance that changes in such legislation or interpretation thereof will not have an adverse effect upon the business and prospects of the relevant Fund's portfolio investments in the PRC.

## **2.10 Risks related to the investments in Asia Pacific and Emerging Markets**

To the extent the Funds invest in companies listed in Asia-Pacific stock exchanges, the Funds will be exposed to the following risks:

### **Particular risks of investing in the PRC and other Asia-Pacific economies**

Certain emerging Asia-Pacific equity markets have begun to expand and open to international investments only in recent years, and are neither as developed nor as efficient as those in the U.S. or Europe. The trading volumes in many Asia-Pacific equity markets are usually lower than on U.S. and European markets, resulting in greater liquidity risk as well as the risk of more rapid and erratic price fluctuations. In particular, investments in PRC and other emerging companies in the Asia-Pacific region involve certain risks and special considerations not typically associated with developed markets, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, confiscatory taxation, armed conflict, the risk that the PRC government may decide not to continue to support economic reform programs, the risk of nationalization or expropriation of assets, lack of uniform auditing and accounting standards, less publicly available financial and other information, fewer hedging instruments available, potential difficulties in enforcing contractual obligations, potentially fewer opportunities for capital appreciation than other emerging market and limitations on the ability to pay dividends due to currency exchange issues, which may result in the risk of the loss of favorable tax treatment.

The securities markets of emerging countries may have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of the relevant Fund's acquisition or disposal of securities.

### **Risks related to settlement practices in the PRC and certain other Asia-Pacific economies**

Settlement practices for transactions in Greater China and certain other Asia-Pacific markets may involve delays beyond periods customary in developed markets, possibly requiring a Fund to

borrow funds or securities to satisfy obligations arising out of other transactions that would otherwise have been settled with the proceeds of another transaction.

### **Risks related to legal and tax system of PRC and certain other Asia-Pacific economies**

The legal and tax systems of certain countries in the Asia-Pacific region are less predictable than most legal and tax systems in countries with fully developed capital markets. Currently, the tax rules and regulations prevailing in certain countries in the Asia-Pacific region are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies often experience delays when obtaining governmental licenses and approvals. These factors contribute to the exogenous, systemic risks to which a Fund may be exposed. In some countries, especially developing or emerging countries, regulatory, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.

There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable by a Fund itself may reduce returns for the Shareholders.

In addition, changes to tax treaties (or their interpretation) between countries in which a Fund invests, and countries through which a Fund conducts its investment program, may have significant adverse effects on a Fund's ability to efficiently realize income or capital gains. Consequently, a Fund may face unfavorable tax treatment resulting in an increase in the taxes payable by the Fund on its investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the Shareholders.

### **Risks related to inadequate information and regulation in the PRC and certain other Asia-Pacific countries**

Generally, there is less publicly available information about PRC and other Asia-Pacific companies. This may make it more difficult for the Investment Manager to stay informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing, and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of certain PRC and Asia-Pacific companies.

### **Market risks and equity price volatility in stock exchanges of certain Asia-Pacific countries**

Certain of these stock exchanges have experienced substantial fluctuations in the prices and trading volumes of listed securities from time to time. Certain Asia-Pacific governments, PRC as one of the examples, have also been known to intervene in the securities market in a manner that may significantly affect market price and liquidity of a Fund's investments.

The Investment Manager's strategies are subject to multiple dimensions of market risk. By investing in a Fund, investors will be exposed to unexpected directional price movements; international, or Asia-Pacific specific factors adversely affecting the price level of Asia-Pacific equities in general; momentum pricing dominating the fundamental economic factors on which the Investment Manager focuses in its equity selection; changes in the regulatory environment (in Greater China and/or in other global markets); changes in market volatility; "flights to quality"; and "credit squeezes." The great degree of exposure of a Fund's portfolio in the Asia-Pacific region materially increases its market risk in that the prices of these equities may react more violently and abruptly to market changes than the equities traded in established equities markets. During periods of market disruption, the Greater China and certain other Asia-Pacific equity markets may be treated by the global markets in general as part of commoditized "emerging market" risk and heavily devalued. A Fund may materially underperform other investment funds with a substantially similar investment objectives and approaches.

Equity prices have been subject to periods of excessive volatility in the past, and the Investment Manager expects these periods to recur. Price volatility is influenced by many unpredictable

factors, such as market sentiment, inflation rates, interest rate movements, and general economic and political conditions. On the other hand, the equities markets occasionally enter into "stagnant" periods of significantly reduced volatility. The volatility of the Greater China and certain other Asia-Pacific equity markets can be expected to exceed that of certain other equity markets due to the less developed stage of these markets. The Investment Manager believes that its strategy can be successful in a wide range of volatility environments. However, the profit potential of this strategy could be adversely affected during periods when market volatility approaches extreme levels (either high or low)

#### **Risks related to market misconduct and improper trading practices in the stock exchanges in certain Asia-Pacific countries**

The stock exchanges in certain Asia-Pacific countries have experienced certain problems, including market manipulation, insider trading and payment defaults. The recurrence of these or similar problems could have a material adverse effect on the market price and liquidity of the securities of certain Asia-Pacific companies, which may, in turn, have an adverse impact on a Funds' investments.

#### **Concentration risks related to investments of Greater China and certain other Asia-Pacific companies**

A Fund's concentration on the equities of Greater China and certain other Asia-Pacific companies will also put that Fund at material risk of political, economic and other factors in Greater China and the relevant Asia-Pacific countries. Equity prices, globally, are vulnerable to the effects of economic intervention by any major government. U.S. or European monetary and/or stimulus policies may for example, materially affect the equities of Greater China and certain other Asia-Pacific Companies.

#### **Risks related to unpredictable events**

Market disruptions caused by unexpected political, military and terrorist events may cause dramatic losses for a Fund. Market disruptions can damage a Fund in ways that cannot be predicted. Due to the less developed state of the Asia-Pacific equity markets, they may be more vulnerable and less able to absorb the damage caused by market disruptions than are more developed equity markets.

#### **Risks related to other instruments**

The Greater China and certain other Asia-Pacific equities markets are rapidly developing and it is likely that a number of new financial instruments will be developed in the near future as a means of accessing these markets. While a Fund may maintain its focus on Greater China equities, it is not possible to predict what instruments that Fund may use to do so over time, certain of which may be subject to their own particular risks. Furthermore, many equity-linked instruments are materially less liquid than the underlying equity itself, which could cause materially increased risk to the Fund under certain market scenarios.

#### **Risks relating to less predictable PRC's legal and tax systems**

The PRC's legal and tax systems are less predictable than most legal and tax systems in countries with fully developed capital markets. Currently, the tax rules and regulations prevailing in the PRC are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies may experience delays in the PRC when obtaining governmental licenses and approvals. These factors contribute to the exogenous and systemic risks to which a Fund may be exposed. There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or various other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable in connection with the investments or by a Fund may reduce the returns for the Shareholders. In addition, changes to tax treaties (or their interpretations) between countries in which a Fund invests and countries through which a Fund conducts its investment program, may have significant adverse effects on a Fund's ability to efficiently realize income or

capital gains. Consequently, a Fund may face unfavorable tax treatment resulting in an increase in the taxes payable by a Fund on its investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the Shareholders.

In addition, foreign investment and mergers and acquisitions laws in PRC are also constantly changing and such changes (which may take retrospective effect) could adversely affect the ability of a Fund to exploit investment opportunities and/or the investments already made by a Fund when the changes come into effect.

### **Developing legal system and investment regulations**

The PRC's legal system is based on written statutes under which prior court decisions may be cited for reference but do not form a set of binding precedents. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements (including the Investment Regulations, as applicable) are relatively recent, their interpretation and enforcement involve significant uncertainty. In addition, the PRC laws governing business organisations, bankruptcy and insolvency provide substantially less protection to security holders than that provided by the laws of more developed countries.

### **PRC's governmental, political, economic and related considerations**

For over a decade, the government of the PRC has been reforming the economic and political systems of the PRC. Whilst these reforms may continue, many of the reforms are unprecedented or experimental and may be refined or changed. Political, economic and social factors could also lead to further readjustments to the reform measures. A Fund's operations and financial results could be adversely affected by adjustments in the PRC's state plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and imports, and measures which may radically influence consumer behaviour and consumption patterns in certain sectors. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners. The PRC economy has experienced significant growth in recent years, but such growth has been uneven both geographically and among the various sectors of the economy. The PRC government has implemented various measures from time to time to control inflation and to regulate economic expansion with a view to preventing overheating of the economy. The transformation from a centrally planned, socialist economy to a more market-oriented economy has also resulted in some economic and social disruptions and distortions. Moreover, there can be no assurance that the economic and political initiatives necessary to achieve and sustain such a transformation will continue or, if such initiatives continue and are sustained, that they will be successful. In the past the PRC government has applied nationalisation, expropriation, confiscatory levels of taxation and currency blockage. There can be no assurance that this will not re-occur and any re-occurrence could adversely affect the interests of the Funds.

### **Counterparty risk**

Certain of a Fund's transactions may be undertaken through local brokers, banks or other organizations in the PRC, which will subject a Fund to the risk of their default, insolvency, or fraud. There can be no assurance that any money advanced to such organizations will be repaid or that the relevant Fund would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose a Fund to a variety of risks including theft, loss and destruction. A Fund also depends on the general soundness of the banking systems in the PRC that, in some cases, remain relatively under-developed or unstable compared to developed markets such as the U.S. and the United Kingdom.

### **Risk linked to investments in Mainland China-related securities**

Chinese stock markets may be more volatile and unstable due to governmental intervention. The Chinese government has been known to intervene in China's securities markets in a manner that

may significantly affect market price and liquidity. Government interventions such as imposing limits on the sale of shares and trading of index futures, devaluation of the RMB, and channelling capital into equities, may increase stock market fluctuations and create uncertainties in the stock markets, which may materially affect a Fund's investments.

#### **Risks relating to dependence upon trading on China A-Share market**

The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China-A Shares. The price at which the securities may be purchased or sold by a Fund and the Net Asset Value of a Fund may be adversely affected if trading markets for China-A Shares are limited or absent. Investors should note that the Shenzhen Stock Exchange ("**SZSE**") and the Shanghai stock exchange ("**SSE**") on which China A-Shares are traded are undergoing development and the market capitalisation of, and trading volumes on, those stock exchanges are lower than those in more developed markets. The China A-Share market may be more volatile and unstable (for example due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. Market volatility and suspension of trading in China A-Shares in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of a Fund.

#### **Risks relating to suspension of the China A-Share market**

Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible for the Investment Manager to liquidate positions and can thereby expose a Fund to losses. If some of the China A-Shares in which a Fund is invested are suspended, it may be difficult to determine the Net Asset Value of a Fund. Where a significant number of the China A-Shares in which a Fund is invested are suspended, the Board may determine to suspend the subscription and redemption of Shares of a Fund, and/or delay the payment of any monies in respect of any redemption requests. As a result of the trading band limits imposed by the stock exchanges in the PRC on China A-Shares, it may not be possible for Shareholders to redeem Shares on a Dealing Day, because the securities may not be available if the trading band limit has been exceeded for such securities or it is impossible to liquidate positions. This may expose a Fund to losses.

#### **Investment risks in the Chinese technology sector**

A Fund's Investments in technology companies engaging in business in China may be impacted by antitrust enforcement actions taken by the PRC government against technology companies. PRC regulators are continuing to strengthen their supervision on competition matters for technology companies. PRC regulators issued a set of antitrust guidelines specifically regulating big technology online platforms in 2021. They also intend to clarify the threshold to determine the market dominant position applicable to non-banking payment institutions. On the enforcement front, in 2021, the State Administration for Market Regulation imposed significant fines on several giant PRC technology companies for their violation of antitrust law, including their abuse of market dominant position and/or failure to submit merger control filings for previous transactions. PRC regulators may look into the previous business operations of technology companies (theoretically dating back to 2008 when the PRC Anti-monopoly Law took effect) when deciding whether there has been any non-compliant behaviour.

A Fund's returns may be materially and adversely impacted if any invested company is fined by the PRC regulators (fines which may amount up to 10% of annual turnover of the immediately preceding year) due to a violation of any antitrust rules. In addition, the business operations and reputation of any such company may be adversely impacted if the administrative penalties imposed are made public.

#### **Economic and Political Risk of Hong Kong**

Economic, political and legal developments in Hong Kong could negatively affect the Funds' operations. The general state of the Hong Kong economy and the political and legal situation in Hong Kong may have a significant impact on the Funds' performance.

#### **Hong Kong's National Security Law**

The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region was gazetted for promulgation on 30 June 2020 and took effect on the same day.

The introduction of the law has triggered and may in the future trigger sanctions and other measures by certain countries, and the implementation of the law and the adoption of such sanctions or measures may disrupt or limit the operations of the Investment Manager and other persons or businesses in Hong Kong to the detriment of the Funds.

## **2.11 Renminbi related risks**

### **Renminbi currency risk**

RMB is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. There are currently no repatriation limits that affect a Fund. If such policies change in future, a Fund's or the investors' position may be adversely affected.

Further devaluation of the RMB can materially affect a Fund's investments.

There is no assurance that the RMB will not be subject to devaluation. Shareholders should also note the downside risk associated with RMB. Any devaluation of the RMB could adversely affect a Fund's Investment, especially given that a Fund seeks to focus on equities of Greater China companies and companies with significant exposure to China.

### **Offshore RMB Market risk**

The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC ("**Onshore RMB Market**"). Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC ("**Offshore RMB Market**"). Since June 2010, the offshore RMB ("**CNH**") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. As a result of the controls on cross-border transfers of Renminbi between Hong Kong and China, the Onshore RMB Market and the Offshore RMB Market are, to an extent, segregated, and each market may be subject to different regulatory requirements that are applicable to the Renminbi. The CNY may therefore trade at a different foreign exchange rate compared to the CNH. Due to the strong demand for offshore RMB, CNH used to be traded at a premium to onshore RMB, although occasional discount may also be observed. A Fund's investments may potentially be exposed to both the CNY and the CNH, and a Fund may consequently be exposed to greater foreign exchange risks and/or higher costs of investment (for example, when converting other currencies to the Renminbi at the CNH rate of exchange).

However, the current size of RMB-denominated financial assets outside the PRC is limited. At the end of September 2013, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB730 billion. In addition, participating authorised institutions are required by the Hong Kong Monetary Authority to maintain a total amount of RMB assets (in the form of, inter alia, cash and the institution's settlement account balance with the Renminbi clearing bank, holding of RMB sovereign bonds issued in Hong Kong by the PRC Ministry of Finance and bond investment through the PRC interbank bond market) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi clearing bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers that are Hong Kong residents of up to RMB20,000 per person per day. The Renminbi clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the Offshore RMB Market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign

exchange. There is no assurance that new PRC laws and regulations will not be promulgated, terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of a Fund. To the extent the Investment Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

### **Offshore RMB ("CNH") Remittance Risk**

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and municipalities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. On 25 February 2011, the Ministry of Commerce ("**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. While the MOFCOM Circular expressly sets out the requirement of obtaining MOFCOM's prior written consent for remittance of RMB back in the PRC by a foreign investor, the foreign investor may also be required to obtain approvals from other PRC regulatory authorities, such as the PBOC and SAFE, for transactions under capital account items. As the PBOC and SAFE have not promulgated any specific PRC regulation on the remittance of RMB into the PRC for settlement of capital account items, foreign investors may only remit offshore RMB into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 (as extended in June 2010) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Such an event could have a severe adverse effect on the operations of a Fund, including limiting the ability of a Fund to redeem and pay the redemption proceeds in RMB.

Currently the Bank of China (Hong Kong) Limited is the only clearing bank for offshore RMB in Hong Kong. A clearing bank is an offshore bank that can obtain RMB funding from the PBOC to square the net RMB positions of other participating banks. In February 2004, Bank of China (Hong Kong) Limited launched its RMB clearing services following its appointment by the PBOC. Remittance of RMB funds into China may be dependent on the operational systems developed by the Bank of China (Hong Kong) Limited for such purposes, and there is no assurance that there will not be delays in remittance.

Recently there have been significant moves in the UK with the aim of improving RMB liquidity, including an agreement between China and the UK in October 2013 on the direct conversion between RMB and GBP, and the consideration by the UK to set up a London-based clearing bank for offshore RMB in November 2013.

## **2.12 Stock Connect Risks**

A number of restrictions apply to Stock Connect trading that could affect a Fund's investments and returns. For example, the home market's laws and rules apply to investors in the Stock Connect program. This means that investors in Stock Connect securities are generally subject to PRC securities regulations, disclosure requirements of the China A Shares market, and SSE or SZSE listing and trading rules as appropriate, among other restrictions. Any changes in laws, regulations, rules and policies of the China A Shares market may affect the trading of a Fund. Further, an investor may not dispose of its Stock Connect Securities which were purchased through the Stock Connect by any means other than through Stock Connect, in accordance with applicable rules. Although individual investment quotas do not apply, Stock Connect participants

are subject to daily investment quotas, which could restrict or preclude a Fund's ability to invest in Stock Connect Securities. A purchase order that has been submitted but not yet executed may be rejected although a purchase order that has been submitted and accepted will be processed regardless of the daily investment quotas being used up; sell orders are not affected by daily investment quotas. Trading China A Shares through the Stock Connect program is subject to risks relating to applicable trading, clearance and settlement procedures in the PRC.

Not all China A Shares can be traded through Stock Connect. Currently, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index, the SZSE Component Index, the SZSE Small/Mid Cap Innovation Index (with market capitalisation of RMB 6 billion or above) as well as all China A Shares dual-listed on either the SSE or SZSE and the SEHK, except for listed shares which are not traded in RMB and/or which are under 'risk alert' or under delisting arrangements. Investors should note that a security may be recalled from the scope of Stock Connect as set out below. This may adversely affect a Fund's ability to meet its investment objective, e.g. when it wishes to purchase a security which is recalled from the scope of Stock Connect. It is expected that the list of eligible securities will be subject to review and may change.

Under the current mainland China rules, where a Fund holds or controls 5% or more of the shares of a company listed on either the SSE or SZSE, a Fund must disclose its interest within three working days and will (i) be unable to trade the shares of that company during that time and (ii) be subject to restrictions on the retention of any profits made from the disposal of those shares within six (6) months of their purchase. A Fund will also be required to make this disclosure within three working days every time a change in its shareholding reaches 5%. From the day the disclosure obligation arises to two working days after the disclosure is made, a Fund may not trade the shares of that company.

Foreign shareholding restrictions are also applicable to China A Shares. Similar to RQFII, overseas investors holding China A Shares via Stock Connect are subject to the following restrictions (i) shares held by a single foreign investor (such as a Fund) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (ii) total A Shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investments in a listed company must not exceed 30% of the total issued shares of such listed company. If the aggregate foreign shareholding exceeds the 30% restriction, the foreign investors would be required to unwind their positions on the excessive shareholding according to a last-in-first-out basis within five trading days.

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, a Fund's ability to access the PRC market (and hence its ability to pursue its investment strategy) will be adversely affected.

Trading in securities through the Stock Connect may be subject to clearing and settlement risk. In the unlikely event that HKSCC or ChinaClear defaults on its obligation to deliver securities / make payment, a Fund may suffer delays in recovering its losses or may not be able to fully recover its losses. Please refer to the risk headed "**Risk of HKSCC default**" for greater detail.

### **The recalling of eligible stocks and trading restrictions**

A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the Investment Manager.

Under Stock Connect, a Fund will only be allowed to sell China A Shares but restricted from further buying if: (i) the China A Share subsequently ceases to be a constituent stock of the relevant indices; (ii) the China A Share is subsequently listed as "risk alert"; (iii) the corresponding H share of the China A Share subsequently ceases to be traded on SEHK; and/or (iv) in respect of SZSE shares only, such shares, based on any subsequent periodic review, are determined to have a market capitalisation of less than RMB 6 billion. Investors should also note that daily price fluctuation limits (+10%/-10%) apply to China A Shares and may result in the suspension of trading on that day.

### **Risk of HKSCC default**

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement or the loss of Stock Connect Securities and/or monies in connection with them, and a Fund and its investors may suffer losses as a result. Neither a Fund nor the Investment Manager shall be responsible or liable for any such losses.

Because HKSCC is only a nominee holder and not the beneficial owner of Stock Connect Shares, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that Stock Connect Shares will not be regarded as part of the general assets of HKSCC available for distribution to creditors even under mainland China law.

### **Ownership of Stock Connect Shares**

HKSCC is the "nominee holder" of the Stock Connect Securities acquired by Hong Kong and overseas investors through the Stock Connect. Foreign Investors like a Fund investing through the Stock Connect holding the Stock Connect Securities through HKSCC are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee. Stock Connect Securities are uncertificated and are held by HKSCC for its account holders. Physical deposit and withdrawal of Stock Connect Securities are not currently available. Hong Kong and overseas investors can only hold Stock Connect Securities through their brokers/custodians. Their ownership of such is reflected in their brokers/custodians' own records such as client statements.

According to existing mainland China practices, a Fund as a beneficial owner of China A Shares traded via Stock Connect cannot appoint proxies to attend shareholders' meetings on its behalf.

### **Risks Associated with companies listed on Small and Medium Enterprise board and/or ChiNext market**

A Fund may invest in certain eligible companies listed on the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE via the Shenzhen Stock Connect. Investments in the SME board and/or ChiNext market may involve a higher level of risk than investments made on other markets and investors should note the following additional risks:

#### **Higher fluctuation on stock prices**

Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

#### **Over-valuation risk**

Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

#### **Differences in regulations**

The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

#### **Delisting risk**

It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted.

The above may not cover all risks related to Stock Connect and any above mentioned laws, rules and regulations are subject to change.

Because Stock Connect is in its early stages, additional developments are likely. It is unclear whether or how such developments may affect a Fund's investments or returns. Additionally, the application and interpretation of the laws and regulations of Hong Kong and the PRC are uncertain, as are the rules, policies and guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program. These may have a negative impact on a Fund's investments and returns.

## 2.13 Strategy Risks

### **A Fund is subject to the "risk of ruin" — unanticipated severe losses**

A Fund is subject to a materially greater degree of emerging market risk than more diversified portfolios where portfolio may have a great degree of exposure to Greater China and other Asia-Pacific companies. These companies are subject to extrinsic forces — e.g., government intervention, changes in operational mechanisms of the capital markets their securities are listed, and exchange-rate movements — to a materially greater degree than certain other equity markets.

### **Risk related to portfolio geographic diversification**

A Fund's portfolio may not be geographically diversified, as a Fund may concentrate its investments in companies with significant exposure to Greater China. Securities issued by these companies, including A Shares, B Shares, Red Chips (being stocks of mainland PRC companies that are incorporated outside the PRC and listed in Hong Kong), P Chips (being Chinese companies listed on the Hong Kong Stock Exchange which are incorporated in the Cayman Islands, Bermuda and the British Virgin Islands with operations in the PRC), H Shares, Hong Kong listed stocks, Taiwan listed stocks, and others are subject to different holding and access requirements (each as defined herein). The concentration of a portfolio with underlying investment theses in any single geographic region materially increases investment risk—as opposed to an investment in a more geographically diversified portfolio—and a Fund's focus on Greater China may expose it to an especially high level of risk due to the currently volatile economic, as well as political, factors and developments affecting Greater China.

Although a Fund will normally gain exposure to Greater China cash equities through direct purchases, a Fund may not have full or direct access to certain Greater China cash equities, such as China A shares. As a non-Chinese investor, a Fund is not—absent obtaining regulatory approval or via permitted investment vehicles (such as the "**Stock-Connect**" or QFII or RQFII quotas)—permitted to invest directly in A Shares. In addition, PRC policies relating to non-PRC investment in the PRC also limit a Fund's investment flexibility and scope.

### **Systematic and idiosyncratic risk**

All investments are subject to systemic, systematic and idiosyncratic risk that could lead to the loss of capital. The subscription monies paid by an applicant for Shares will accordingly be subject to investment risk in a Fund from the relevant subscription day. There is no guarantee that a Fund's investments will be successful. Investment results may vary significantly over time. A Fund's investment program may use investment instruments and techniques such as currency hedging instruments, which may magnify the adverse impact to which a Fund may be subject during periods of excessive market volatility. As is true of any investment, there is a risk that an investment in a Fund will be lost entirely or in part. A Fund is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

### **Liquidity risk**

The Investment Manager intends to maintain a low turnover rate, which may imply certain liquidity risk, or not being able to adjust a Fund's portfolio quickly. Trade executions in the Greater China and certain other Asia-Pacific equity markets are not as efficient, reliable, or accurate as in a number of other major equity markets. While the Investment Manager is not a "high frequency" trader, the Investment Manager expects a degree of turnover in a Fund's portfolio. Consequently, over time, the increased transaction costs incurred because of inefficient trade executions may constitute a material cost to a Fund.

Some of a Fund's positions may unexpectedly become illiquid, making it infeasible to close out positions against which the market is moving to limit losses or to recognize profits on profitable positions. The market for equities a Fund invests in may exhibit periods of illiquidity that would be unlikely to occur on U.S. or European stock exchanges. Government intervention could very quickly eliminate the liquidity in most if not all of the positions held by a Fund.

### **Interest rate risk**

The prices of the equities held by a Fund may be sensitive to interest-rate fluctuations. The operations of Greater China and certain other Asia-Pacific companies are sensitive to interest-rate changes. To the extent these issuers rely on financing for working capital needs, their profitability will be materially impacted by changes in interest rates, and these changes can materially affect consumer demand for many products made by these issuers. The exchange rate between the U.S. dollar, Renminbi and other Asian currencies will be materially influenced by the interest-rate differential between the United States and relevant countries. The Investment Manager does not purport to have any expertise predicting future interest-rate movements, particularly as interest rates can be materially influenced by government intervention reflecting changing political as well as macro-economic factors.

The risks described in the Prospectus and this Supplement should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks from time to time.

## **2.14 Equity Risks**

A Fund may invest directly or indirectly in equity securities. 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 a series of 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. Potentially a Fund investing in equities could incur significant losses.

Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go down and the relevant Fund may suffer losses. Factors affecting the equity securities are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the relevant Fund to losses.

## **2.15 Efficient Portfolio Management Risk**

The ICAV 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. In addition to the sub-section entitled "**General**", 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 Depositary or other service providers of the ICAV. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. 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.

## **2.16 Investing in Fixed Income Securities Risk**

The prices of fixed income securities fluctuate in response to perceptions of the issuer's creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. Typically, the longer the time to maturity the greater are such variations. A Fund investing in fixed income securities will be subject to credit risk (i.e. the risk that an issuer of securities will be unable or unwilling to pay principal and interest when due, or

that the value of a security will suffer because investors believe the issuer is less able or willing to pay). This is broadly gauged by the credit ratings of the securities in which a Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

Not all government securities are backed by the full faith and credit of the relevant national government. Some are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is at least a chance of default on these government securities in which the Funds may invest, which may subject a Fund to additional credit risk.

To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation.

When economic conditions appear to be deteriorating, these medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Debt securities rated below BBB- (or its equivalent) and comparable unrated securities are considered below Investment Grade and are commonly known as "junk bonds". They are considered to be of poor standing and mainly speculative, and those in the lowest rating category may be in default and are generally regarded by the rating agency as having extremely poor prospects of attaining any real investment standing. The lower ratings of these debt securities reflect a greater possibility that the issuer may be unable or unwilling to make timely payments of interest and principal and thus default. If this happens, or is perceived as likely to happen, the values of those debt securities will usually be more volatile. A default or expected default could also make it difficult for the Fund to sell the debt securities at prices approximating the values the Fund had previously placed on them. Because junk bonds are traded mainly by institutions, they usually have a limited market, which may at times make it difficult for the Fund to establish their fair value.

Investments in sovereign debt securities involve certain risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/ or interest when due in accordance with the terms of such securities due to a range of factors that may include: the extent of its foreign reserves; the availability of sufficient foreign exchange on the date a payment is due; the relative size of the debt service burden to the economy as a whole; or the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. If an issuer of sovereign debt defaults on payments of principal and/or interest, a Fund may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and the Fund's ability to obtain recourse may be limited. Historically, certain issuers of the government debt securities in which a Fund may invest have experienced substantial difficulties in meeting their external or local market debt obligations, resulting in defaults on certain obligations and the restructuring of certain indebtedness. Such restructuring arrangements have included obtaining additional credit to finance outstanding obligations and the reduction and rescheduling of payments of interest and principal through the negotiation of new or amended credit agreements.

## **2.17 Leverage Risk**

A Fund may engage in leverage for investment purposes or as part of a hedging strategy, as will be outlined in the relevant Supplement, if applicable. The use of leverage creates special risks and may significantly increase the Fund's investment risk. Leverage will create an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

## **2.18 Credit Ratings Risk**

The ratings of fixed-income securities by Moody's and Standard & Poor's are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating on an issuer or a security is heavily weighted by past performance and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. In the event of a down-grading of the credit rating of a security or an issuer relating to a security, the value of a Fund investing in such security may be adversely affected.

There is no assurance that the ratings of each rating agency will continue to be calculated and published on the basis described in this Prospectus or that they will not be amended significantly. The past performance of a rating agency in rating an investment is not necessarily a guide to future performance.

## **2.19 Liquidity Risk**

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low.

Liquidity risk exists when particular investments are difficult to purchase or sell. Also, some of the markets in which a Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of the securities.

A Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price which could prevent the Fund from taking advantage of other investment opportunities. Funds with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that a Fund's principal investment strategies involve securities of companies with smaller market capitalisations, foreign securities, illiquid sectors of fixed income securities, or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Further, fixed income securities with longer durations until maturity face heightened levels of liquidity risk as compared to fixed income securities with shorter durations until maturity. Finally, liquidity risk also refers to the risk of unusually high redemption requests or other unusual market conditions that may make it difficult for a Fund to fully honour redemption requests within the allowable time period. Meeting such redemption requests could require a Fund to sell securities at reduced prices or under unfavourable conditions. As a result, the Fund may suffer losses and the Net Asset Value of the Fund may be adversely affected. It may also be the case that other market participants may be attempting to liquidate fixed income holdings at the same time as a Fund, causing increased supply in the market and contributing to liquidity risk and downward pricing pressure.

## **2.20 Market Capitalisation Risk**

Certain Funds may invest in the securities of small-to-medium-sized (by market capitalisation) companies, or FDI related to such securities. 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.

## **2.21 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 repurchasing their Shares or by a transfer to an investor who is an eligible transferee.

## **2.22 Financial Markets and Regulatory Change**

The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the ICAV's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the ICAV. The ICAV and the Investment Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures which have been or may be adopted in certain jurisdictions.

## **2.24 Eurozone Crisis**

As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the EU have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund (the "IMF") and the recently created European Financial Service Facility (the "EFSF"). The European Central Bank (the "ECB") has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. In December 2011, leaders of the countries in the Eurozone, as well as the leaders of certain other countries in the EU, met in Brussels and agreed a "fiscal compact" which includes a commitment to a new fiscal rule, to be introduced into the legal systems of the relevant countries, as well as acceleration of the entry into force of the European Stability Mechanism treaty.

Notwithstanding the measures described above, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe is impossible to predict.

## **2.25 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.

## **2.26 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.

## **2.27 Investment in Collective Investment Schemes (CIS)**

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

If a Fund invests a substantial proportion of its net assets in other CIS the maximum level of the investment management fees that may be charged to that Fund by the other CIS will be set out in the relevant Supplement. Details of such fees may be contained in the relevant Fund's annual report. 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 investors in other underlying funds to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect.

CIS may have different settlement cycles than that of the Funds. Thus, there may be mismatch between the two settlement cycles causing the Funds to use borrowing on a temporary basis to meet such obligations. This may result in charges being incurred by the relevant Fund. Any such borrowing will comply with the Regulations. Further, each CIS may not be valued at the same time or on the same day as the relevant Fund and accordingly the net asset value of such CIS used in the calculation of the Net Asset Value of the relevant Fund will be the latest available net asset value of such CIS (further details on the calculation of the Net Asset Value are set out under the heading "**Valuation of Assets**").

CIS may be leveraged. This includes the use of borrowed funds and investments in FDI. Also, they may engage in short sales. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the relevant Fund.

To the extent that the relevant Fund is invested in CIS, the success of the relevant Fund shall depend upon the ability of the CIS to develop and implement investment strategies that achieve the relevant Funds' investment objective. Subjective decisions made by the CIS may cause the relevant Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalised. In addition, the overall performance of the relevant Fund will be dependent not only on the investment performance of the CIS, but also on the ability of the Investment Manager to select and allocate the Funds' assets among such CIS effectively on an on-going basis. There can be no assurance that the allocations made by the Investment Manager will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which CIS are not changed.

## **2.28 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 Instrument of Incorporation, 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.

## 2.29 Unlisted Securities

A Fund may invest in unlisted securities. In general there is less governmental regulation and supervision of transactions in the unlisted securities markets than for transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with unlisted securities. Therefore, any Fund investing in unlisted securities will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Fund will sustain losses.

## 2.30 Volatility Risk

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, climate, changes in interest rates, and the inherent volatility of the market place. Volatility may also be due to the fluctuations in the exchange rate of currencies. Therefore, it is a probability measure of the threat that an exchange rate movement poses to an investor's portfolio in a foreign currency. During periods of uncertain market conditions the combination of price volatility and the less liquid nature of securities markets may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

## 2.31 Capital Erosion Risk

Certain Funds, where for example they invest more than 20% in fixed income instruments, may have as the priority objective the generation of income rather than capital. Investors should be noted that the focus on income and the charging of Investment Management Fees and any other fees to capital may erode capital and diminish the Fund's ability to sustain future capital growth. In this regard, distributions made during the life of the Fund should be understood as a type of capital reimbursement.

## 2.32 Concentration Risk

The investments of certain Funds may be concentrated in a single market or country. A Fund which pursues a concentrated investment strategy may be subject to a greater degree of volatility and risk than a Fund following a more diversified strategy. To the extent that a Fund concentrates its investments in a particular market or country, its investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in that market or country. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavourable developments in that particular market or country in which the Fund invests.

## 2.33 Mortgage-backed and Asset-backed Securities Risk

A Fund may be exposed to risks associated with securitised instruments (e.g. mortgage-backed and asset-backed securities), such as a credit risk which relates essentially to the quality of the underlying assets, and which may vary in type and may involve liquidity risks. These instruments are based on complex operations that may also involve legal risks and other risks related to the characteristics of the underlying assets.

The value of such mortgage-backed and asset-backed securities depends on the value of the underlying collateral which is subject to market fluctuation and there is a risk that they may be downgraded due to adverse market conditions.

**Extension Risk:** When interest rates rise, certain underlying obligations of the mortgage-backed securities / asset-backed securities will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, such securities may exhibit additional volatility and may lose value.

**Prepayment Risk:** When interest rates fall, certain underlying obligations of the mortgage-backed securities / asset-backed securities will be paid off by the obligor more quickly than originally anticipated, and the relevant Fund may have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the relevant Fund will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

### 2.34 Risks Relating to REITs and other Property-Related Companies

The prices of equity REITs and other property-related companies are affected by changes in the value of the underlying property owned by the REITs/property-related companies and changes in capital markets and interest rates. The prices of mortgage REITs and other property-related companies are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Under certain tax legislation, REITs and other property-related companies may avoid tax on the income they distribute if certain conditions are made. For example, under the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), a U.S. REITs is not taxed in the U.S. on income it distributes to its shareholders if it complies with several requirements relating to its organisation, ownership, assets and income and a requirement that it generally distribute to its shareholders at least 90 per cent. of its taxable income (other than net capital gains) for each taxable year. However the REITs/property-related company could fail to qualify for tax-free pass-through of income under, for example, the Code. Such a failure would result in the taxation of income of a disqualified REITs/property-related company's distributed income at the REITs/property-related company level.

While the Funds will not invest in real property directly, the Funds may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its policy of concentrating its investments in the real estate industry.

In addition to these risks, equity REITs and other property-related companies may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs and other property-related companies may be affected by the quality of any credit they extend. Further, REITs and other property-related companies are dependent upon management skills and generally may not be diversified. REITs and other property-related companies are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs/property-related company or lessees of a property that a REITs/property-related company owns may be unable to meet their obligations to the REITs/property-related company. In the event of a default by a borrower or lessee, the REITs/property-related company may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition to the foregoing risks, certain "special purpose" REITs/property-related companies in which a Fund may invest may have their assets in specific real property sectors, such as hotel REITs/property-related companies, nursing home REITs/property-related companies or warehouse REITs/property-related companies, and are therefore subject to the risks associated with adverse developments in these sectors.

### 2.35 Depository Risk

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

If a Fund invests in assets that are not financial instruments that can be held in custody ("**Non-Custody Assets**"), the 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 Directive, 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.

### **2.36 Pandemic Risk**

Outbreaks of health epidemics and communicable diseases, including avian influenza, severe acute respiratory syndrome or SARS, swine flu caused by H1N1 virus, or H1N1 Flu, and the novel coronavirus disease that emerged in late December 2019 (COVID-19), have caused governments at various times to take measures to prevent the spread of communicable diseases. This has included restrictions on travel and public transport and prolonged closures of workplaces of the kind implemented across a number of countries as a result of COVID-19. The outbreak of communicable diseases on a regional or global scale and public health measures implemented in response may affect investment sentiment and result in volatility in global capital markets or adversely affect regional or global economies. Accordingly, a significant outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn give rise to significant costs to each Fund and may adversely impact the ability to maintain operational availability, cause material delays to projects and may cause longer term impacts due to increased volatility in prices, all of which could adversely affect a Fund's business and financial results.

### **2.37 Inflation Risk**

Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and credit markets of certain economies including by contributing to declines in business and consumer spending in addition to other adverse market conditions. Recently, inflation has increased to historic levels across the U.S. and global economy, driving up the costs of goods and services. As a result of the high-inflationary environment, the governments and central banks throughout the world have undertaken remedial actions including changes in policies to stabilize markets, combat inflation and/or restart or encourage economic growth. Governmental efforts to curb inflation in the past have included changes to interest rates, wage and price controls, as well as more drastic economic measures that have had a materially adverse effect on the level of economic activity in the affected country. These measures may have a significant effect on interest rates, inflation and on the world economies generally, which in turn may affect the performance of the Funds and their investments on an absolute and/or relative basis. In particular, central banks increased interest rates, which may present attractive investment opportunities stemming from market dislocations, but also may make it riskier and more difficult for the Investment Manager to execute on the Fund's investment strategy successfully, including finding attractive investments and executing on opportunities for realizing value from investments. It is possible that investments with floating interest rate loans may

become unable to meet their debt service obligations if their benchmark interest rates were to rise materially, or if these investments' lenders or debt holders generally are unwilling to extend or refinance their loans or debt securities on similarly attractive terms. The Funds' investments could in some cases have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Such events could put pressure on asset prices, which in turn could affect the performance of a Fund and its investments. There can be no assurance that inflation will not continue to be a problem in the future and have an adverse impact on the value of each Fund's investments in impacted countries, or each Fund's returns from such Investments.

### **2.38 Russia-Ukraine Conflict**

While the Funds do not invest in any Russian assets and do not have any Russian domiciled investors, nor to the Manager's or Investment Manager's knowledge any investors with links to the Russian government, Russia's invasion of Ukraine in February 2022 and the resulting conflict has delivered an economic shock which has not been limited to Europe and may have indirect consequences to the Funds. The most immediate effect was on energy and food prices, and the resulting amplified inflationary pressures. The resulting high levels of inflation has created further pressures in the macroeconomic environment and operating circumstances for companies. The invasion has led to multiple countries imposing economic sanctions and enhanced export controls on the activities of certain individuals and Russian entities, and to numerous market participants voluntarily ceasing, suspending or reducing business with counterparties connected to Russia, and has also increased the threat of cyberattacks, nuclear incidents, environmental damage and escalation of geopolitical tensions. Further, the macroeconomic impacts (including volatility in the price and supply of energy and other commodities, and disruption to supply chains) may over time create pressures on borrowers' operating margins. The Russian invasion of Ukraine introduces significant uncertainty in the business, legal and political environment and risks, including short and long-term market volatility and currency volatility, and macroeconomic risk to European and global economies. The deterioration of political, socio-economic and financial conditions globally may result in widespread disruption to certain sectors including the financial sector. The full scope of the duration, intensity and consequences of the foregoing risks are uncertain and the resultant economic slowdown and/or negative business sentiment across markets and/or any long-term changes that may arise therefrom could have a negative and long-lasting impact on the business operations and financial condition of the Funds and their investments. Further, the ongoing conflict remains in flux and there may be additional unexpected negative impacts in the future on each Fund and its investments that have not been identified as at the date hereof.

### **2.39 Use of Liquidity Management Tools (LMTs)**

As outlined in the section of the Prospectus entitled "Liquidity Risk Management", the Directors, in consultation with the Manager and the Investment Manager, have the ability to activate various liquidity management tools ("LMTs") in order to manage the liquidity risk of each Fund and to protect the interests of Shareholders, particularly in periods of market stress or exceptional circumstances.

The use of LMTs is intended to ensure the fair treatment of Shareholders and the orderly management of each Fund's assets and liabilities. However, the activation of one or more LMTs may have a material impact on Shareholders and involves certain risks, including but not limited to the following:

- *Restriction or Delay of Redemptions:* The use of LMTs such as deferred repurchases or temporary suspension of redemptions may restrict or delay a Shareholder's ability to redeem their Shares. Shareholders may not be able to access their investment within the expected timeframe, which could adversely affect their liquidity position.
- *Additional Costs:* The imposition of a Repurchase Charge or an Anti-Dilution Levy may result in additional costs to redeeming or subscribing Shareholders. These measures are designed

to protect the interests of remaining Shareholders but may reduce the amount received by redeeming Shareholders or increase the cost of subscriptions.

- *Uncertainty and Market Impact:* The activation of LMTs may create uncertainty regarding the timing and amount of redemptions or subscriptions and may affect the value or liquidity of the Shares.
- *Discretion and Fair Treatment:* The Directors, in consultation with the Manager and the Investment Manager, has discretion in the activation, calibration, and deactivation of LMTs, subject to applicable law and the requirements of the Central Bank. While LMTs are applied with the aim of ensuring fair treatment of Shareholders, there can be no assurance that all Shareholders will be affected equally or that the use of LMTs will not disadvantage certain Shareholders in particular circumstances.

Investors should carefully consider the risks associated with the use of LMTs and the potential impact on their ability to redeem or access their investment, as well as the possibility of incurring additional costs or receiving assets in kind.

### **3 Accounting, Legal, Operational, Valuation and Tax Risks**

#### **3.1 Accounting, Auditing and Financial Reporting Standards**

The accounting, auditing and financial reporting standards of many of the countries in which a Fund may invest may be less extensive than those applicable in the European Union.

#### **3.2 Operational Risks (including Cyber Security and Data Security)**

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, the Administrator or the Depositary. While the ICAV seeks to minimise such events through controls and oversight, there may still be failures that could cause losses to a Fund.

As part of its management services, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Shareholders. Similarly, service providers of the Investment Manager and of the ICAV, especially the Administrator, may process, store and transmit such information. The Manager, Investment Manager, Administrator and Depositary (and their respective groups) each maintain information technology systems which each service provider believes are reasonably designed to protect such information and prevent data loss and security breaches. However, like any other system, these systems cannot provide absolute security.

The techniques used to obtain unauthorised access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Manager to the Shareholders may also be susceptible to compromise.

The service providers of the Investment Manager and the ICAV are subject to the same electronic information security threats as the Investment Manager. If the Investment Manager or the service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the ICAV and personally identifiable information of the Shareholders may be lost or improperly accessed, used or disclosed.

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 ICAV and its delegates, the loss or improper access, use or disclosure of proprietary information may cause the Investment Manager or a Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the relevant Fund and the Shareholders' investments therein. It should be noted that investors in the ICAV will be afforded all appropriate safeguards and rights in accordance with the Data Protection Legislation.

### **3.3 Dependence on Key Personnel**

The investment performance of the Funds will be dependent on the services of certain key employees of the Investment Manager and its appointees. While contingency measures may be put in place, in the event of the death, incapacity or departure of any of these individuals, the performance of the Funds may be adversely affected.

### **3.4 Investment Manager Valuation Risk**

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.

### **3.5 Past Performance**

The past performance of any investments or investment funds managed by the Investment Manager or any of its affiliates cannot be construed as any indication of the future results of an investment in the ICAV or any of the Funds.

### **3.6 Paying Agent Risk**

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

### **3.7 Custody Risks**

Market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risk. In particular, some of the markets in which a Fund may invest do not provide for settlement on a delivery versus payment basis and the risk in relation to such settlements has to be borne by the Fund.

### **3.8 Subscription, Repurchase and Conversion Currency Risks**

Shares in any Fund may be subscribed for or repurchased in any freely convertible currency not being the Base Currency of the Fund. Similarly, Shareholders may convert Shares in one Fund to Shares in another Fund and the Shares in the two Funds may be denominated in different currencies. The costs of foreign currency exchange transactions and any related gains or losses in connection with any subscription, redemption or conversion will be borne by the investor.

### 3.9 Subscriptions/Redemptions Account

The ICAV 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 ICAV in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the ICAV) 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 ICAV.

### 3.10 Status of Redeeming Investors

Shareholders will be removed from the share register upon the repurchase proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value has been calculated and the register updated, investors will be treated as creditors for the repurchase proceeds, rather than Shareholders from the relevant Dealing Day, and will rank accordingly in the priority of the relevant Fund's creditors. Furthermore, during this period, investors will have no rights as Shareholders under the Instrument of Incorporation, except the right to receive their repurchase proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Dealing Day, and in particular, will not have the right to receive notice of, attend or vote at any class or general meetings.

### 3.11 Segregated Liability

The ICAV is an umbrella Irish collective asset-management vehicle with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to satisfy the liability of that Fund. In addition, any contract entered into by the ICAV will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Funds other than the Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency but do not prevent the application of any enactment or rule of law which would require the application of the assets of one Fund to discharge some, or all liabilities of another Fund on the grounds of fraud or misrepresentation. In addition, whilst these provisions are binding in an Irish court which would be the primary venue for an action to enforce a debt against the ICAV, these provisions have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between Funds.

Due to the lack of asset segregation between Share Classes, the derivatives used in the currency hedging of a given Share Class become part of the common pool of assets which introduces potential counterparty and operational risk for all investors in the Fund. This could lead to a risk of contagion (also known as spill-over) to other Share Classes, some of which might not have any currency hedging in place. Whilst all measures will be taken to mitigate this contagion risk, it cannot be fully eliminated i.e. through the default of a derivative counterparty or through the losses relating to Share Class specific assets exceeding the value of the respective Share Class.

### 3.12 Valuation Risk

A Fund may invest some of its assets in unquoted securities or instruments. Such investments or instruments will be valued at their probable realisation value estimated with care and good faith by the Manager or a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved for the purpose by the Depositary. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

### 3.13 **Settlement Risks**

A Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. Market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks. The Investment Manager may instruct the Depositary to settle transactions on a delivery free of payment basis where it believes that this form of settlement is appropriate. Shareholders should be aware, however, that this may result in a loss to a Fund if a transaction fails to settle and the Depositary will not be liable to the Fund or to the Shareholders for such a loss, provided the Depositary has acted in good faith in making any such delivery or payment.

### 3.14 **Political Risks**

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, military conflict and civil unrest, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements.

### 3.15 **Tax Risks**

Where a Fund invests in assets that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such withheld tax and so any change may have an adverse effect on the Net Asset Value of the Shares.

The attention of potential investors is drawn to the taxation risks associated with investing in the ICAV. Please refer to the section of this Prospectus entitled "**Taxation**".

### 3.16 **FATCA**

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "**IGA**"). 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 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. Provided the ICAV 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 should not be required to withhold on payments which it makes.

Although the ICAV 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 ICAV will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the ICAV will require certain information from investors in respect of their FATCA status. If the ICAV 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 implications of FATCA on an investment in the ICAV.

### 3.17 **CRS**

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "**CRS Regulations**").

The CRS is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

The ICAV is a Reporting Financial Institution for CRS purposes and will be required to comply with the Irish CRS obligations. In order to satisfy its CRS obligations, the ICAV will require its

investors to provide certain information in respect of their tax residence and may, in some cases, require information in relation to the tax residence of the beneficial owners of the investor. The ICAV, or a person appointed by the ICAV, will report the information required to Irish Tax Authorities by 30 June in the year following the year of assessment for which a return is due. The Irish Tax Authorities will share the appropriate information with the relevant tax authorities in participating jurisdictions.

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

### **3.18 Sustainable Finance Disclosures Risks**

#### *SFDR - Legal risk*

The series of legal measures (including SFDR) requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage (the EU sustainable finance action plan) is being introduced in the European Union on a phased basis and some elements (for example supporting regulatory technical standards) are subject to implementation delays.

The ICAV seeks to comply with all legal obligations applicable to it but notes there may be challenges in meeting all the requirements of these legal measures as they are introduced. The ICAV may be required to incur costs in order to comply with these new requirements as part of the initial implementation phase and to incur further costs as the requirements change and further elements are introduced. This could be the case in particular if there are adverse political developments or changes in government policies as the implementation phase progresses. These elements could impact on the viability of the Funds and their returns.

#### *ESG Data reliance*

The scope of SFDR is extremely broad, covering a very wide range of financial products and financial market participants. It seeks to achieve more transparency regarding how financial market participants integrate Sustainability Risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to sustainability related information to end investors, especially in the case of principal adverse impacts of investment decisions, and there are limitations on sustainability and ESG-related data provided by market participants in relation to comparability. Disclosures in this Prospectus may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the objectives of SFDR in order to make sustainability-related information available.

### **4 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 ICAV or any Fund may be exposed to risks of an exceptional nature from time to time.

**Schedule 4**  
**Current List of Depository Sub-Delegates**

<b>Depository – Sub-custodian Delegate Information</b>		
<b>1. Jurisdiction</b>	<b>2. Sub-custodian</b>	<b>3. Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	

<b>CD's - USD</b>	Deutsche Bank AG, London Branch	
<b>CD's - USD</b>	The Northern Trust Company, Canada	
<b>Canada</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	

<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	Citibank Europe plc.	
<b>Iceland</b>	Landsbankinn hf.	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	The Northern Trust Company, London	
<b>Israel</b>	Citibank, N.A., Israel Branch	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Bank of Jordan Plc	

<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	

<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	

<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	

<b>Ukraine (Market suspended)</b>	JSC "Citibank"	
<b>United Kingdom</b>	Euroclear UK & International Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>West Africa (UEMOA)</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	
<b>Zimbabwe</b>	The Standard bank of South Africa Limited	Stanbic Bank Zimbabwe Limited

## **Brilliance Asset Management ICAV**

An umbrella open-ended Irish collective asset-management vehicle with segregated liability between sub-funds ("**Funds**") formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations

(the "**ICAV**")

## **Additional Information for Investors in Germany**

**Information contained herein is selective, containing specific information in relation to the ICAV. This document (the "German Country Supplement") forms part of and should be read in conjunction with the Prospectus for the ICAV dated 06 May 2026 along with any Supplement and/or Addendum designed to be read and constituted together with and to form part of the Prospectus (together the "Prospectus"). This document is for distribution in Germany only.**

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used herein.

Dated: 21 May 2026

## Additional Information for Investors in Germany

### 1 German Facilities Agent

GerFIS – German Fund Information Service GmbH, Zum Eichhagen 4, 21382 Brietlingen, Germany has been appointed as the Facilities Agent for the Federal Republic of Germany (the "**German Facilities Agent**").

### 2 Exchange and Redemption of Shares

Exchange and redemption requests for shares can be submitted to the respective German Shareholder's custody account holding bank (die jeweilige depotführende Stelle). Redemption proceeds, distributions or other payments to the shareholders, if any, will be made via the respective German shareholder's custody account holding bank (die jeweilige depotführende Stelle). In addition, exchange and redemption requests for shares can be submitted to the Administrator, Citco Fund Services (Ireland) Limited, Custom House Plaza Block 6, IFSC, Dublin 1, Ireland. Upon the shareholders' request, redemption proceeds, distributions or other payments to the Shareholders, if any, may also be made via the Administrator.

### 3 Documents and Notices

The Prospectus, the Key Investor Information Documents, the Instrument of Incorporation of the ICAV, the audited annual accounts and half-yearly accounts may be inspected at and are available free of charge from the German Facilities Agent in electronic format. Furthermore, the following documents may be inspected and are available on request from the German Facilities Agent:

- the Administration Agreement;
- the Depositary Agreement;
- the Investment Management Agreement;
- the Distribution Agreement;
- a copy of the UCITS Regulations;
- Information relating to how shareholders exercise their rights arising from their investment in the ICAV.

Notifications to the Shareholders, if any, are available from the German Facilities Agent and are communicated to Shareholders via Shareholder letter.

### 4 Publication of Prices

The Net Asset Value per share of the Brilliance China Core Long Short Fund (the "**Fund**") and the purchase and redemption prices are available free of charge from the German Facilities Agent on every bank business day in Hamburg. Moreover, issue and redemption prices are published weekly on the electronic platform of [www.bloomberg.com](http://www.bloomberg.com).

Fund Name	Share Class
<b>Brilliance China Core Long Short Fund</b>	Class B (EUR) Shares
	Class B (GBP) Shares
	Class B (USD) Shares
	Class C (EUR) Shares
	Class C (GBP) Shares
	Class C (USD) Shares

### 5 Particular Events

In addition to a communication via Shareholder letter, Shareholders will be informed via a publication on [www.brilliancecap.com](http://www.brilliancecap.com) about the following events:-

- 5.1 the suspension of redemption of the Fund's Shares;
- 5.2 the termination of the management of the Fund or the liquidation thereof,
- 5.3 changes being made to the Instrument of Incorporation or the Prospectus which are not in compliance with the existing investment principles or which affect material investor rights or which relate to fees and cost refunds that may be withdrawn from the Fund
- 5.4 the merger of the Fund; and, where applicable,
- 5.5 the conversion of the Fund into a feeder fund and a change of a master.

## **6 Taxation**

For questions on the tax impact of an investment in the ICAV please contact your tax advisor.