

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

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

## **FCS GLOBAL FUND SERVICES ICAV**

### **An umbrella type Irish collective asset-management vehicle with segregated liability between Funds**

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

## **P R O S P E C T U S**

### **Manager**

**FCS Asset Management Limited**

**The date of this Prospectus is 18<sup>th</sup> May, 2016**

## IMPORTANT INFORMATION

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

### **The Prospectus**

This Prospectus describes FCS Global Fund Services ICAV (the “**ICAV**”), an umbrella type Irish collective asset-management vehicle registered with and authorised by the Central Bank of Ireland to carry on business as an ICAV, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) with segregated liability between its Funds. The ICAV is structured as an umbrella fund and may comprise several Funds each representing a separate portfolio of assets. The share capital of the ICAV may be divided into different Classes of Shares to denote differing characteristics attributable to particular Classes of Shares.

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

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

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

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

### **Redemption Fee**

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

**The difference at any one time between the sale price (to which may be added a Subscription Fee**

**or commission) and the redemption price of Shares (from which may be deducted a Redemption Fee) means an investment should be viewed as medium to long term.**

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

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

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

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

**Investors should note that where disclosed in the relevant Supplement, a Fund may provide for the payment of some or all of its dividends out of capital, which will have the effect of eroding capital. In such circumstances, the maximising of income will be achieved by foregoing the potential for future capital growth. This cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distribution of income and therefore investors should seek independent advice in this regard.**

### **United States of America**

Unless otherwise stated in a Fund Supplement:

There will be no public offering of Shares in the United States. The Shares will not generally be available to US Persons, unless they are, among other things, “**accredited investors**” (as defined in Rule 501(a) of Regulation D under the US Securities Act of 1933, as amended (the “**1933 Act**”)) and “**qualified**

**purchasers**" (as defined in Section 2(a) (51) of the US Investment Company Act of 1940, as amended (the "**1940 Act**")).

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

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

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

### **Reliance on this Prospectus**

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

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

## **Risk Factors**

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

## **Financial Derivative Instruments**

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

## **Translations**

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

## DIRECTORY

### FCS GLOBAL FUND SERVICES ICAV

#### **Directors**

Jaime Agurruza Fatosme  
Conor MacGuinness  
Jeremy O'Sullivan

#### **Registered Office of the ICAV**

33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Manager (also acting in the capacity as administrator and investment manager)**

FCS Asset Management Ltd  
102/1,  
Windsor Terrace,  
Sliema SLM 1858,  
Malta

#### **Secretary**

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Depositary**

Société Générale S.A., Dublin Branch  
3rd Floor, IFSC House  
Dublin 1  
Ireland

#### **Legal Advisers**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Auditors**

Ernst & Young  
Ernst & Young Building  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

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## DEFINITIONS

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

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

<b>“Accounting Period”</b>	means a period ending on the Annual Accounting Date and commencing, in the case of the first such period on the date the ICAV’s registration and, in subsequent such periods, on the day following expiry of the last Accounting Period.
<b>“Act”</b>	means the Irish Collective Asset-management Vehicle Act, 2015 and every amendment or re-enactment of the same.
<b>“AIMA”</b>	means the Alternative Investment Management Association.
<b>“Annual Accounting Date”</b>	means 31 <sup>st</sup> December in each year or such other date as the Directors may from time to time decide and notify in advance to the Central Bank.
<b>“Application Form”</b>	means any application form to be completed by subscribers for Shares as prescribed by the ICAV or its delegate from time to time.
<b>“Auditors”</b>	means Ernst & Young, the ICAV’s auditors.
<b>“Base Currency”</b>	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.
<b>“Business Day”</b>	means in relation to a Fund such day or days as shall be so specified in the relevant Supplement for that Fund.
<b>“Central Bank”</b>	means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of 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 2015 and every amendment or re-enactment of the same.

<b>“Class”</b>	means a particular division of Shares in a Fund.
<b>“Country Supplement”</b>	means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the ICAV or a Fund or Class in a particular jurisdiction or jurisdictions.
<b>“Depositary”</b>	means Société Générale S.A., Dublin Branch
<b>“Depositary Agreement”</b>	means the Depositary Agreement made between the ICAV and the Depositary dated 18 <sup>th</sup> May, 2016 as may be amended and/or supplemented from time to time.
<b>“Dealing Day”</b>	means in relation to a Fund such day or days as shall be specified in the relevant Supplement for that Fund provided that there shall be at least two Dealing Days in every month occurring at regular intervals.
<b>“Dealing Deadline”</b>	means in relation to a Fund, such time on any Dealing Day as shall be specified in the relevant Supplement for the Fund.
<b>“Directors”</b>	means the directors of the ICAV or any duly authorised committee thereof or delegate thereof.
<b>“Distributor”</b>	means one or more distributors appointed by the Manager in respect of a Fund.
<b>“Duties and Charges”</b>	means in relation to Subscription Price and Redemption Price, all stamp and other duties, taxes, governmental charges, valuation fees, property management fees, agents fees, brokerage fees, bank charges, transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale purchase or transfer of shares or the purchase or sale or proposed purchase or sale of investments or otherwise which may have become or will become payable in respect of, or prior

to, or upon, the occasion of any transaction, dealing or valuation, but not including commission payable on the issue of shares.

**“EEA”**

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

**“Eligible Assets”**

as defined in Schedule 9 of the Central Bank Regulations (as may be amended or supplemented from time to time).

**“euro” or “€”**

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

**“Financial Instruments”**

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

**“Fund”**

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

**“ICAV”**

means FCS Global Fund Services ICAV.

**“Ineligible Applicant”**

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

**“Initial Offer Period”**

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

**“Initial Offer Price”**

means the initial price payable for a Share as specified

in the relevant Supplement for each Fund.

<b>“IFRS”</b>	means the International Financial Reporting Standards.
<b>“Initial Subscription”</b>	means the minimum initial subscription for Shares as specified in the relevant Supplement.
<b>“Instrument”</b>	means the Instrument of Incorporation of the ICAV as amended from time to time in accordance with the requirements of the Central Bank.
<b>“Manager”</b>	means FCS Asset Management Ltd.
<b>“Management Agreement”</b>	means the Management Agreement made between the ICAV and the Manager dated 18 <sup>th</sup> May, 2016 as may be amended and/or supplemented from time to time.
<b>“IOSCO”</b>	means the International Organisation of Securities Commissions.
<b>“Ireland”</b>	means the Republic of Ireland.
<b>“Management Fee”</b>	means the fee defined in the section entitled “Management Fee” in the relevant Supplement.
<b>“Management Fee Rate”</b>	means the Management Fee Rate as may be specified in the relevant Supplement.
<b>“Management Shares”</b>	means a management share in the capital of the ICAV which shall have the right to receive an amount not to exceed the consideration period for such Management Share.
<b>“Member”</b>	means a Shareholder or a person who is registered as the holder of one or more Management Shares in the ICAV, the prescribed particulars of which have been recorded in the register of the ICAV.
<b>“Member State”</b>	means a member state of the European Union.
<b>“Minimum Holding”</b>	means the minimum number or value of Shares which must be held by Shareholders as specified in the

relevant Supplement.

**“Minimum Transaction Size”**

means, apart from the Initial Subscription, the minimum value of each subscription, redemption, conversion or transfer of Shares in any Fund or Class as specified in the relevant Supplement.

**“Money Market Instruments”**

means instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time and which comply with the requirements of the Central Bank.

**“Net Asset Value”**

means the Net Asset Value of the ICAV, a Fund or attributable to a Class (as appropriate) calculated as referred to herein.

**“Net Asset Value per Share”**

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

**“OECD”**

means the Organisation for Economic Co-Operation and Development

**“OECD Governments”**

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

**“Ordinary Resolution”**

a resolution of the Members of the ICAV or of the Shareholders of a particular Fund or Class passed by a simple majority of the votes cast in person or proxy at a general meeting of the ICAV, Fund or Class of Shares as the case may be.

**“OTC”**

means Over-the-Counter.

<b>“Paying Agency Agreement”</b>	means one or more paying agency agreements made between the ICAV and one or more Paying Agents and dated as specified in the relevant Country Supplement.
<b>“Paying Agent”</b>	means one or more paying agents / representatives / facilities agents, appointed by the Manager in certain jurisdictions as detailed in the relevant Country Supplement.
<b>“Prospectus”</b>	the prospectus of the ICAV and any Supplements and addenda thereto issued by the ICAV in accordance with the requirements of the UCITS Regulations.
<b>“Recognised Exchange”</b>	means the stock exchanges or markets set out in Appendix II.
<b>“Redemption Fee”</b>	means unless specified otherwise in the Supplement, a fee of up to 3% of the Net Asset Value of Shares being redeemed. The Redemption Fee is charged at the absolute discretion of the Directors.
<b>“Redemption Form”</b>	means any form to be completed by a Shareholder requesting redemption of any or all of their Shares, as prescribed by the ICAV or its delegate from time to time.
<b>“Redemption Price”</b>	means, in respect of each Share being redeemed, the value payable to the investor of each Share based on, inter alia, the Net Asset Value per Share, <ul style="list-style-type: none"> <li>(i) any Duties and Charges and / or</li> <li>(ii) Anti-Dilution Levy,</li> </ul> each calculated as at the Valuation Day related to the Dealing Day upon which such Share is to be redeemed.
<b>“Semi-Annual Accounting Date”</b>	means 30 <sup>th</sup> June in each year or such other date as the Directors may from time to time decide.
<b>“Share”</b>	means a participating share or, save as otherwise

provided in this Prospectus, a fraction of a participating share in the capital of the ICAV.

**“Shareholder”**

means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the ICAV.

**“Special Resolution”**

means a special resolution of the Members of the ICAV or the Shareholders of a particular Fund or Class in general meeting passed by 75% of votes cast in person or by proxy at a general meeting of the ICAV, a Fund or Class of Shares as the case may be.

**“Specified US Person”**

means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States; **excluding** (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue

Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.

**“Subscription Fee”**

means a fee, of up to 5 per cent of the aggregate investment amount subscribed. This fee is payable to the Manager. This fee may in turn be paid in full or in part by the Manager to introducing agents, intermediaries or distributors. The Subscription Fee is charged at the absolute discretion of the Directors.

**“Subscription Price”**

means, in respect of each Share applied for, the cost to the investor of each Share based on, inter alia, the Net Asset Value per Share adjusted for any

- (i) Duties and Charges and/or
- (ii) Anti-Dilution Levy.

each calculated as at the Valuation Day related to the Dealing Day upon which such Share is to be issued.

**“Subscription Settlement Cut-Off”**

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

**“Sub-Investment Manager”**

means any one or more entities or individuals which may be selected and appointed by the Manager to

manage the portfolio of assets or a portion thereof of a Fund subject to the particular terms of the Sub-Investment Management Agreement as detailed in the relevant Supplement.

- “Sub-Investment Management Agreement”** means any one or more sub-investment management Agreements made between the Manager and one or more Sub-Investment Managers as detailed in the relevant Supplement.
- “Supplement”** means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
- “Sterling” or “£”** means the lawful currency for the time being of the United Kingdom.
- “UCITS”** means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time.
- “UCITS Directive”** EC Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time.
- “UCITS Regulations”** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) (as amended consolidated or substituted from time to time) and any regulations issued by the Central Bank pursuant thereto for the time being in force.
- “UK”** means the United Kingdom of Great Britain and Northern Ireland.
- “United States” or “US”** means the United States of America (including the States and the District of Colombia) its territories, possessions and all other areas subject to its jurisdiction.
- “US Dollar”, “USD” or “US\$”** means United States Dollars, the lawful currency for the time being of the United States of America.



**“US Person”**

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

- (a) with respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act;
- (b) with respect to individuals, any US citizen or “**resident alien**” within the meaning of US income tax laws as in effect from time to time; or
- (c) with respect to persons other than individuals:
  - (i) a corporation or partnership created or organised in the United States or under the laws of the United States or any state;
  - (ii) a trust where (x) a US court is able to exercise primary supervision over the administration of the trust and (y) one or more US persons have the authority to control all substantial decisions of the trust; and
  - (iii) an estate which is subject to US tax on its worldwide income from all sources.

**“Valuation Day”**

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

**“Valuation Point”**

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

**“1933 Act”**

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

**“1940 Act”**

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

## 1. THE ICAV

### General

The ICAV is an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between Funds, registered by the Central Bank on 20<sup>th</sup> August, 2015 to carry on business as an ICAV pursuant to Part 2 of the Act. The ICAV was authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations on 18<sup>th</sup> May, 2016.

The ICAV is structured as an umbrella type Irish collective asset-management vehicle which may consist of different Funds, each comprising one or more Classes. As at the date of this Prospectus, the Fund has two Funds, the FCS Navigator Fund and the FCS Navigator Plus Fund.

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

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

### Investment Objectives and Policies

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

Investors should be aware that the performance of certain Funds may be measured against a specified index or benchmark and in this regard, Shareholders are directed towards the relevant Supplement which will refer to any relevant performance measurement criteria. The ICAV may at any time change that reference index where, for reasons outside its control, that index has been replaced, or another index or benchmark may reasonably be considered by the ICAV to have become the appropriate standard for the relevant exposure. A change in index or benchmark proposed by the Directors will be subject to Shareholder approval and disclosure in a revised Supplement for the relevant Sub-Fund. If the change in index or benchmark is made by the index concerned, Shareholders will be advised of such change in the

annual or half-yearly report of the Fund issued subsequent to such change.

A Fund's assets may be invested in Money Market Instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Exchanges and in cash deposits denominated in such currency or currencies as the Manager or Sub-Investment Manager may determine.

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

The list of Recognised Exchanges on which a Fund's investments in securities and financial derivative instruments, other than permitted investments in unlisted securities and OTC derivative instruments, will be listed or traded is set out in Appendix II.

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

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

### **Borrowing Powers**

The ICAV may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit, the Directors may exercise all borrowing powers on behalf of the ICAV. A Fund may acquire foreign currency by means of a “back-to-back” loan agreement. The Manager shall ensure that a Fund with foreign currency borrowings which exceed the value of a “**back-to-back**” deposit treats that excess as borrowings for the purposes of Regulation 103(1) of the UCITS Regulations.

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

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

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

### **Efficient Portfolio Management**

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

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

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

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

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

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

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

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

A stock-lending arrangement is an arrangement whereby title to the “**loaned**” securities is transferred by a

“**lender**” to a “**borrower**” with the borrower contracting to deliver “**equivalent securities**” to the lender at a later date.

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

### **Financial Derivative Instruments**

A Fund may invest in financial derivative instruments dealt in on a Recognised Exchange and/or in OTC derivative instruments in each case under and in accordance with conditions or requirements imposed by the Central Bank.

A Fund may use financial derivative instruments for investment purposes and/or use derivative instruments traded on a Recognised Exchange and/or on OTC markets to attempt to hedge or reduce the overall risk of its investments, enhance performance and/or to manage risk. A Fund’s ability to invest in and use these instruments and strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objectives of the relevant Fund.

The financial derivative instruments which the Manager or Sub-Investment Manager may invest in on behalf of each Fund, and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are set out in the relevant Supplement. The extent to which a Fund may be leveraged through the use of financial derivative instruments will also be disclosed in the relevant Supplement. In addition, the attention of investors is drawn to the section of the Prospectus headed “**Efficient Portfolio Management**” and the risks described in the Risk Factors Section of the Prospectus and, if applicable to a particular Fund, the relevant Supplement.

Under the UCITS Regulations, “**uncovered**” positions in derivatives are not permitted. Across the range of FDIs that the ICAV may use, its policy is to satisfy cover requirements by holding the underlying assets, holding sufficient liquid assets, or by ensuring that the FDIs are such that the exposure can be adequately covered without holding the underlying assets.

The Central Bank requires that the ICAV employs a risk management process which enables it to accurately measure, monitor and manage various risks associated with the use of financial derivative instruments. The risk management methodology chosen for a specific Fund is set out in the relevant Supplement. Details of this process have been provided to the Central Bank. The ICAV will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The ICAV will provide, upon request by Shareholders, supplementary information relating to the risk management methods employed by the ICAV including the quantitative limits that are applied and any recent

developments in the risk and yield characteristics of the main categories of investments.

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

### **Investment in Financial Indices**

As outlined in the relevant Supplement(s), a Fund may gain exposure to financial indices directly or through the use of financial derivative instruments where considered appropriate to the investment objective and investment policies of the relevant Fund. Such financial indices may or may not comprise of Eligible Assets. Where the Fund intends to use an index based on ineligible assets, the index will be cleared in advance by the Central Bank.

The Manager shall only gain exposure to financial indices which comply with the requirements of the Central Bank as set out in the Central Bank Regulations and in any guidance issued by the Central Bank. In this regard, any such financial indices will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a financial index will be impacted by the frequency with which the relevant financial index is rebalanced.

It is not 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 listed on the Manager's website [www.fcs-am.com](http://www.fcs-am.com) and detailed in the annual financial statements of the ICAV. Details of any financial indices used by any Fund will also be provided to Shareholders of that Fund by the Manager on request.

Where the weighting of a particular constituent in the financial index exceeds the investment restrictions set down in the UCITS Regulations the Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the relevant Fund.

However where a financial index comprised of Eligible Assets does not fulfil the criteria set out in Article 9(1) of the Commission Directive 2007/16/EC (i.e. sufficiently diversified, representative of an adequate benchmark for the market to which it refers and published in an appropriate manner), investment in such an index by the ICAV on behalf of a Fund is not considered a derivative on a financial index but is regarded as a derivative on the combination of assets comprised in the index. A Fund may only gain exposure to such a financial index where on a "look through" basis, the Fund is in a position to comply with the risk spreading rules set down in the UCITS Regulations taking into account both direct and indirect exposure of the Fund to the constituents of the relevant index.

## Hedged Classes

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

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

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

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

Where the ICAV seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the ICAV. However, over-hedged positions will not exceed 105% of the Net Asset Value of the Class taking into account net subscriptions and redemptions applicable to the relevant Dealing Day. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% of Net Asset Value of the Class will not be carried forward from month to month.

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

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

## **Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. Any dividend unclaimed after six years from the date when it first became payable or on the winding up of the ICAV, if earlier, shall be forfeited automatically and shall revert to the relevant Fund, without the necessity for any declaration or other action by the ICAV.

## **Risk Factors**

### *General*

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

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

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

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

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

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

### *Cross-Liability for Other Funds*

The ICAV is established as an umbrella type Irish collective asset-management vehicle with segregated



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

#### *Limitation on liability of Shareholders*

The liability of Shareholders is limited to any unpaid amount on 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, investors will be required to indemnify the ICAV and other parties as stated therein for certain matters including inter alia losses incurred as a result of the holding or acquisition of Shares by an Ineligible Applicant, any liabilities arising due to any tax the ICAV is required to account for on an investor's behalf, including any penalties and interest thereon, any losses incurred as a result of a mis-representation by an investor, etc.

#### *Lack of Operating History*

The ICAV is a recently formed entity and has no operating history upon which prospective investors can evaluate the likely performance of a Fund. The past investment performance of the Manager or any of its affiliates, or entities with which it has been associated, may not be construed as an indication of the future results of an investment in the Fund. There can be no assurance that:

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

#### *Regulatory Risk*

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

#### *Operational Risk*

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

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

and systems, or from human or external events.

#### *Net Asset Value Considerations*

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

Separately, a Fund may invest some of its assets in unquoted Financial Instruments. Such Financial Instruments will be valued by the Directors or their delegate in good faith as to their probable realisation value. Such Financial Instruments are inherently difficult to value and may be the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "**close-out**" prices of such Financial Instruments.

The Subscription Price or Redemption Price may be different from the NAV due to Duties and Charges, the Anti-Dilution Levy, and other amounts payable/receivable in relation to Performance Fee equalisation.

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

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

#### *Controlling Shareholder*

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

#### *Conflicts of Interest*

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

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

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

appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in a Fund's performance and investors may lose money in those circumstances.

#### *Profit Sharing*

In addition to receiving a Management Fee, the Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share of each Class

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

#### *Investment Objective Risk*

Whilst it is the intention of the Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Fund. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Fund.

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

#### *Active Investment Management*

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

#### *Portfolio Turnover*

When circumstances warrant, Financial Instruments may be sold or unwound without regard to the length of time held. Active trading increases a Fund's rate of turnover, which may increase brokerage commissions paid and certain other transaction expenses.

#### *Market Risk and Change in Market Conditions*

The investments of a Fund are subject to risks inherent in all Financial Instruments. The value of holdings may fall as well as rise, sometimes rapidly and unpredictably. The price of Financial Instruments will fluctuate and can decline in value due to factors affecting financial markets generally or particular industries, sectors, companies, countries or geographies represented in the portfolio, and reduce the value of a portfolio. The value of a Financial Instruments may decline due to general market conditions which are not specifically related to particular Financial Instruments, such as real or perceived adverse economic conditions, changes in the general outlook of macro-economic fundamentals, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular region, sector or industry, such as labour shortages or increased production costs and competitive conditions. Some Financial Instruments may be less liquid and/or more volatile than others and therefore may involve greater risk.

A Fund's performance may be adversely affected by unfavourable markets and unstable economic conditions or other events, which may result in unanticipated losses that are beyond the control of the Fund.

Various economic and political factors can impact the performance of a Fund and may lead to increased levels of volatility and instability in the Net Asset Value of that Fund. Please refer to the sub-sections entitled "**Political and Regulatory Risk**" and "**Settlement and Sub-Custodial Risk**" in this section for further details of such risk factors.

If there are any disruptions or failures in the financial markets or the failure of financial sector companies, a Fund's portfolio could decline sharply and severely in value or become valueless and the Manager may not be able to avoid significant losses in that Fund. Investors may lose a substantial proportion or all of their investments.

#### *Concentration Risk*

Where specified in the relevant Supplement, a Fund may focus its investments from time to time on one or more geographic regions, countries or economic sectors. To the extent that it does so, developments affecting Financial Instruments in such regions or sectors will likely have a magnified effect on the Net Asset Value of the relevant Fund and total returns and may subject the Fund to greater risk of loss. Accordingly, the Fund could be considerably more volatile than a broad-based market index or other collective investment schemes funds that are diversified across a greater number of Financial Instruments, regions and sectors.

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

A Fund may purchase shares of other collective investment schemes to the extent that such purchases are consistent with such Fund's investment objective and restrictions and are in accordance with the requirements of the Central Bank. As a shareholder of another collective investment scheme, a Fund would bear, along with other shareholders, its pro rata portion of the other collective investment scheme's

expenses, including management fees. These expenses would be in addition to the expenses that a Fund would bear in connection with its own operations.

Also, although intended to protect capital and enhance returns in varying market conditions, certain trading and hedging techniques which may be employed by the other collective investment scheme such as leverage, short selling and investments in options or commodity or financial futures could increase the adverse impact to which the other collective investment scheme may be subject.

There can be no assurance that the Manager can successfully select suitable collective investment schemes or that the managers of the other collective investment schemes selected will be successful in their investment strategies.

### *Equity Risk*

Investing in equity securities may offer a higher rate of return than those investing in 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. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value as a result in changes in a company's financial position and overall market and economic conditions.

### *Credit Risk*

A Fund will have a credit risk on the issuer of debt securities in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Any failure by any such issuer to meet its obligations will have adverse consequences for a Fund and will adversely affect the Net Asset Value per Share in a Fund. Among the factors that affect the credit risk are the ability and willingness of the issuers to pay principal and interest and general economic trends. The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes and their failure to make the scheduled payments could cause a Fund to suffer significant losses. A Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value such securities.

A Fund may invest in both investment grade and sub-investment grade debt securities, as well as securities without rating, in the expectation that positive returns can be made, however this may not be achieved. In certain circumstances, a Fund may invest in excess of 30% in sub-investment grade securities. Sub-investment grade debt securities or securities without rating may be subject to a greater risk of loss of principal and interest than higher-rated debt securities. A Fund may invest in distressed debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest

payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. A Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. A Fund may also invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness. It may invest in debt securities or obtain exposure to those debt securities synthetically, either long or short.

Lower-rated securities (which may include securities which are not of investment grade) or securities without rating may offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Such securities generally tend to reflect market developments to a greater extent than higher-rated securities. There may be fewer investors in lower-rated securities or unrated securities and it may be harder to buy and sell such securities at an optimum time.

### *Counterparty Risk*

Financial institutions, such as brokerage firms, broker-dealers and banks, may enter into transactions with the Manager on account of a Fund in relation to the Fund's investments. These financial institutions, being a counterparty to the transactions, may also be issuers of other Financial Instruments in which a Fund invests.

A Fund will also have a credit risk on the counterparties with which it trades. In the event of the insolvency, bankruptcy or default of any such counterparty the Fund bears the risk that the counterparty may not settle a transaction in accordance with market practice due to credit or liquidity problems of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Fund to suffer a loss.

A Fund may have exposure to trading counterparties other than the Depository. Where a Fund delivers collateral to its trading counterparties under the terms of its trading agreements with such parties, a counterparty may be over-collateralised and the Fund will, therefore, be exposed to the creditworthiness of such counterparties to the extent of the over-collateralisation. Collateral provided to a trading counterparty may be subject to counterparty risk. In addition, the Fund may from time to time have uncollateralised exposure to its trading counterparties in relation to its rights to receive securities and cash under contracts governing its trading positions. In the event of the insolvency of a trading counterparty, the Fund will rank as an unsecured creditor in relation to amounts equivalent to both any uncollateralised exposure to such trading counterparties and any such over collateralisation, and in such circumstances it is likely that the Fund will not be able to recover any debt in full, or at all.

A Fund's transactions involve counterparty credit risk and will expose the Fund to unanticipated losses to the extent that counterparties are unable or unwilling to fulfil their contractual obligations. With respect to exchange traded derivatives and centrally cleared OTC derivatives, the risk is more complex in that it

involves the potential default of the exchange, clearing house or the clearing broker.

The Manager may have contractual remedies upon any default pursuant to the agreements related to the transactions. Such remedies could be inadequate, however, to the extent that the collateral or other assets available are insufficient.

Deposits of securities or cash with a custodian, bank or financial institution (“**custodian or depository**”) will also carry counterparty risk as the custodian or depository may be unable to perform their obligations due to credit-related and other events like insolvency or default by them. In these circumstances, a Fund may be required to exit certain transactions, may encounter delays of some years, and may encounter difficulties with respect to court procedures in seeking recovery of the Fund’s assets. Furthermore, in some custody, sub-custody or stock-lending arrangements, a Fund may not have a right to have specific assets returned to it, but rather, the Fund may only have an unsecured claim against the custodian or counterparty, in which case it may lose all or the greater part of the value of the relevant assets.

#### *Leverage Risk*

A Fund’s possible use of borrowing, leverage or derivative instruments may result in additional risks. Leveraged investments, by their nature, increase the potential loss to investors resulting from any depreciation in the value of such investments. Consequently, a relatively small price movement in the underlying of a leveraged instrument may result in a substantial loss to the Fund.

#### *Emerging and Frontier Markets Risk*

A Fund may invest in Financial Instruments in emerging and/or frontier markets. Frontier markets are the least developed amongst emerging markets.

Examples of frontier markets would be Ghana, Kenya, Sri Lanka, Vietnam, Dominican Republic, Guatemala.

Investment in emerging and frontier markets involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging and frontier countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility, currency fluctuations and other developments in the laws and regulations of emerging and frontier countries in which investment may be made, including expropriation, nationalisation or other confiscation could result in loss to the relevant Fund.

By comparison with more developed financial markets, most emerging and frontier countries’ financial markets are comparatively small, less liquid and more volatile. This may result in greater volatility in the Net Asset Value per Share (and consequently Subscription and Redemption Prices for Shares in the Fund) than would be the case in relation to funds invested in more developed markets. In addition, if a

large number of Financial Instruments have to be realised at short notice to meet substantial redemption requests in the Fund such sales may have to be effected at unfavourable prices which may in turn have an adverse effect on the Net Asset Value per Share.

In addition settlement, clearing, safe custody and registration procedures may be underdeveloped increasing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging and frontier markets may not provide the same degree of investor information or protection as would generally apply in more developed markets. Investments in certain emerging and frontier markets may require consents or be subject to restrictions which may limit the availability of attractive investment opportunities to the Fund. Emerging and frontier markets generally are not as efficient as those in developed countries. In some cases, a market for the Financial Instruments may not exist locally and so transactions may need to be made on a neighbouring exchange.

The clearing, settlement and registration systems available to effect trades in emerging and frontier markets are significantly less developed than those in more mature world markets. This can result in significant delays and other material difficulties in settling trades and in registering transfer of Financial Instruments. Problems of settlement may impact on the Net Asset Value and the liquidity of the relevant Fund.

Emerging and frontier markets Financial Instruments may incur brokerage or stock transfer taxes levied by foreign governments which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such Financial Instruments at the time of same. The issuers of emerging and frontier markets Financial Instruments, such as banks and other financial institutions, may be subject to less stringent regulation than would be the case for issuers in developed countries, and therefore potentially carry greater risk. In addition custodial expenses for emerging and frontier market Financial Instruments are generally higher than for developed market Financial Instruments. Dividend and interest payments from, and capital gains in respect of, emerging and frontier markets Financial Instruments may be subject to foreign taxes that may or may not be reclaimable.

Laws governing foreign investment and financial transactions in emerging and frontier markets may be less sophisticated than in developed countries. Accordingly, a Fund which invests in emerging and frontier markets may be subject to additional risks, including inadequate investor protection, unclear or contradictory legislation or regulations and lack of enforcement thereof, ignorance or breach of legislation or regulations on the part of other market participants, lack of legal redress and breaches of confidentiality. It may be difficult to obtain and enforce a judgement in certain emerging and frontier markets in which assets of the Fund are invested.

#### *Political and Regulatory Risk*

Uncertainty with any change in social conditions, government policies or legislation in the countries in which a Fund may invest may adversely affect the political or economic stability of such countries. The value of the assets of a Fund may be affected by uncertainties such as domestic and international



political developments, changes in social conditions, changes in government policies, taxation, restrictions on foreign investments, the level of interest rates, currency fluctuations, fluctuations in both debt and equity capital markets, sovereign defaults, inflation and money supply deflation, and other developments in the legal, regulatory and political climate in the countries in which investments may be made, which may or may not occur without prior notice. Any such changes or developments may affect the value and marketability of a Fund's investments. Furthermore, the legal infrastructure and accounting, 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 developed financial markets.

#### *Settlement and Sub-Custodial Risk*

As some of the Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk. In such circumstances the liability of the Depositary will not be affected by the delegation of its duties to any sub-custodian where any loss of assets held in custody arises 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. Such markets shall include, but shall not be limited to, Brazil, Chile, Colombia, Mexico, Czech Republic, Egypt, Poland, Greece, Hungary, Russia, Ukraine, South Africa, Turkey, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

#### *Investment in Russia*

Although investment in Russian Financial Instruments does not constitute the principal investment focus of the ICAV, rather it may constitute a sector in the investment discretion of a Fund; a Fund may invest a portion of its assets in Russia. In addition to the risks disclosed above under the heading "**Emerging & Frontier Markets Risks**", investments in Financial Instruments in Russia may involve a particularly high degree of risk and special considerations not typically associated with investing in more developed markets, many of which stem from Russia's continuing political and economic instability and the slow-paced development of its market economy. Investments in Russian Financial Instruments should be considered highly speculative. Such risks and special considerations include: (a) delays in settling portfolio transactions and the risk of loss arising out of Russia's system of share registration and custody; (b) pervasiveness of corruption, insider trading, and crime in the Russian economic system; (c) difficulties associated in obtaining accurate market valuations of many Russian Financial Instruments, based partly on the limited amount of publicly available information; (d) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; (e) the risk that the Russian tax system will not be reformed to prevent inconsistent, retroactive and/or exorbitant taxation or, in the alternative, the risk that a reformed tax system may result in the inconsistent and unpredictable enforcement of the new tax laws (f) the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union (g) the lack of corporate governance provisions applying in Russia

generally, and (h) the lack of any rules or regulations relating to investor protection.

Some Russian securities are issued in book-entry form, with ownership recorded in a share register held by the issuer's registrar. Transfers may be effected by entries to the books of registrars. Transferees of shares may have no proprietary rights in respect of shares until their name appears in the register of shareholders of the issuer. The law and practice relating to registration of shareholdings are not well developed in Russia and registration delays and failures to register shares can occur. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Depositary therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

#### *Liquidity Risk*

Liquidity may be essential to a Fund's performance. Under certain market conditions, such as during volatile markets or when trading in a Financial Instrument or market is otherwise impaired, the liquidity of a Fund's portfolio positions may be reduced. During such times, a Fund may be unable to dispose of certain Financial Instrument, which would adversely affect the Fund's ability to rebalance its portfolio or to meet redemption requests. In addition, such circumstances may force the relevant Fund to dispose of Financial Instruments at reduced prices, thereby adversely affecting the Fund's performance. If other market participants are seeking to dispose of similar Financial Instruments at the same time, the Fund may be unable to sell or exit such Financial Instruments or prevent losses relating to such Financial Instruments. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk with respect to them.

#### *Redemption Risk*

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as set out in more detail in the section headed "**Suspension of Valuation of Assets**".

If significant redemptions of shares in a Fund are requested or if the NAV is suspended, it may not be possible to liquidate a Fund's investments at the time such redemptions are requested or a Fund may be able to do so only at prices which the Fund believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Shares are requested, a Fund may limit the number of Shares that are redeemed on any Dealing Day. Please see the section headed "Redemption Limit" for further details.

#### *Currency Risk*

The investments of a Fund may mainly be denominated in currencies other than the Base Currency of the Fund and, accordingly, any income received by the Fund from such investments will be made in such

other currencies. A Fund will compute its Net Asset Value in the Base Currency of the Fund, and therefore in this regard, there is a currency exchange risk involved as a result of fluctuations in exchange rates between the Base Currency and such other currency which can be substantial and may occur suddenly. It may not be possible or practical to hedge against such exchange rate risk. The Fund's Manager may, but is not obliged to, mitigate this risk by using Financial Instruments within the Fund's investments.

Where specified in the relevant Supplement, a Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates. Although these transactions are intended to minimise the risk of loss due to a decline in the value of 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 Financial Instruments involved will not generally be possible because the future value of such Financial Instruments will change as a consequence of market movements in the value of such Financial Instruments between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

#### *Share Currency Designation Risk*

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

#### *Market Disruptions*

A Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from

such a disconnection is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

Such a disruption may also result in substantial losses to a Fund because market disruptions and losses in one sector can cause effects in other sectors; for example, during the “**credit crunch**” of 2007-2009 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments.

In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for a Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that investments that are not traded on an exchange will remain liquid enough for the Fund to close out positions.

*Substantial Risks are Involved in Trading Financial Derivative Instruments.*

The prices of derivative instruments, including futures and options prices, may be highly volatile. Price movements of forward contracts, futures contracts and other 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 or changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, e.g. markets in currencies or interest rates. Such intervention often is intended directly to influence prices and may, together with other factors, cause markets to move rapidly in the same direction. The use of financial derivative instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of Financial Instruments being hedged, (2) imperfect correlation between the hedging instruments and the Financial Instruments 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 other investments , and (4) the possible absence of a liquid market for any particular instrument at any particular time.

*Legal Risk*

Transactions in general and the use of OTC derivatives and repurchase agreements/reverse repurchase agreements in particular will expose the Funds to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

The Fund, the Directors, the Manager other related entities, may be subject to lawsuits or proceedings by government entities or private persons. Besides the risk of interfering with the service provider's ability to perform its duties to the ICAV, such litigation or proceedings could require the ICAV to assume the costs incurred by the service provider in its defence.

### *Derivatives and Techniques and Instruments Risk*

Some of the instruments that a Fund may utilise may be referred to as “**derivative instruments**” because their value depends on (or “**derives**” from) the value of an underlying such as a security, index, interest rate, money market instrument or currency. These derivative instruments include options, futures, forwards, swaps and similar instruments that may be used in hedging strategies. There is only limited consensus as to what constitutes a derivative instrument. The market value of derivative instruments sometimes is more volatile than that of other investments, and each type of derivative instrument may pose its own special risks. The Manager takes these risks into account in its management of a Fund. The Manager’s ability to use these instruments may be limited by market conditions, regulatory limits and tax considerations.

### *OTC Markets Risk and Derivatives Counterparty Risk*

Where any Fund acquires Financial Instruments on OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such Financial Instruments as they may have limited liquidity and high price volatility.

A Fund may have credit exposure to counterparties by virtue of positions in OTC derivative contracts. 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.

### *Position Risk*

When a Fund purchases a security, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving FDI that Fund's liability may be potentially unlimited until the position is closed.

### *OTC Trading*

OTC transactions 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. Such 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 underlyings and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

### *Foreign Exchange Fluctuation*

Where a Fund utilises derivatives which alter the currency exposure characteristics of Financial Instruments 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

Financial Instruments positions held. In addition, fluctuation in the exchange rate between the denomination currency of the underlying and the derivatives will affect the value and cash flows of the derivatives.

#### *Absence of Regulation; Counterparty Default*

In general, there is less government regulation and supervision of transactions in the OTC markets (in which e.g. currencies, forwards, certain options and swaps are generally traded) than of transactions entered into on Recognised Exchanges. 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. OTC contracts are not regulated and are specifically tailored to the needs of an individual investor. These contracts should enable the user to structure precisely the date, market level and amount of a given position. Currently, the counterparty for these agreements 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 contracts could result in substantial losses to that Fund. In addition, a counterparty may not settle 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 a Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures a Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Fund will not sustain losses on the transactions as a result.

#### *Securities Lending Risk*

The periodic reports of the ICAV will confirm (i) whether the Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out above are applied to all transactions with connected parties and (ii) whether the Directors are satisfied that the transactions with connected parties entered into during the period complied with the obligations outlined above.

#### *Taxation*

Any change in the ICAV's tax status or in legislation could affect the value of investments held by the ICAV and affect the ICAV's ability to provide a return to investors. Potential investors and Shareholders should note that the statements on taxation, which are set out herein are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus. As is the case with any investment, there can be no guarantee that a tax position or proposed tax position prevailing at the time an investment is made in the ICAV will endure indefinitely.

The attention of potential investors is drawn to the tax risks associated with investing in the ICAV, particularly the section headed “**Taxation**”.

#### *Foreign Account Tax Compliance Act*

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

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

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

#### *Common Reporting Standard*

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Ireland has legislated to implement the CRS. As a result the ICAV will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Shareholders may be required to provide additional information to the ICAV to enable the ICAV to satisfy its obligations under the CRS. Failure to

provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of its Shares in the relevant Fund.

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

#### *Cyber Security Risk*

The ICAV and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the ICAV, the Manager, the Depository or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the ICAV's ability to calculate its Net Asset Value impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with a Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Fund invests, counterparties with which the ICAV engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

#### *Performance Fee Risk*

Where performance fee is payable by a Fund it will be based on net realized and net unrealized gains and losses as at the end of each performance period (as more fully described in each Supplement). As a result, performance fee may be paid on unrealized gains which may subsequently never be realized.

The payment of the performance fee to the Manager based on the performance of the Fund may provide the Manager with an incentive to cause the ICAV to make more speculative investments than might otherwise be the case. The Manager will have discretion as to the timing and the terms of the ICAV's transactions in investments and may therefore have an incentive to arrange such transactions to maximise its fees.



Unless otherwise specifically provided in the relevant Supplement, the ICAV will not apply an equalization per share method or a series accounting method. Consequently, there can be no guarantee that the performance fee applicable to a Fund will be equitably borne by the Shareholders in such Fund and the rateable performance fee to be borne by the Shareholders may be greater than or lesser than the performance fee borne by other Shareholders depending on, among other things, the performance of the Fund and the payment periods.

*Risk Factors Not Exhaustive*

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

## 2. MANAGEMENT AND ADMINISTRATION

The powers of management of the ICAV are vested in the Directors pursuant to the Instrument. The Directors control the affairs of the ICAV and are responsible for the formulation of investment policy. The Directors have delegated the day to day investment management, administration and custody of the assets of each Fund to the Manager and the Depositary respectively.

### **Directors**

The Directors of the ICAV are:

#### **Jaime Agurruza Fatosme**

Mr. Agurruza Fatosme is a Director of FCS Asset Management Ltd., the Manager of the ICAV, and he is the head of the Spanish branch of FCS Asset Management Ltd. Mr. Agurruza has a broad experience in portfolio management, fund management and wealth management and held the position of Chief Investment Officer for several years with Garanza Sociedad Gestora de Carteras, one of the first IFAs (Independent Financial Advisors) established in Spain.

Mr. Agurruza Fatosme holds a BA in Economics from the Universidad Autónoma de Madrid as well as a Finance Diploma from the Instituto de Empresa.

#### **Jeremy O'Sullivan (Irish)**

Mr. O' Sullivan is a director at DMS Offshore Management Services (Europe) Limited. He serves as an independent director and has extensive experience in UCITS, Non-UCITS, alternative investment vehicles and private equity structures. Mr. O' Sullivan performs a dual role in the DMS' Dublin office, assisting DMS' global client base in understanding the requirements and options open to them in the European regulated space and overseeing the in-time zone support provided to DMS' European clients.

Previously, Mr. O' Sullivan worked with BNY Mellon Fund Services (Ireland) Limited. In his role, Mr. O' Sullivan was responsible for the EMEA and APAC Alternative Investment Services New Business Implementation team covering alternative investments and private equity structures.

Mr. O' Sullivan is a Chartered Alternative Investment Analyst and holds a Bachelor of Science Degree in Finance from University College Cork, Ireland. Prior to joining BNY Mellon, he worked as a business solutions manager with FundAssist, a specialist service provider to the investment funds industry and began his career in the Accounting and Valuations Alternative Funds Department at HSBC Securities Services (Ireland) Limited.

He is a member of the Institute of Directors in Ireland.

## **Conor MacGuinness (Irish)**

Mr. MacGuinness is a Director of DMS Offshore Management Services (Europe) Limited. He has a well-rounded experience in fund administration, with particular emphasis on alternative investment structures, which he gained in Ireland, Switzerland and Luxembourg.

Prior to joining DMS, Mr. MacGuinness was Vice President and Manager of the Client Services team for BNY Mellon, Alternative Investment Services from 2005 to 2013. In this role, he was responsible for managing a team of client service professionals covering a range of alternative asset manager clients (hedge, FOHF and PE) worth approx \$100bn AUA and covering Ireland, Luxembourg, Hong Kong and Tokyo offices.

From 1999 to 2004, he served as Team Leader Operations (Dublin) for Man Investments, a leading provider of alternative investment solutions to private and institutional clients worldwide.

Mr. MacGuinness has a Masters degree in Business Administration from UCD Michael Smurfit School of Business in Ireland and a Certificate in Investment Management from the Society of Investment Analysts (Ireland). He also earned a Bachelor of Arts degree in Accounting and Finance from Dublin City University.

The ICAV shall be managed and its affairs supervised by the Directors all of whom are non-executive directors of the ICAV and whose details are set out above.

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

None of the Directors have had any convictions in relation to indictable offences, been involved in any bankruptcies, individual voluntary arrangements, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company or partnership voluntary arrangements, any composition or arrangements with its creditors generally or any class of its creditors of any company where they were a director or partner with an executive function, nor have had any public criticisms by statutory or regulatory authorities (including recognised professional bodies) nor has any director ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## **The Manager**

The ICAV has appointed FCS Asset Management Ltd as its manager pursuant to the Management Agreement and is responsible on a day-to-day basis, under the supervision of the Board of Directors, for the management of the ICAV's affairs and distribution of the Shares. The Manager will also act as the administrator of the ICAV with responsibility for performing the day-to-day administration of the ICAV, including the calculation of the Net Asset Value of the Funds and of the Shares, and related fund accounting services.

FCS Asset Management Ltd is a Malta limited company with registered office at 102/1, Windsor Terrace Sliema SLM 1858, Malta and registered with the Maltese registry of companies on 28<sup>th</sup> October, 2011 under number C54256. FCS Asset Management Ltd has been set up with the main object to (i) provide all types of investment services (as defined by the Investment Services Act (Chapter 370 of the Laws of Malta), as amended from time to time) and other services and activities in respect of financial instruments (as defined in the said Act) and other investment products, to clients including (without limitation) collective investment schemes.

The directors of the Manager and a summary of their details are set out below:

**Daniel Alonso-Pulpon Nuñez**

Mr. Alonso-Pulpon Nuñez is a Director of FCS Asset Management Ltd. He has extensive experience in the financial markets and in managing UCITS and has been approved by a number of EU regulators for conducting regulated functions including the Spanish CNMV (as a portfolio manager and executive partner of a regulated UCITS Management Company), the Luxembourg CSSF (UCITS fund manager), and the UK FSA (sales trader in the different derivatives markets in the UK and the so called “approved person” license).

Mr. Alonso-Pulpon Nuñez holds a Major BA in Finance and Law from the prestigious IEB in Spain and has been professor of Commodities and Currencies at the Garrigues Masters Degree in Madrid. He also was a Professor for one year at the IEB (Madrid Stock Exchange University).

**Jaime Agurruza Fatosme**

Please see biography under “Directors” above.

**Neal Rossignaud**

Mr. Rossignaud is Director of FCS Asset Management Ltd. He has a broad experience in the financial markets and has proven track record in the specific regulations affecting the financial markets in Malta. He worked for APEX Fund Services (Malta) Ltd. before joining FCS Asset Management Ltd.

**Eliza Montebello**

Mrs. Motebello is a Director of FCS Asset Management Ltd. She has a large track record in the markets and has worked as Risk Manager and head of Middle Office for FCS Asset Management. She worked for Liongate Capital Management and Mission Fund Malta Ltd. before joining FCS Asset Management Ltd.

The Company Secretary of the Manager is LGA International Limited (Malta).

The Manager has authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank. The fees and expenses of any sub-distributor appointed by the Manager which are discharged out of the assets of the ICAV shall be at normal commercial rates.

The Manager retains the discretion, subject to the approval of the ICAV and in accordance with the requirements of the Central Bank, to appoint one or more Sub-Investment Managers or investment advisors to provide investment advisory services and/or investment management services to one or more Funds established by the ICAV. Details of such appointment (insofar as it relates to the provision of investment advice only) will be provided to Shareholders on request and shall be further disclosed in each annual and semi-annual report of the ICAV. Where a Sub-Investment Manager has been appointed to provide discretionary investment management services to a Fund, details will be set out in the relevant Supplement. Save where otherwise disclosed in the relevant Supplement, the fees of each Sub-Investment Manager so appointed shall be paid by the Manager out of its own fee.

### **Sub-Investment Managers**

Details of any Sub-Investment Manager appointed with respect to a Fund will be set out in the relevant Supplement.

### **Depositary**

The ICAV has appointed Société Générale S.A., Dublin Branch as Depositary pursuant to the Depositary Agreement.

The Depositary is a branch of Société Générale S.A., a French public limited company founded in 1864 and one of France's leading commercial and investment banking institutions with operations throughout the world with its head office at 29, Bd Haussmann, 75009 Paris, France. Société Générale S.A. is actively engaged in asset management, private banking and corporate and investment financial services. Société Générale S.A. provides global custody services to retail, institutional, industrial and corporate clients.

#### *Duties of the Depositary*

The duties of the Depositary are to provide safekeeping, oversight and asset verification services in respect of the assets of the ICAV and each Fund in accordance with the provisions of the UCITS Regulations. The Depositary will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the issue, sale, redemption, cancellation and repurchase of Shares in the Funds are carried out in accordance with the UCITS Regulations and the Instrument. The Depositary will carry out the instructions of the ICAV unless they conflict with the UCITS Regulations or the Instrument. The Depositary is also obliged to enquire into the conduct of the ICAV and Funds in each financial year and report thereon to the Shareholders. The Depositary's report shall state, among other things, whether in the Depositary's opinion the ICAV has been managed in that period:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV and the Depositary by the Instrument and the UCITS Regulations; and
- (ii) otherwise in accordance with the provisions of the Instrument and the UCITS Regulations.

If the ICAV has not been managed in accordance with (i) or (ii) above, the Depositary must state why this is the case and outline the steps which the Depositary has taken to rectify the situation.

#### *Depositary Liability*

Pursuant to the Depositary Agreement, the Depositary will be liable to the ICAV and to the Shareholders for the loss by the Depositary or a duly appointed Sub-Custodian of any assets that are financial instruments to be held in custody in accordance with paragraph 4(a) of Regulation 34 of the UCITS Regulations, unless it can prove that such 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.

The Depositary shall also be liable to the ICAV and to the Shareholders in respect of all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the UCITS Regulations.

#### *Delegation*

Under the Depositary Agreement, the Depositary has power to delegate the whole or any part of its safekeeping obligations, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping.

The Depositary has delegated its safe-keeping duties in respect of financial instruments in custody to the third parties listed at Appendix IV. No conflicts arise as a result of such delegation.

#### *Conflicts*

In addition to providing depositary services to the Fund, the Depositary or its affiliates may also provide other services to the Fund including currency hedging services as well as acting as acting as counterparty to OTC transactions and providing credit facility arrangements.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors on request.

### **Secretary**

The ICAV has appointed Tudor Trust Limited as its secretary.

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

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

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

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

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

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

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

### **Conflicts of Interest**

The Directors, the Manager, the Depositary, any Sub-Investment Manager or Distributor and their respective affiliates, officers, directors and shareholders, partners, employees and agents (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the ICAV and/or their respective roles with

respect to the ICAV. These activities may include managing or advising other funds, purchases and sales of Financial Instruments, banking and investment management services, brokerage services, currency hedging services, valuation of unlisted Financial Instruments (in circumstances in which fees payable to the entity valuing such Financial Instruments may increase as the value of the Financial Instruments increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the ICAV may invest. In particular, the Manager may advise or manage other funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the ICAV or its Funds.

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

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

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly.

There is no prohibition on transactions with the ICAV by the Manager, the Depositary any Sub-Investment Manager or Distributor or entities related to each of the Manager, Depositary, any Sub-Investment Manager or Distributor 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 conducted at arm's length and are in the best interests of Shareholders and

- (a) the value of the transaction is certified by a person who has been approved by the Depositary as being independent and competent (or a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary); or
- (b) execution on best terms on organised investment exchanges under their rules; or



- (c) where (a) and (b) are not practical, execution on terms which the Depositary is (or, in the case of a transaction entered into by the Depositary, the Directors are) satisfied conform with the principle that such transactions are conducted at arm's length and are in the best interests of Shareholders.

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

The Manager and any Sub-Investment Manager, or an associated company of such entities may invest in Shares so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Manager and any Sub-Investment Manager or an associated company of such entities may hold a high proportion of the Shares of a Fund or Class in issue. Details of the proportion of shares held by the Manager and any Sub-Investment Manager or an associated company of such entities will be made available to investors and prospective investors upon request.

**“Knowledgeable Persons”** means

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

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

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

### **Soft Commissions**

The Manager, its delegates or connected persons of the Manager may not retain cash or other rebates but may receive, and are entitled to retain, research products and services (known as soft dollar benefits) from brokers and other persons through whom investment transactions are carried out (“**brokers**”) which are of demonstrable benefit to the Shareholders (as may be permitted under applicable rules and regulations) and where such arrangements are made on best execution terms and brokerage rates are not in excess of customary institutional full-service brokerage rates and the services provided must be of a type which assist in the provision of investment services to the ICAV.

### **Cash/Commission Rebates and Fee Sharing**

Where the Manager, any Sub-Investment Manager or any of their respective delegates successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for the ICAV or a Fund, the rebated commission shall be paid to the ICAV or the relevant Fund as the case may be. Full details of any such arrangements including fees payable to the Manager, any Sub-Investment Manager or their respective delegates will be disclosed in the Supplement for the relevant Fund. The Manager or its delegates may be reimbursed out of the assets of the ICAV or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Manager or its delegates in this regard.

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

#### **Establishment Expenses**

All fees and expenses relating to the establishment and organisation of the ICAV including the fees of the ICAV's professional advisers, the fees and expenses incurred in listing the Shares of the Funds on the Irish Stock Exchange, where applicable, and registering the Funds for sale in various markets will be borne by the initial Funds of the ICAV, FCS Navigator Fund and FCS Navigator Plus Fund. Such fees and expenses are estimated not to exceed €100,000 and may be amortised over the first five Accounting Periods of the ICAV and shall be subject to such adjustment following the establishment of new Funds as the Directors may determine.

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

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

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

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

### **Depository's Fees**

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

### **Manager Fees**

The ICAV shall pay the Manager out of the assets of the relevant Fund a fee as disclosed in the relevant Supplement.

### **Performance Fee**

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

### **Sub-Investment Manager's Fees**

The fees of the Sub-Investment Manager will be paid by the Manager out of its own fee or out of the assets of the relevant Fund as may be more particularly described in the relevant Supplement.

### **Distributor's Fees**

The fees of any Distributor, if any, may be paid out of the assets of the relevant Fund or as may otherwise be disclosed in the relevant Supplement.

### **Paying Agents' Fees**

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

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

### **Sales Charge**

The Directors are empowered to levy a sales charge of not exceeding 5% of the value of the Shares being acquired. Details of the sales charge, if any, will be set out in the relevant Fund Supplement.

### **Redemption Fee**

The Directors are empowered to levy a redemption fee of not exceeding 3% of the Net Asset Value per Share. Details of the redemption fee, if any, will be set out in the relevant Fund Supplement.

## **Conversion Fee**

The Instrument of Incorporation authorises the Directors to charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund. Details of the Conversion Fee to be charged (if any) can be found in the relevant Supplement.

## **Anti-Dilution Levy**

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

The aim of the Anti-Dilution Levy is to reduce the impact of such costs (which, if material, disadvantage existing Shareholders of the relevant Fund) so as to preserve the value of the relevant Fund. Where disclosed in the relevant Supplement, the Directors are entitled to require payment of a dilution levy, to be included in the Subscription Price or Redemption Price as appropriate.

The need to charge a dilution levy will depend inter alia on general market liquidity of the Fund's Financial Instruments and on the net transactional activity of Shares on any given Dealing Day, and this will be evaluated by the Directors (as advised by the Manager) without prior notification to the relevant Shareholder. Net transactional activity of Shares is determined with reference to the cumulative subscription and redemption requests (including subscriptions and/or redemptions which would be affected as a result of conversions from one Fund into another Fund) processed in respect of any given Dealing Day. In calculating the subscription or redemption price of the Fund, the Directors may on any Dealing Day when there are net subscriptions or redemptions, adjust the subscription or redemption price (as appropriate) by adding or deducting an Anti-Dilution Levy to cover dealing costs and to preserve the value of the underlying assets of a Fund.

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

## **Directors' Fees**

The Instrument authorises the Directors to charge a fee for their services at a rate determined by the Directors. Each Director shall receive a fee for their services up to a maximum of €20,000 per annum, or such other amount as may from time to time be disclosed in the annual report of the ICAV. Any increase above the maximum permitted fee will be notified in advance to Shareholders. The Directors may elect to waive their entitlement to receive a fee. Each Director may be entitled to special remuneration if called upon to perform any special or extra services to the ICAV, details of which will be set out in the financial

statements of the ICAV. All Directors will be entitled to reimbursement by the ICAV of expenses properly incurred in connection with the business of the ICAV or the discharge of their duties.

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

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors 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 other methods which will be fair and equitable to investors. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

### **Remuneration Policy of the Manager**

The Manager has designed and implements a remuneration policy which is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile or the Instrument of Incorporation of the ICAV nor impair compliance with the Manager's duty to act in the best interests of the ICAV. The Manager's remuneration policy is consistent with the the business strategy, objectives, values and interests of the Manager, the ICAV and the Shareholders of the ICAV and includes measures to avoid conflicts of interest.

The Manager's remuneration policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or the ICAV.

In line with the provisions of the UCITS Directive as may be amended from time to time, the Manager applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities.

Where the Manager delegates investment management functions in respect of the ICAV or any Fund of the ICAV, it will ensure that any such delegates so appointed by it apply in a proportionate manner the remuneration rules as detailed in the UCITS Directive as amended or, alternatively, are subject to equally effective remuneration policies under their home authorisation.

Details of the remuneration policy of the Manager including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, will be available at [www.fcs-am.com](http://www.fcs-am.com) and a paper copy will be made available free of charge upon request.

## 4. THE SHARES

### General

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

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

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

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

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

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

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

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

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

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

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

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



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

### **Application for Shares**

An Application Form for Shares in a Fund may be obtained from the Manager. The Initial Subscription, Minimum Holding and Minimum Transaction Size for Shares are set out in the Supplement for each Fund.

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

Applications for Shares in a Fund may be made through the Manager. Applications accepted and received by the Manager prior to the relevant Dealing Deadline for a Fund for any Dealing Day will normally be processed as at that Dealing Day. Any applications received after the relevant Dealing Deadline for a Fund for a particular Dealing Day will be processed as at the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the relevant Dealing Deadline for processing as at that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications for Shares in a Fund received after the relevant Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors.

Initial applications should be made by submitting a completed Application Form to the ICAV care of the Manager. Institutional investors may submit initial Application Forms and supporting documentation by facsimile or by post, but the original signed duly completed application must be mailed to the Manager immediately thereafter. All other investors must submit initial Application Forms and supporting documentation by post. No redemption proceeds will be paid to a Shareholder in respect of a redemption request (although subsequent subscriptions may be processed) prior to the acceptance of the original initial Application Form by the Manager which is subject to prompt transmission to the Manager of such papers and supporting documentation (such as documentation relating to money laundering prevention checks) as may be required by the Manager and completion by the Manager of all anti-money laundering procedures.

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

provided by the applicant.

Subsequent applications to purchase Shares in a Fund following the initial subscription may be made to the Manager using an Application Form by post, by facsimile, any other approved electronic means or such other means as may be permitted by the Directors and agreed with the Manager in accordance with the requirements of the Central Bank. Subsequent applications may be processed without a requirement to submit an original Application Form. Applications by facsimile will be treated as definite orders and no application will be capable of withdrawal after acceptance by the Manager (save in the event of suspension of calculation of the Net Asset Value of the Fund).

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

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

#### *Withdrawal of Subscription Requests*

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

#### *Issue of Shares*

Shares will be issued at the Net Asset Value per Share calculated as at the relevant Dealing Day. This price could be less than the Subscription Price per Share for that Dealing Day due to the effect of Duties and Charges and other fees and levies. Potential Shareholders should note therefore that the cost paid for Shares issued could exceed their value on the day of issue.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.0001 of a Share.

Subscription monies, representing less than 0.0001 of a Share will not be returned to the investor but will be retained by the ICAV in order to defray administration costs.

### *Method of Payment*

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

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. However, the ICAV may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate quoted by the Manager. The cost and risk of converting currency in such circumstances will be borne by the investor.

### *Timing of Payment*

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

### *Confirmation of Ownership*

Written confirmation of each purchase of Shares in a Fund will normally be sent to Shareholders within 10 Business Days of the Net Asset Value being published. Title to Shares will be evidenced by the entering of the investor's name on the ICAV's register of Members and no certificates will be issued.

### *Subscriptions in Specie*

In accordance with the provisions of the Instrument, the ICAV may at the discretion of the Directors accept in specie applications for Shares provided that the nature of the assets to be transferred into the relevant Fund qualify as investments of the relevant Fund in accordance with its investment objectives,

policies and restrictions. Assets so transferred shall be vested with the Depositary or arrangements shall be made to vest the assets with the Depositary. The Depositary and the Directors shall be satisfied that the terms of any exchange will not be such as are likely to result in any material prejudice to the existing Shareholders of the relevant Fund. In this regard, the ICAV and the Depositary shall agree written procedures for the purpose of enabling the Depositary to review the terms of the exchange which shall include an explanation from the ICAV as to why it believes that the terms of the exchange are not such as are likely to result in any material prejudice to existing Shareholders.

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

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

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

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

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

As part of the ICAV’s responsibility for the prevention of money laundering and terrorist financing, the Manager will require a detailed verification of the applicant’s identity and the source of the payment. Depending on the circumstances of each application, a detailed verification might not be required where the applicant is a regulated financial institution in a country with equivalent Anti-Money Laundering and Counter Terrorist Financing rules to those in place in Ireland, or is a company listed on a recognised stock exchange.

**The Manager and the ICAV each reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager may refuse to accept the application and the subscription moneys relating thereto.**

Examples of the types of documents that may be requested by the Manager for the purposes of verifying the identity of the applicant are as follows:

Individual Investor – a certified true copy of photographic ID such as a passport, drivers licence or

national identity card, plus one original form of address verification e.g. a utility bill or bank statement

Corporate Investors – a certified true copy of the authorised signatory list, a certified true copy of the certificate of incorporation and memorandum and articles of association, a list of all directors names, residential and business addresses and dates of birth, a list of names and addresses for all shareholders that hold 25% or more of the company's issued share capital. Individual Identification Documents (as above) for two directors or one director and one authorised signatory and all those shareholders holding over 25% of the company's issued share capital.

The details given above are by way of example only and the Manager and the ICAV each reserves the right to request such information as is necessary to verify the source of the payment, the source of wealth, the identity of an investor and where applicable the beneficial owner of an investor. Applicants should contact the Manager for a more detailed list of requirements for anti-money laundering purposes.

In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Manager or the ICAV may refuse to accept the application and subscription monies. Each applicant for Shares acknowledges that the ICAV and its delegates shall be held harmless against any loss arising as a result of a failure to process or a delay in processing his application for Shares or redemption request if such information and documentation as has been requested by the ICAV or its delegates has not been provided by the applicant. Furthermore, the ICAV or the Manager also reserve the right to refuse to make any payment or distribution to a Shareholder where it is considered necessary or appropriate to ensure the compliance by the ICAV, its Directors or the Manager with any such laws or regulations in any relevant jurisdiction.

### **Data Protection**

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

### **Ineligible Applicants**

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

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

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

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

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

## **FATCA**

The foreign account tax compliance provisions (“**FATCA**”) of the Hiring Incentives to Restore Employment Act 2010 represent an expansive information reporting regime enacted by the United States (“**US**”) aimed at ensuring that US persons with financial assets outside the US are paying the correct amount of US tax. Investors should note that the ICAV intends to take such steps as may be required to satisfy any obligations imposed by FATCA or any provisions imposed under Irish law arising from the coming into force of the inter-governmental agreement between the Government of the United States of America and the Government of Ireland (“**IGA**”) so as to ensure compliance or deemed compliance (as the case may be) with FATCA and/or any provisions imposed under Irish law arising from the IGA. In this regard,

investors should note that they may be required to provide the ICAV and/or the Manager at such times as each of them may request such declarations, certificates, documents, information etc. required for these purposes. To the extent the ICAV does suffer US withholding tax on its investments as a result of FATCA, the Directors may take any action in relation to an investor's investment in the ICAV to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding.

### **Joint Shareholders**

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

### **Redemption of Shares**

Shareholders may request redemption of their Shares on and with effect from any Dealing Day. Shares will be redeemed at the Net Asset Value per Share for that Class, (taking into account the anti-dilution levy), calculated on or with respect to the relevant Dealing Day in accordance with the procedures described below (save during any period when the calculation of Net Asset Value is suspended).

For all redemptions, Shareholders will be paid the equivalent of the Redemption Price per Share for the relevant Dealing Day. This price could be less than the Net Asset Value per Share calculated for that Dealing Day due to the effect of Duties and Charges and other fees and levies. Potential Shareholders should note therefore that the payments received for Shares redeemed could be less than their value on the day of redemption.

If the redemption of only part of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the ICAV or its delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Requests for the redemption of Shares in a Fund should be made to the ICAV care of the Manager using the Redemption Form which can be obtained from the Manager. Redemption requests should be made by submitting a completed Redemption Form to the ICAV care of the Manager. Redemption forms may be submitted by facsimile, by post or any other approved electronic means. Redemption Forms received prior to the relevant Fund's Dealing Deadline for any Dealing Day will be processed as at that Dealing Day. Any Redemption Forms received after the relevant Fund's Dealing Deadline for a Dealing Day will normally be processed on the next Dealing Day. Redemption Forms received after the relevant Funds Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors.

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

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

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Manager appropriately authorised in writing. Redemption requests can be processed on receipt of the Redemption Form via facsimile only where redemption payments are made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests in advance to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Manager (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 10 Business Days from the relevant Dealing Deadline, or such shorter time as specified in the relevant Supplement, provided that all the required documentation has been furnished to and received by the Manager.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the ICAV or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Redemption Limit*

If total requests for redemption on any Dealing Day for a Fund exceed (i) 10% of the total number of Shares in the Fund; or (ii) 10% of the Net Asset Value of the Fund, the Directors may in their discretion refuse to redeem any Shares in excess of 10%. Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed.

The Directors do not intend to impose redemption limits save in circumstances where not to do so would be contrary to the best interests of the Shareholders of the relevant Fund.



### *Redemptions in Specie*

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

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

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

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

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

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

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

- (i) any person in breach of the law or requirements of any country or governmental authority by virtue of which such person is not qualified to hold Shares including without limitation any exchange control regulations;
- (ii) a person who is, or any person who has acquired such Shares on behalf of, or for the benefit of US Person in contravention of applicable laws and regulations;
- (iii) any person, whose holding would cause or be likely to cause the ICAV to be required to register

as an “investment company” under the United States Investment Company Act of 1940 or to register any class of its securities under the Securities Act or similar statute;

- (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the ICAV or any Fund or Shareholders of the ICAV or Fund as a whole incurring any liability to taxation or suffering any tax, legal, pecuniary, regulatory liability or material administrative disadvantage which the ICAV, the Fund or the Shareholders or any of them might not otherwise have incurred or suffered;
- (v) any person who does not supply any information or declarations required by the Directors within seven days of a request to do so by the Directors;
- (vi) any person who, otherwise than as a result of depreciation in the value of his holding, holds less than the Minimum Holding for a particular Fund or Class of Participating Shares; or
- (vii) any person who is an Ineligible Applicant.

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

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

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

### **Total Redemption of Shares**

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

- (a) if the ICAV gives not less than two nor more than twelve weeks’ notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or
- (b) 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 redeemed.

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

## Conversion of Shares

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

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

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

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

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

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

Fractions of Shares which shall not be less than 0.0001 of a Share may be issued by the ICAV on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.0001 of a Share will be retained by the ICAV.

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

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

where

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

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

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

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

“F” is the conversion charge (if any) as set out in the relevant Supplement.

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

### **Withdrawal of Conversion Requests**

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

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

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

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Valuation Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue, or deemed to be in issue, in the Fund or Class at the relevant Valuation Point.

In determining the Net Asset Value of the ICAV and each Fund:

- (a) Securities which are quoted, listed or traded on a Recognised Exchange save as hereinafter provided at (d), (f), (g), (h) and (i) will be valued at last bid price (or if no last bid price is available, at last traded price). Where a security is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be one which constitutes the main market or the

exchange or market which the Manager determines provides the fairest criteria in determining a value for the relevant investment.

Securities 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 security 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; (ii) a competent person, firm or corporation selected by the Manager and approved for the purpose by the Depositary; or (iii) any other means provided 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 (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, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market, including without limitation futures and options contracts and index futures, shall be valued at the settlement price as determined by the market where the derivative is traded. If the settlement price is not available, the derivative contract will be valued in accordance with (b) above. Derivative contracts which are not traded on a regulated market and are not cleared by a clearing counterparty will be valued on the basis of the mark to market value of the derivative contract or if market conditions prevent marking to market, reliable and prudent marking to model may be used. Derivative contracts which are not traded on a regulated market and which are cleared by a clearing counterparty will be valued daily using an alternative valuation provided by the Manager or a competent person appointed by the Manager and approved for the purpose by the Depositary (the “**Alternative Valuation**”). Where such Alternative Valuation method is used the ICAV will follow international best practise and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to a quotation provided by a relevant counterparty on a monthly basis. Where significant differences arise these will be promptly investigated and explained.
- (e) Forward foreign exchange and interest rate swap contracts shall be valued by reference to freely available market quotations.

- (f) Notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available bid price or net asset value per unit as published by the relevant collective investment scheme.
- (g) In the case of a Fund which complies with the Central Bank's requirements for short-term money market funds, the Manager may use the amortised cost method of valuation provided that a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank's guidelines.
- (h) In the case of a Fund which is not a short-term money market fund, the Manager may value Money Market Instruments using the amortised cost method of valuation in accordance with the Central Bank's requirements.
- (i) The Manager may adjust the value of any Financial Instrument if having regard to its currency, marketability, dealing costs, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (j) 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 is available to the Manager and which is normally obtained from Bloomberg or Reuters or such other data provider.
- (k) Where the value of any Financial Instrument is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person appointed by the Directors and approved for the purpose by the Depositary.
- (l) In the event of it being impossible, impractical or incorrect to carry out a valuation of a specific Financial Instrument in accordance with the valuation rules set out above, or if such valuation is not representative of a Financial Instrument's fair market value, the Manager is entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific Financial Instrument, provided that any alternative method of valuation is approved by the Depositary and the rationale/methodologies used shall be clearly documented. The ICAV and the Depositary shall agree written procedures for the purpose of enabling the Depositary to carry out a detailed initial review and subsequent periodic reviews of the overall valuation methodologies of the ICAV including the provision by the ICAV of details of the rationale for any alternative method of valuation.

In determining the value of investments of a Fund, the Manager may value the securities of a Fund on an offer basis where the total subscription requests received on a Dealing Day exceeds the total redemption requests received for that Dealing Day, or a switch from mid-market to bid basis where total redemption requests received on a Dealing Day, exceeds the total subscription requests received for that Dealing Day,

Day, provided in each case that:

- (i) the valuation policy selected by the Manager shall be applied consistently with respect to the ICAV and, as appropriate, individual Funds for so long as the ICAV or Funds, as the case may be, are operated on a going concern basis; and
- (ii) there is consistency in the policies adopted by the Manager throughout the various categories of Financial Instruments.

In the absence of negligence, fraud, bad faith or wilful default, every decision taken by the Manager or any duly authorised person on behalf of the ICAV in determining the value of any Financial Instrument or calculating the Net Asset Value of a Fund or Class or the Net Asset Value per Share shall be final and binding on the ICAV and on present, past or future Shareholders.

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

Except where the determination of the Net Asset Value of a Fund, the Net Asset Value per Share and/or the issue and repurchase prices have been temporarily suspended in the circumstances described below in the section headed “**Suspension of Valuation of Assets**”, the Net Asset Value per Share of each Class of a Fund and the issue and repurchase prices of the Shares on each Subscription Day and Redemption Day will be available from the Manager during normal business hours and is published on [www.fcs-am.com](http://www.fcs-am.com) and/or such other publication as the Directors may decide, circulating in the jurisdictions in which Shares are marketed and which are notified to Shareholders. The Net Asset Value per Share published on [www.fcs-am.com](http://www.fcs-am.com) will be up to date.

### **Suspension of Valuation of Assets**

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

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the relevant Fund's Financial Instruments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of Financial Instruments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of Financial Instruments to or from the relevant account of the ICAV; or

- (c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's Financial Instruments; or
- (d) during the whole or any part of any period when for any reason the value of any of the Fund's Financial Instruments cannot be reasonably, promptly or accurately ascertained;
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the ICAV is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) upon mutual agreement between the ICAV and the Depositary for the purpose of winding up the ICAV or terminating any Fund or Class; or
- (g) during any period when, as a result of political, economic, military or monetary events or any circumstances outside of the control, responsibility and power of the ICAV, disposal or valuation of a substantial portion of the Investments of the relevant Fund is not reasonably practicable without being seriously detrimental to the interests of the Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (h) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the Financial Instruments or the ICAV or any Fund.

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

### **Distributions**

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

Dividends may be paid out of the capital of each Fund or out of the net investment income of the Fund. The payment of dividends out of capital may result in the erosion of capital notwithstanding the performance of the ICAV. As a result, distributions may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distributions of income - investors should seek advice from their professional advisers in this regard. The rationale for providing for the payment of dividends out of capital is to enable a distributing Class to distribute regular, set dividends.



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

#### *Unclaimed Dividends*

Any dividend unclaimed after 6 years from the date it first becomes payable shall be forfeited automatically and will revert to the Fund without the necessity for any declaration or other action by the Directors, the Fund, or the Manager.

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

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

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

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

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

## 5. TAXATION

### General

*The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.*

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

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

### Irish Taxation

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

### Definitions

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

#### “Irish Resident”

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

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

present in Ireland an individual was deemed to be present if he/she was in Ireland at the end of the day (midnight)).

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

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

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

or

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

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

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

#### **“Ordinarily Resident in Ireland”**

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

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2016 to 31 December 2016 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2019 to 31 December 2019.

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

*“Exempt Irish Investor”*

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the ICAV; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the ICAV or jeopardising tax exemptions associated with the ICAV giving rise to a charge to tax in the ICAV;

provided that they have correctly completed the Relevant Declaration.

### **“Intermediary”**

means a person who:-

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

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

### **“Recognised Clearing System”**

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

### **“Relevant Declaration”**

means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.

### **“Relevant Period”**

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

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

### **Taxation of the ICAV**

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

However, tax can arise on the happening of a “chargeable event” in the ICAV. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the ICAV for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the ICAV in respect of

chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the ICAV satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

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

If the ICAV becomes liable to account for tax if a chargeable event occurs, the ICAV shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

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

### ***Stamp Duty***

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

No Irish stamp duty will be payable by the ICAV on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the

meaning of Section 739B (1) of the Taxes Act or a “qualifying company” within the meaning of Section 110 of the Taxes Act) which is registered in Ireland.

## **Shareholders Tax**

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

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

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

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

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the ICAV on the occasion of a chargeable event provided that either (i) the ICAV satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

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

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

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

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

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

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



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

#### 10% Threshold

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

#### 15 % Threshold

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

#### *Other*

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

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

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

#### *Equivalent Measures*

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

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

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

#### **Capital Acquisitions Tax**

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

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponer will not be deemed to be resident or ordinarily

resident in Ireland at the relevant date unless;

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

### **European Union – Taxation of Savings Income Directive**

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as reporting and exchange of information relating to and account for withholding taxes on payments made before those dates). This is to prevent overlap between the Savings Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (see section entitled “Common Reporting Standards” below).

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

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

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

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

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

Each prospective investor should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

### **Common Reporting Standards**

On 14 July 2014, the OECD issued the Standard for Automatic Exchange of Financial Account Information ("**the Standard**") which therein contains the Common Reporting Standard ("**CRS**"). The subsequent introduction of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU) provides the international framework for the implementation of the CRS by Participating Jurisdictions. In this regard, the CRS was implemented into Irish law by the inclusion of relevant provisions in Finance Act 2014 and 2015 and the issuance of Regulation S.I. No. 583 of 2015.

The main objective of the CRS is to provide for the annual automatic exchange of certain financial account information between relevant tax authorities of Participating Jurisdictions

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

Broadly speaking, the CRS will require Irish Financial Institutions to identify Account Holders resident in other Participating Jurisdictions and to report specific information in relation to these Account Holders to the Irish Revenue Commissioners on an annual basis (which, in turn, will provide this information to the relevant tax authorities where the Account Holder is resident). In this regard, please note that the ICAV

will be considered an Irish Financial Institution for the purposes of the CRS.

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

#### *Customer Information Notice*

The ICAV intends to take such steps as may be required to satisfy any obligations imposed by (i) the Standard and, specifically, the CRS therein or (ii) any provisions imposed under Irish law arising from the Standard or any international law implementing the Standard (to include the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU)) so as to ensure compliance or deemed compliance (as the case may be) with the Standard and the CRS therein from 1 January 2016.

The ICAV is obliged under Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to that section to collect certain information about each Shareholder’s tax arrangements.

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

In particular, the following information will be reported by the ICAV to the Irish Revenue Commissioners in respect of each Reportable Account maintained by the ICAV;

- The name, address, jurisdiction of residence, tax identification number and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person.
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the date of closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption

payments made to the Account Holder during the calendar year or other appropriate reporting period;

- The currency in which each amount is denominated.

Please note that in certain limited circumstances it may not be necessary to report the tax identification number and date of birth of a Reportable Person.

In addition to the above, the Irish Revenue Commissioners and Irish Data Protection Commissioner have confirmed that Irish Financial Institutions (such as the ICAV) may adopt the “wider approach” for CRS. This allows the ICAV to collect data relating to the country of residence and the tax identification number from all non-Irish resident Shareholders. The ICAV can send this data to the Irish Revenue Commissioners who will determine whether the country of origin is a Participating Jurisdiction for CRS purposes and, if so, exchange data with them. Revenue will delete any data for non-Participating Jurisdictions.

The Irish Revenue Commissioners and the Irish Data Protection Commissioner have confirmed that this wider approach can be undertaken for a set 2-3 year period pending the resolution of the final CRS list of Participating Jurisdictions.

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

All capitalised terms above, unless otherwise defined in this paragraph, shall have the same meaning as they have in the Standard and EU Council Directive 2014/107/EU (as applicable).

## 6. GENERAL INFORMATION

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

- (a) The ICAV was registered in Ireland on 20<sup>th</sup> August, 2015 as an umbrella type Irish collective asset-management vehicle with segregated liability between funds registered with and authorised by the Central Bank with registration number C143187 pursuant to Part 2 of the Act. The ICAV has no subsidiaries.
- (b) The registered office of the ICAV is as stated in the Directory at the front of the Prospectus.
- (c) Clause 2 of the Instrument of the ICAV provides that the ICAV's sole object is the collective investment of its funds in property and giving members the benefit of the results of the management of its funds.
- (d) The Instrument provides that the share capital of the ICAV shall be equal to the value for the time being of the issued share capital of the ICAV. The actual value of the paid up share capital of the ICAV shall at all times be equal to the value of the assets of the ICAV after deduction of its liabilities. The share capital of the ICAV is to be divided into a specified number of shares without assigning any nominal value to them.
- (e) The Instrument provides that shares of the ICAV shall be divided into ordinary participating shares of no nominal value ("**Shares**") and ordinary management shares of no nominal value ("**Management Shares**"). The ICAV may issue shares as fully paid up, or subscribed and partly paid up, in accordance with the Instrument, the requirements of the Central Bank, the Central Bank Regulations and the Act. The liability of Members in respect of payment on their shares shall be limited to the amount, if any, unpaid, on the shares respectively held by them.
- (f) Subject to the provisions of the Instrument, Shareholders have the right to participate in or receive profits or income arising from the acquisition, holding, management or disposal of investments of the relevant Fund, to vote at any general meeting of the ICAV or at any meeting of the relevant Fund or Class of Shares in respect of which such Shares have been issued and such other rights as may be provided in respect of Shares of a particular Fund or Class in each case as more particularly described in the Prospectus and/or relevant Supplement subject always to the requirements of the Central Bank, the Central Bank Regulations and the Act. Holders of Management Shares shall have the right to receive an amount not to exceed the consideration paid for such Management Shares and to vote at any general meeting of the ICAV in accordance with the provisions of the Instrument.
- (g) The Directors are authorised to exercise all the powers of the ICAV to issue shares in the ICAV on such terms and in such manner as they may think fit.

- (h) No share capital of the ICAV has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

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

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

## **3. Voting Rights**

The following rules relating to voting rights apply:



- (a) Fractions of Shares do not carry voting rights.
- (b) On a show of hands every Shareholder (with applicable voting rights) present in person or by proxy shall be entitled to one vote and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares.
- (c) The chairman of a general meeting of the ICAV or at least two Members present in person or by proxy or any Member or Members present in person or by proxy representing at least one tenth of the shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Member or not) may be appointed to act as a proxy; a Member may appoint more than one proxy to attend on the same occasion.
- (g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office or at such other place as is specified for that purpose in the notice of meeting or in the instrument of proxy issued by the ICAV not less than such minimum time specified before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. The Directors may at the expense of the ICAV send, by post or otherwise, to the Members instruments of proxy (with or without prepaid postage for their return) for use at any general meeting or at any meeting of any Class of Members, either in blank or nominating in the alternative any one or more of the Directors or any other persons.
- (h) To be passed, ordinary resolutions of the Members or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Members or Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Members or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Members or Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Instrument.

#### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the ICAV at any time.
- (b) The Directors, in accordance with the provisions of the Instrument, may elect to dispense with the holding of an annual general meeting by giving 60 days' written notice to all of the ICAV's Members.
- (c) One or more Members of the ICAV holding, or together holding, at any time not less than 50 per cent of the voting rights in the ICAV may convene an extraordinary general meeting of the ICAV. The Directors of the ICAV shall, at the request of one or more Members holding, or together holding, at the date of the making of the request, not less than 10 per cent of the voting rights in the ICAV, proceed to convene an extraordinary general meeting of the ICAV. The request shall state the objects of the meeting and shall be signed by those making the request and deposited at the registered office of the ICAV and may consist of several documents in like form each signed by one or more of those making the request. If the Directors do not within 21 days after the date of the deposit of the request proceed to convene a meeting to be held within 2 months after that date, those making the request, or any of them representing more than 50 per cent of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held more than 3 months after the date the request was first made.
- (d) Not less than fourteen clear days' notice of every annual general meeting and any extraordinary meeting and any convened for the passing of a special resolution must be given to the Members.
- (e) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (f) The foregoing provisions with respect to the convening and conduct of meetings shall save to the extent expressly provided in the Instrument with respect to meetings of a Fund or Class, apply mutatis mutandis to separate meetings of each Fund or Class of Members.

## 5. Reports and Accounts

The ICAV will prepare an annual report and audited accounts as of 31<sup>st</sup> December in each year and a half-yearly report and unaudited accounts as of 30<sup>th</sup> June in each year with the first annual report to be made up to 31<sup>st</sup> December, 2016. The first semi-annual report will be made up to 30<sup>th</sup> June, 2016.

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

## 6. Communications and Notices to Shareholders

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

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

## 7. Transfer of Shares

- (a) Transfer of shares may be effected by transfer in writing or such other form as determined by the Directors accompanied by such evidence of ownership as the Directors may reasonably require to show the right of the transferor to make the transfer ("Instrument of Transfer"), signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may, before the end of the period of two months commencing with the date of receipt of the Instrument of Transfer, decline to register the transfer in the following

circumstances:

- (i) if in consequence of such transfer, the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
  - (ii) if all applicable taxes and/or stamp duties have not been paid in respect of the Instrument of Transfer and unless the Instrument of Transfer is deposited at the registered office or such other place as the Directors may reasonably require, accompanied by such relevant information and declarations as the Directors may reasonably require from the transferee including without limitation, information and declarations of the type which may be requested from an applicant for shares in the ICAV and such fee as may from time to time be specified by the Directors for the registration of any Instrument of Transfer;
  - (iii) where the Directors are aware or reasonably believe the transfer would result in the beneficial ownership of Shares by a person in contravention of any restrictions on ownership imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the ICAV, a Fund, a Class of Shares or Shareholders as a whole;
  - (iv) unless the Instrument of Transfer is deposited with the Manager together with such evidence as is required by the Manager to satisfy the Manager as to its or the ICAV's requirements to prevent money laundering;
  - (v) if the registration of such transfer would result in a contravention of any provision of law.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days in any year.

## **8. Directors**

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

- (a) The number of Directors shall not be less than two.
- (b) A Director need not be a Member.
- (c) The Instrument contains no provisions requiring Directors to retire on attaining a particular age.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the ICAV or any company in which the ICAV is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.

- (e) The Directors of the ICAV for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in this Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the ICAV or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the ICAV.
- (f) The provisions of the Act relating to restrictions on directors of an insolvent company or disqualifying persons from being appointed or acting as a director or other officer, statutory auditor, receiver or liquidator, or being in any way (directly or indirectly) concerned or taking part in the promotion, formation or management of a company apply to the ICAV.
- (g) Save as provided in the Instrument, a Director shall not vote in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the ICAV. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A Director shall in the absence of some material interest other than that indicated below, be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters, namely:-
  - (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the ICAV or any of its subsidiaries or associated companies;
  - (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the ICAV or any of its subsidiaries or associated companies for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning an offer of shares or other securities of or by the ICAV or any of its subsidiaries or associated companies for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof; or
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever PROVIDED THAT he is not the holder of or beneficially interested in five per cent or more of the issued shares of any class of such company, or of any third company through which his interest is derived, or of any of the voting rights available to shareholders of the relevant company (any such interest being deemed for the purposes of Clause 24.04 of the Instrument to be a material interest in all circumstances).

- (v) any proposal concerning the purchase of any policy of insurance against directors' and officers' liability.
- (h) The office of a Director must be vacated in any of the following events namely:-
- (i) if he resigns his office by notice in writing signed by him and left at the registered office of the ICAV;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
  - (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
  - (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
  - (vii) if he is removed from office by ordinary resolution of the ICAV;
  - (viii) if he ceases to be approved to act as a director by the Central Bank.
- (j) The ICAV may by ordinary resolution remove a Director before the end of that Director's period of office despite anything in the Instrument or in any contract between the ICAV and the Director, in accordance with the provisions of the Act.

## **9. Directors' Interests**

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:

- (a) Jaime Agurruza Fatosme is a director of the Manager.
- (b) No present Director or any connected person has any interests beneficial or non-beneficial in the

share capital of the ICAV.

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

- (a) The ICAV may be wound up:
- (i) if at any time after the first anniversary of the registration of the ICAV, the Net Asset Value of the ICAV falls below €100 million on each Dealing Day for a period of six consecutive weeks and the Members resolve to wind up the ICAV by Ordinary Resolution; or
  - (ii) if within a period of three months or such other period as agreed under the terms of the Depositary Agreement from the date on which (a) the Depositary notifies the ICAV of its desire to retire in accordance with the terms of the Depositary Agreement and has not withdrawn notice of its intention to so retire; (b) the appointment of the Depositary is terminated by the ICAV in accordance with the terms of the Depositary Agreement; or (c) the Depositary ceases to be approved by the Central Bank to act as depositary, no new Depositary has been appointed. In such cases, the Directors shall instruct the secretary of the ICAV to convene an extraordinary general meeting of the ICAV at which there shall be proposed an Ordinary Resolution to wind up the ICAV. Notwithstanding anything set out above, the Depositary's appointment shall only terminate on revocation of the ICAV's authorisation by the Central Bank; or
  - (iii) when it becomes illegal or in the opinion of the Directors of the ICAV impracticable or inadvisable to continue operating the ICAV.
- (b) In all cases other than those set out above, the Members may resolve to wind up the ICAV by Special Resolution in accordance with the summary approval procedure as provided for in the Act.
- (c) In the event of a winding up the liquidator shall firstly apply the assets of the ICAV in satisfaction of creditors' claims in such manner and order as he thinks fit. The liquidator shall in relation to the assets available for distribution among Members make such transfers thereof to and from the Classes as may be necessary in order that the effective burden of creditors' claims may be shared between the Members of different Classes in such proportions as the liquidator in his discretion deems equitable.
- (d) The assets available for distribution among the Members shall be applied in the following priority:
- (i) Firstly, in the payment to the holders of the Shares of each Class or Fund of a sum in the Base Currency (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net

Asset Value of the Shares of such Class or Fund held by such Shareholders respectively as at the date of commencement of winding up.

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

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

The ICAV may terminate a Fund:

- (a) if, at any time after the first anniversary of the establishment of such Fund, the Net Asset Value of the Fund falls below €5 million on each Dealing Day for a period of six consecutive weeks and the Shareholders of that Fund resolve by ordinary resolution to terminate the Fund;
- (b) by giving not less than two nor more than twelve weeks' notice to the Shareholders of such Fund or Class, expiring on a Dealing Day, and redeeming, at the Redemption Price on such Dealing



Day, all of the Shares of the Fund or Class not previously redeemed;

- (c) and redeem, at the redemption price on such Dealing Day, all of the Shares in such Fund or Class not previously redeemed if the Shareholders of 75% in value of the Shares in issue of the Fund or Class resolve at a meeting of the Shareholders of the Fund or Class, duly convened and held, that such Shares should be redeemed.

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

## **12. Indemnities and Insurance**

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

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

## **13. General**

- (a) As at the date of this Prospectus, the ICAV has no loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.
- (b) No share or loan capital of the ICAV is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- (c) The ICAV does not have, nor has it had since registration, any employees.

- (d) The ICAV does not intend to purchase or acquire nor agree to purchase or acquire any property.
- (e) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Instrument, the general law of Ireland and the Act.
- (f) The ICAV is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the ICAV.
- (g) The ICAV has no subsidiaries.
- (h) Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the ICAV.
- (i) No person has any preferential right to subscribe for any authorised but unissued capital of the ICAV.

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

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

- (a) Management Agreement between the ICAV and the Manager dated 18<sup>th</sup> May, 2016 under which the Manager was appointed as manager of the ICAV's subject to the overall supervision of the ICAV. The Management Agreement may be terminated by either party giving not less than six months written notice or forthwith by notice in writing in certain circumstances such as the ICAV's authorisation being revoked with the Central Bank, the Manager's authorisation being revoked with the Maltese Financial Services Authority, the winding up of either party or unremedied breach after notice. The Manager has the power to delegate its duties in accordance with the Central Bank's requirements. The Agreement provides that the ICAV shall indemnify and hold harmless the Manager and its directors, delegates, agents and employees against all actions, proceedings, damages, claims, costs, demands and expenses including without limitation legal and professional expenses on a full indemnity basis which may be brought against, suffered or incurred by the Manager, its directors, employees, delegates or agents in the performance of its duties under the Management Agreement other than due to the negligence, fraud or willful default of the Manager, its directors, employees, delegates or agents in the performance or non-performance of its obligations under the Agreement.

(b) Depositary Agreement between the ICAV and the Depositary dated 18<sup>th</sup> May, 2016 under which the Depositary was appointed as depositary of the ICAV's assets subject to the overall supervision of the Directors. The Depositary Agreement may be terminated by the either party giving 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied material breach after notice provided the Depositary shall continue to act as depositary until a successor depositary approved by the Central Bank is appointed by the ICAV or the ICAV's authorisation by the Central Bank is revoked. If the Depositary shall have given to the ICAV notice of its desire to retire from its appointment and no successor shall have been appointed in accordance with the Instrument within 90 days of such notice, the Depositary may by written notice to the ICAV immediately require the ICAV to hold an extraordinary general meeting at which a resolution to wind-up the ICAV will be considered. The Depositary has the power to delegate to a third party some or all of the assets in its safekeeping. The Agreement provides that ICAV shall undertake to hold harmless and indemnify the Depositary against all losses, damages, actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the assets) and against all costs, demands and expenses (including reasonable legal and professional expenses) arising therefrom ("**Losses**") which may be brought against, suffered or incurred by the Depositary by reason of the performance of the Depositary's duties hereunder save where any such Losses arise as a result of the loss of assets held in custody by the Depositary (except where 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) or the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

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

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

- (a) The Instrument (copies may be obtained free of charge from the Manager).
- (b) The Act and the UCITS Regulations.
- (c) Once published, the latest annual and half yearly reports of the ICAV (copies of which may be obtained from the Manager free of charge).
- (d) A list of the directorships and partnerships which the Directors of the ICAV have held in the last 5 years together with an indication as to whether they are still directors or partners.

Copies of the Prospectus and Key Investor Information Document may also be obtained by Shareholders from the Manager.

## APPENDIX I

### Permitted Investments and Investment Restrictions

#### 1. Permitted Investments

Investments of a Fund are confined to:

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

#### 2. Investment Restrictions

- 2.1 A Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register securities with the US Securities and Exchanges Commission within one year of issue; and
  - 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 UCITS.

- 2.3 A Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 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 a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of a 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 a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 A Fund may not invest more than 20% of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than a credit institution specified in Regulation 7 of the Central Bank Regulations held as ancillary liquidity, must not exceed 10% of the net assets of the Fund.

This limit may be raised to 20% in the case of deposits made with the Depositary.

- 2.8 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;

- deposits, and/or
  - counterparty risk exposures arising from OTC derivatives transactions.
- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12 A Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

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

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

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

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

- 3.1 A Fund may not invest more than 20% of net assets in any one collective investment scheme.
- 3.2 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.
- 3.3 The collective investment schemes in which a Fund may invest are prohibited from investing more than 10% of net assets in other open-ended collective investment schemes.

3.4 When a Fund invests in the units of other collective investment schemes that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other collective investment schemes.

3.5 Where by virtue of investment in the units of another investment fund, the Manager, an investment manager or an investment advisor receives a commission on behalf of the Fund (including a rebated commission), the Manager shall ensure that the relevant commission is paid into the property of the Fund.

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

4.1 A Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank Regulations and is recognised by the Central Bank.

4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

#### **5. General Provisions**

5.1 An investment company, or management company acting in connection with all of collective investment schemes 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:

- (i) 10% of the non-voting shares of any single issuing body;
- (ii) 10% of the debt securities of any single issuing body;
- (iii) 25% of the units of any single collective investment schemes;
- (iv) 10% of the money market instruments of any single issuing body.

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



- 5.3 5.1 and 5.2 shall not be applicable to:
- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which a 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-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
  - (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4 A 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 recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation.
- 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 Neither an investment company, ICAV, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;

- money market instruments\*;
- units of investment funds; or
- financial derivative instruments.

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

5.8 A Fund may hold ancillary liquid assets.

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

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

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

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

6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

## **7. Restrictions on Borrowing and Lending**

(a) The ICAV may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit the Directors may exercise all borrowing powers on behalf of the ICAV.

(b) The ICAV may acquire foreign currency by means of a "back-to-back" loan agreement. The Manager shall ensure that a Fund with foreign currency borrowings which exceed the value of a back-to-back deposit treats that excess as borrowings for the purpose of Regulation 103 of the Regulations.

The ICAV will, with respect to each Fund, adhere to any investment or borrowing restrictions imposed and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Class in the ICAV, subject to the UCITS Regulations.

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 laid down in the UCITS Regulations which would permit investment by the ICAV in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations.

## APPENDIX II

### Recognised Exchanges

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

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

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

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

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

Abu Dhabi	-	Abu Dhabi Securities Exchange
Argentina	-	Bolsa de Comercio de Buenos Aires
Argentina	-	Bolsa de Comercio de Cordoba
Argentina	-	Bolsa de Comercio de La Plata
Argentina	-	Bolsa de Comercio de Mendoza
Argentina	-	Bolsa de Comercio de Rosario
Bahrain	-	Bahrain Stock Exchange
Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda Stock Exchange
Bosnia and Herzegovina	-	Banja Luka Stock Exchange
Bosnia and Herzegovina	-	Sarajevo Stock Exchange
Botswana	-	Botswana Stock Exchange
Brazil	-	Bahia-Sergipe-Alagoas Stock Exchange
Brazil	-	BM&F Bovespa
Brazil	-	Brasilia Stock Exchange
Brazil	-	Extremo Sul Porto Alegre Stock Exchange
Brazil	-	Minas Esperito Santo Stock Exchange
Brazil	-	Parana Curitiba Stock Exchange
Brazil	-	Pernambuco e Bahia Recife Stock Exchange

Brazil	-	Regional Fortaleza Stock Exchange
Brazil	-	Bolsa de Valores do Rio de Janeiro
Brazil	-	Santos Stock Exchange
China (PRep. of)	-	Fujian Securities Exchange
China (PRep. of)	-	Hainan Securities Exchange
China (PRep. of)	-	Shanghai Securities Exchange
China (PRep. of)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Valores de Colombia
Costa Rica	-	Bolsa Nacional de Valores de Costa Rica
Dubai	-	Dubai Financial Market
Ecuador	-	Bolsa de Valores de Quito
Ecuador	-	Bolsa de Valores de Guayaquil
Egypt	-	Egyptian Exchange
Georgia	-	Georgian Stock Exchange
Ghana	-	Ghana Stock Exchange
Hong Kong	-	Hong Kong Stock Exchange
Hong Kong	-	Growth Enterprise Market
India	-	Ahmedabad Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Bombay Stock Exchange
India	-	Calcutta Stock Exchange
India	-	Cochin Stock Exchange
India	-	Delhi Stock Exchange
India	-	Gauhati Stock Exchange
India	-	Hyderabad Stock Exchange
India	-	Ludhiana Stock Exchange
India	-	Madras Stock Exchange
India	-	Magadh Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
India	-	Pune Stock Exchange
India	-	Uttar Pradesh Stock Exchange
Indonesia	-	Indonesia Stock Exchange
Indonesia	-	Surabaya Stock Exchange
Ivory Coast	-	Bourse Régionale des Valeurs Mobilières (BRVM)
Jordan	-	Amman Financial Market
Kazakhstan	-	Central Asian Stock Exchange
Kazakhstan	-	Kazakhstan Stock Exchange
Kenya	-	Nairobi Stock Exchange
Kuwait	-	Kuwait Stock Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Bursa Malaysia Berhad

Mauritius	-	Stock Exchange of Mauritius
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Namibia	-	Namibian Stock Exchange
Nigeria	-	FMDQ
Nigeria	-	Nigerian Stock Exchange
Oman	-	Muscat Securities Market
Pakistan	-	Islamabad Stock Exchange
Pakistan	-	Karachi Stock Exchange
Pakistan	-	Lahore Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange
Qatar	-	Qatar Exchange
Russia	-	Moscow Exchange
Saudi Arabia	-	Saudi Stock Exchange (Tadawul)
Serbia	-	Belgrade Stock Exchange
Singapore	-	Singapore Exchange
South Africa	-	Johannesburg Stock Exchange
Sri Lanka	-	Colombo Stock Exchange
Swaziland	-	Mbaene Stock Exchange
Taiwan (RC)	-	Gre Tei Securities Market
Taiwan (RC)	-	Taiwan Stock Exchange Corporation
Tanzania	-	Dar-es-Salaam Stock Exchange
Thailand	-	Stock Exchange of Thailand
Tunisia	-	Bourse des Valeurs Mobilieres de Tunis
Uganda	-	Uganda Securities Exchange
Uganda	-	ALTX
Ukraine	-	Ukrainian Exchange
United Arab Emirates	-	Abu Dhabi Securities Market
United Arab Emirates	-	Dubai Financial Market
United Arab Emirates	-	NASDAQ Dubai
Uruguay	-	Bolsa de Valores de Montevideo
Venezuela	-	Caracas Stock Exchange
Venezuela	-	Maracaibo Stock Exchange
Venezuela	-	Venezuela Electronic Stock Exchange
Vietnam	-	Hanoi Stock Exchange
Vietnam	-	Ho Chi Minh City Securities Trading Center
Zambia	-	Lusaka Stock Exchange
Zimbabwe	-	Harare Stock Exchange

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

the market organised by the International Capital Market Association;

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

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

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

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

NASDAQ in the United States;

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

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

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

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

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

(iv) the following derivatives exchanges:

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

derivatives trade.

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

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

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

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

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



## APPENDIX III

### Use of Repurchase/Reverse Repurchase Agreements

1. Repurchase/reverse repurchase agreements, (“**repo contracts**”) may only be effected in accordance with normal market practice.
2. All assets received by the ICAV in the context of efficient portfolio management techniques will be considered as collateral and will comply with the criteria set down in paragraph 3 below.
3. Collateral obtained under a repo contract will, at all times, meet the following criteria:
  - (i) Liquidity: Collateral received other than cash will 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 will also comply with the provisions of Regulation 74 of the UCITS Regulations;
  - (ii) Valuation: Collateral received will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place;
  - (iii) Issuer credit quality: Collateral received will be of high quality. The Manager shall ensure that:
    - (i) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager in the credit assessment process; and
    - (ii) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in (i) this shall result in a new credit assessment being conducted of the issuer by the Manager without delay.
  - (iv) Correlation: Collateral received will 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;
  - (v) Diversification (asset concentration): Collateral will be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of a Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from the above diversification requirement (subject to such derogation being permitted by the Central Bank and any additional requirements

imposed by the Central Bank), a Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, non-Member State, or public international body of which one or more Member States belong (and which issuers are set out in Section 2.12 of the “Investment Restrictions” section in Appendix I of this Prospectus), provided the Fund will receive securities from at least six different issues with securities from any single issue not accounting for more than 30% of the Fund’s Net Asset Value;

- (vi) Immediately available: Collateral received will be capable of being fully enforced by the ICAV on behalf of a Fund at any time without reference to or approval from the counterparty.
4. Risks linked to the management of collateral, such as operational, liquidity and legal risks, will be identified, managed and mitigated by the ICAV’s risk management process. Investors should consult the section headed “**Risk Factors**” in the Prospectus for information on operational risk, liquidity risk and legal risk in this regard.
  5. Collateral received on a title transfer basis will be held by the Depositary for safekeeping. For other types of collateral arrangements, the collateral can be held by a third party depositary provided that the third party depositary is subject to prudential supervision and is unrelated and unconnected to the provider of the collateral.
  6. Non-cash collateral cannot be sold, pledged or re-invested.
  7. Cash collateral: Cash may not be invested other than in the following:
    - (i) deposits with relevant institutions (i.e. institutions specified in Regulation 7 of the Central Bank Regulations);
    - (ii) high quality government bonds;
    - (iii) reverse repurchase agreements provided the transactions are with credit institutions referred to in Regulation 7 of the Central Bank Regulations and the ICAV is able to recall at any time the full amount of cash on an accrued basis;
    - (iv) short term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds.
  8. In accordance with the Central Bank Regulations, invested cash collateral will be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.
  9. A Fund receiving collateral for at least 30% of its assets will 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 ICAV on behalf of a Fund to assess the liquidity risk attached to the

collateral. The liquidity stress testing policy will at least prescribe the following:

- (i) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - (ii) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - (iii) reporting frequency and limit/loss tolerance threshold/s; and
  - (iv) mitigation actions to reduce loss including haircut policy and gap risk protection.
10. The ICAV on behalf of each Fund will have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, the ICAV will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with the preceding paragraph. This policy will be documented and will justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
11. Any counterparty to a repo contract shall be subject to an appropriate internal credit assessment carried out by the Manager, which shall include amongst other considerations, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, industry sector risk and concentration risk. Where such counterparty (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Manager in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Manager without delay. A counterparty selected will be either an investment firm, authorised in accordance with the EU MiFID Directive (2004/39/EC) or 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 or an "Approved Credit Institution". An Approved Credit Institution is:
- (i) a credit institution authorised in the EEA; or
  - (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
  - (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
12. The ICAV will ensure that it is able at any time to recall any security that has been lent or terminate any securities lending arrangement into which it has entered on behalf of a Fund.
13. Where a reverse repurchase agreement is entered into on behalf of a Fund, the ICAV will 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 will be used for the calculation of the Net Asset Value of the Fund.

14. Where a repurchase agreement is entered into on behalf of a Fund, the ICAV will 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.
15. Repo contracts do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the UCITS Regulations respectively.
16. The collateral policy relating to repo contracts will be set out in the relevant Fund Supplement.

## Appendix IV

### Delegates of the Depositary

Country	Currency	Securities	Sub-Custodian
ARGENTINA	ARS	ALL	BANCO SANTANDER RIO S.A.
AUSTRALIA	AUD	ALL	CITICORP NOMINEES PTY LTD
AUSTRIA	EUR	EQUITIES & Domestic Funds	UNICREDIT BANK AUSTRIA AG
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
BAHRAIN	BHD	ALL	HSBC BANK MIDDLE EAST
BELGIUM	EUR	EQUITIES & Domestic Funds	SOCIETE GENERALE NANTES
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
BOTSWANA	BWP	ALL	STANDARD CHARTERED BANK Mauritius
BRAZIL	BRL	ALL	SANTANDER SECURITIES SERVICES Brasil DTVM S.A.
BULGARIA	BGN	ALL	SOCIETE GENERALE EXPRESSBANK
CANADA	CAD	ALL	ROYAL BANK OF CANADA
CHILE	CLP	ALL	BANCO SANTANDER CHILE
CHINA/SHANGHAI	USD	EQUITIES	HSBC BANK CHINA COMPANY LTD
CHINA/SHENZHEN	HKD	EQUITIES	HSBC BANK CHINA COMPANY LD
CHINA STOCK CONNECT	CNY	EQUITIES	DEUTSCHE BANK AG
	USD	EQUITIES	DEUTSCHE BANK AG
COLOMBIA	COP	ALL	CORPBANCA INV TRUST COLOMBIA S.A
CROATIA	HRK	ALL	SOCIETE GENERALE-SPLITSKA BANKA DD
CYPRUS	EUR	ALL	BNP PARIBAS SECURITIES SERVICES, GREECE
CZECH REPUBLIC	CZK	ALL	KOMERCNI BANKA
DENMARK	DKK	EQUITIES & Domestic Funds	NORDEA BANK DANMARK A/S
	DKK	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
EGYPT	EGP	ALL	QATAR NATIONAL BANK ALAHLI S.A.E
ESTONIA	EUR	ALL	NORDEA BANK FINLAND PLC
EUROCLEAR	Multi-ccy	EUROBONDS, REG'S,GDR;	EUROCLEAR BANK SA/NV

		INTL ISSUE & AT/ BE/ DK/ FI/ IE/; NO/ NL/ PT / SE/ CH/ UK BONDS	
		ITALIAN ISSUER	EUROCLEAR BANK SA/NV
		IRISH ISSUER	EUROCLEAR BANK SA/NV
FINLAND	EUR	EQUITIES	NORDEA BANK FINLAND PLC
	EUR	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
France	EUR	EQUITIES, CORP BONDS; TREASURIES & DOMESTIC FUNDS	SOCIETE GENERALE NANTES
GERMANY	EUR	GERMAN EQUITIES & DOMESTIC FUNDS	EUROCLEAR BANK SA/NV
	EUR	NON GERMAN EQUITIES traded in Germany	DEUTSCHE BANK FRANKFURT
	EUR	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
GHANA	GHS	ALL	STANDARD CHARTERED BANK MAURITIUS
GREECE	EUR	ALL	BNP PARIBAS SECURITIES SERVICES, GREECE
HONG KONG	HKD	ALL	DEUTSCHE BANK AG
	USD	ALL	DEUTSCHE BANK AG
HUNGARY	HUF	ALL	KBC SECURITIES N.V.
ICELAND	ISK	ALL	LANDSBANKINN HF
INDIA	INR	ALL	SBI Custodial Services Private Ltd
INDONESIA	IDR	ALL	STANDARD CHARTERED BANK BUILDING
IRELAND	Multi-ccy	EQUITIES & Domestic Funds	EUROCLEAR BANK SA/NV
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
ISRAEL	ILS	ALL	BANK HAPOALIM B.M.
ITALY	EUR	EQUITIES & Domestic Funds	SGSS SPA
	EUR	DOMESTIC BONDS	SGSS SPA
IVORY COAST	XOF	ALL	SOCIETE GENERALE DE BANQUES EN COTE D'IVOIRE
JAPAN	JPY	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
JORDAN	JOD	ALL	STANDARD CHARTERED BANK
KENYA	KES	ALL	STANDARD CHARTERED MAURITIUS
KUWAIT	KWD	ALL	HSBC BANK MIDDLE EAST
LATVIA	EUR	ALL	AS HANSABANKA
LITHUANIA	EUR	ALL	SEB VILNIAUS BANKAS AB
Luxembourg	Multi-ccy	DOMESTIC FUNDS	SOCIETE GENERALE BANK AND

			TRUST SA
		OFF-SHORE FUNDS	SOCIETE GENERALE BANK AND TRUST SA
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
MALAYSIA	MYR	ALL	HSBC BANK MALAYSIA BERHAD
MAURITIUS	MUR	ALL	HSBC BANK MAURITIUS
MEXICO	MXN	ALL	BANCO SANTANDER MEXICANO
MOROCCO	MAD	ALL	SOCIETE GENERALE MAROCAINE DE BANQUE
NETHERLANDS	EUR	EQUITIES & Domestic Funds	SOCIETE GENERALE NANTES
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
NEW ZEALAND	NZD	ALL	HONGKONG SHANGHAI BANKING CORP-AUCKLAND
NIGERIA	NGN	ALL	STANDARD CHARTERED BANK NIGERIA
NORWAY	NOK	EQUITIES & Domestic Funds	NORDEA BANK
	NOK	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
OMAN	OMR	ALL	HSBC BANK MIDDLE EAST
PERU	PEN	ALL	CITIBANK DEL PERU SA
PHILIPPINES	PHP	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
POLAND	PLN	ALL	SOCIETE GENERALE SPOLSKA
Portugal	EUR	EQUITIES & Domestic Funds	BANCO COMERCIAL PORTUGUES
	EUR	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
QATAR	QAR	ALL	HSBC BANK MIDDLE EAST LIMITED
ROMANIA	RON	ALL	BRD - GROUPE SOCIETE GENERALE SA
RUSSIA	RUB	ALL	ROSBANK OAO
	USD	ALL	ROSBANK OAO
SAUDI ARABIA	SAR	BONDS & MUTUAL FUNDS	THE SAUDI BRITISH BANK
SERBIA	RSD	ALL	SOCIETE GENERALE BANKA SRBIJA AD BEOGRAD
SINGAPORE	SGD	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
	USD	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
SLOVAKIA	EUR	ALL	CESKOSLOVENSKA OBCHODNI BANKA A.S
SLOVENIA	EUR	EQUITIES & Domestic Funds	SKB BANKA D.D.
		DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
SOUTH AFRICA	ZAR	ALL	SOCIETE GENERALE

			JOHANNESBURG
SOUTH KOREA	KRW	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
SPAIN	EUR	ALL	SOCIETE GENERALE MADRID
SWEDEN	SEK	EQUITIES & Domestic Funds	NORDEA BANK SWEDEN
	SEK	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
SWITZERLAND	Mutli-ccy	EQUITIES & Domestic Funds	SOCIETE GENERALE PARIS ZURICH
	CHF	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
	EUR	DOMESTIC BONDS & GDR	EUROCLEAR BANK SA/NV
TAIWAN	TWD	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
THAILAND	THB	ALL	THE HONGKONG AND SHANGHAI BANKING CORP LTD
TUNISIA	TND	ALL	UNION INTERNATIONALE DE BANQUE
TURKEY	TRY	ALL	TURK EKONOMI BANKASI A.S.
U.A.E. ABU DHABI ADX / DFM /DFX Markets	AED	ALL	NATIONAL BANK OF ABU DHABI
	USD	ALL	NATIONAL BANK OF ABU DHABI
UKRAINE	EUR	ALL	BANK AUSTRIA CREDITANSTALT
UNITED KINGDOM	Multi-ccy	EQUITIES, DOMESTIC FUNDS & CORPORATE BONDS	EUROCLEAR BANK SA/NV
		GILTS	EUROCLEAR BANK SA/NV
UNITED STATES	USD	EQUITIES, CORPORATE BONDS & ADR	BROWN BROTHERS HARRIMAN
		GOVERNMENT BONDS	BROWN BROTHERS HARRIMAN
UNITED STATES	USD	LOW PRICED SECURITIES	BNP PARIBAS U.S.A - NEW YORK BRANCH
VIETNAM	VND	ALL	HSBC



## SUPPLEMENT 1

### FCS Navigator Fund

Supplement 1 dated 18<sup>th</sup> May, 2016 to the Prospectus for FCS Global Fund Services ICAV dated 18<sup>th</sup> May, 2016

This Supplement contains information relating specifically to the FCS Navigator Fund (the “**Fund**”), a Fund of FCS Global Fund Services ICAV (the “**ICAV**”), an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between sub-funds authorised by the Central Bank on 18<sup>th</sup> May, 2016 as a UCITS pursuant to the UCITS Regulations. The ICAV currently has one other Fund, FCS Navigator Plus Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 18<sup>th</sup> May, 2016 (the “Prospectus”) which immediately precedes this Supplement and is incorporated in this Prospectus. To the extent that there is any inconsistency between the Prospectus and this Supplement, the Supplement shall prevail.**

**Application is expected to be made to the Italian Stock Exchange (the “Borsa Italiana”) for the Class A Shares to be admitted to trading on the ETFplus Open-ended CIUs Segment of the Borsa Italiana on or about the 21<sup>st</sup> June, 2016. The Manager may appoint an entity to act as an appointed intermediary in connection with the listing of the Class A Shares on the Borsa Italiana. Please section 11 entitled “Application for Shares and Redemption of Shares on the Borsa Italiana”.**

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

Investors should read and consider the section entitled “**Risk Factors**” before investing in the Fund.

**The Fund may invest in financial derivative instruments and will also use such financial derivative instruments for efficient portfolio management and hedging purposes. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Further information relating to same (including the expected effect of the use of such instruments) is set out below at the section entitled “Financial Derivative Instruments”. The Fund’s Net Asset Value may have a high volatility due to its investment policy.**

**Although the Fund may invest substantially in cash deposits with credit institutions, cash equivalents, certificates of deposits and/or Money Market Instruments in certain circumstances,**

**Shares in the Fund are not deposits and are different in nature to a deposit in that the investment is not guaranteed and the value of the investment is capable of fluctuation. Investment in the Fund involves certain investment risks, including the possible loss of principal.**

## **1. Interpretation**

The expressions below shall have the following meanings:

**“Business Day”** means each day on which banks in Dublin and Malta are open. Additional Business Days may be created by the Directors and notified to Shareholders in advance.

**“Dealing Day”** means each Business Day and/or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least two Dealing Days in every month occurring at regular intervals. See also the section entitled **“Suspension of Valuation of Assets”** in the Prospectus.

**“Dealing Deadline”** shall mean 5:00pm (Irish time) at least 1 (one) Business Day prior to the relevant Dealing Day or such later time as any Director may from time to time permit and notify in advance to Shareholders provided that the Dealing Deadline is before the Valuation Point for the relevant Dealing Day.

**“Initial Offer Price”** means the initial fixed price applicable to each relevant Share Class on the first Dealing Day of that Share Class and is shown for each share class in the section entitled **“7. Information on Share Classes”**.

**“Subscription Settlement Cut-off”** means three Business Days after the relevant Dealing Deadline.

**“Valuation Day”** means each Business Day and/or such other day or days as may be determined by the Directors, provided that there shall be a Valuation Day for every Dealing Day and for the avoidance of doubt, the Valuation Day will precede the relevant Dealing Day by one Business Day.

**“Valuation Point”**

means 11:59pm (Irish time) on a Valuation Day or such other time on a Valuation Day as the Directors may determine provided that the Valuation Point is always after the Dealing Deadline.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

**2. Base Currency**

The Base Currency shall be Euro.

**3. Investment Objective**

The investment objective of the Fund is to achieve capital growth by investing in a wide range of actively managed assets.

**There is no guarantee that the investment objective of the Fund will be achieved and investment results may vary substantially over time.**

**4. Investment Policy**

**General**

In seeking to achieve the investment objective, the Fund may invest in equity and equity-related securities but generally it will intend to mitigate risk through adequate diversification among other asset classes including fixed income and fixed income-related securities, currencies, cash and Money Market Instruments as further detailed in the section headed “**Instruments**” below. By diversifying the portfolio amongst uncorrelated asset classes the Manager aims to mitigate non-systemic risk. The Fund may also invest indirectly in the permitted asset classes through the use of FDI as detailed in the sections headed “**Financial Derivative Instruments**” below.

The Fund will primarily invest in the G-10 countries but will not be biased towards any specific country, industry, sector or region and may invest up to 20% of Net Asset Value in emerging markets including Russia. The Fund may only invest in Russian securities which are traded on the Moscow Exchange.

The Fund intends to follow an unconstrained investment style (as detailed in the section headed “**Investment Process**” below), adaptive to market circumstances, which means that it will not follow a specific market benchmark index and will have a high degree of discretion in the asset classes in which the Fund can invest (as detailed in the section headed “**Instruments**” below) provided that 20% of its Net Asset Value is at all times comprised of fixed income securities or cash and/or cash equivalents. The Fund is a global asset allocation fund with a top down approach in the decision making process. The drivers of this investment decision process consist of a global macro analysis and relative value analysis.

Further details of the Manager's investment process are detailed in the section headed "**Investment Process**" below.

The Fund will be subject to the investment constraints set out in Appendix I to the Prospectus.

### *Instruments*

The Fund may invest in equities, fixed income securities, currencies, cash and Money Market Instruments and collective investment schemes. Investment in these instruments may also be made indirectly through the use of financial derivative instruments as further set out below.

(a) Equities and Equity-Related Securities

The Fund may invest up to 80% of its Net Asset Value in equities and equity-related securities such as common stock, preferred stock, ADRs and GDRs. The equities and equity-related securities invested in by the Fund will be listed or traded on Recognised Exchanges.

(b) Fixed Income and Fixed Income-Related Securities

The Fund may invest up to 100% of its Net Asset Value in fixed income and fixed income-related securities. The Fund may invest in government and/or corporate securities (including fixed and/or floating rate debt securities, unrated securities, investment grade-rated and sub-investment grade-rated as rated by Standard & Poor's, Moody's, Fitch or any other recognized rating agency). The Fund may invest up to 100% of its Net Asset Value in below investment grade fixed income securities.

The Fund may also invest in fixed income securities with embedded FDIs when the Manager seeks to benefit from a security's liquidity (for example where a security has an appointed market maker and is widely negotiated on a Recognised Exchange), payoff structure (for example where the return on a security in a pre-established manner may be more efficient and cost effective for the Fund), and/or the underlying instrument (for example the coupons the Fund may receive which may be used to hedge systemic risk where the underlying instrument to a credit linked note is a government bond). Such securities may include convertible bonds, hybrid securities (i.e. securities that combine elements of debt and equity), warrants, rights, partly paid securities or structured notes, i.e. notes with embedded FDIs and/or leverage. For example a credit-linked note may be used to earn a higher coupon, because it compensates both for the credit risk of the issuer of such note as well as for the credit risk of the additional embedded credit-default swap(s). Credit linked notes provide the Fund access to tailored credit exposures (i.e. protection from the credit risk of direct investment in debt) that are not otherwise available in the desired form or not available at all in the cash corporate bond market enabling the Fund to benefit from a yield enhancement over traditional corporate bonds. The Fund's investment in structured notes is limited to the Fund's 10% investment limit in unlisted securities set out in Appendix I to the

Prospectus.

(c) Currencies

The Fund may invest up to 80% of its Net Asset Value in currencies to take exposure for investment purposes in certain markets, principally the G-10 countries, or in order to hedge the Fund's exposure to currencies. The Fund may have currency exposure which the Manager may decide not to hedge or only to partially hedge and may also hedge positions in assets denominated in currencies which are attractive to the Manager, as further described in the section headed "**Financial Derivative Instruments**" below.

(d) Cash and Money Market Instruments

The Fund may invest up to 100% of its Net Asset Value in cash and/or cash equivalents in order to protect the capital of the Fund and/or achieve capital growth. The Fund may hold or maintain cash deposits (denominated in such currency or currencies as the Manager may determine) and/or Money Market Instruments which shall be rated from high yield to investment grade (such as short term commercial paper, certificates of deposit, treasury bills, floating rate notes and fixed or variable rate commercial paper) or Money Market Instruments subject to the conditions and within the limits laid down by the Central Bank. The amount of cash and/or cash equivalents that the Fund will hold will vary depending on market valuations and prevailing investment climate, for example, if the Manager perceives systemic risk in a particular market or that the equity market offers investors little value, the Fund can retain substantial amounts of cash. The Fund will seek to achieve capital growth by retaining cash to invest in equities when the market offers more value.

(e) Collective Investment Schemes

The Fund may invest in UCITS exchange traded funds (ETFs) and other collective investment schemes as permitted under the UCITS Regulations. Such UCITS ETFs may embed FDI Instruments (primarily swaps) which will be based only on the underlying assets which are permitted under the investment policy of the Fund such as equities or bonds.

The Fund may invest up to 10% of its net assets in aggregate in units of other UCITS (including UCITS ETFs referred to above) as permitted by the UCITS Regulations, including other funds of the ICAV, whose investment objectives and policies are consistent with the investment objective and policy of the Fund.

(f) Financial Indices

The Fund may gain exposure to financial indices where considered appropriate to the Fund's investment objective and policies. In particular, financial indices will be used when the Manager

aims to take exposure to a broad market or segment as a whole and an investment in a financial index would be a cost-efficient way of doing so. Investment in financial indices will be made directly or indirectly, via financial derivatives instruments, as detailed below.

The financial indices in which the Manager will seek to invest will include stock indices and credit or bond indices reflecting specific countries, regions, sectors or segments including the G-10 countries. Due to the intentionally broad nature of the Manager's strategy, it is not possible to comprehensively list all of the 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. Any such indices will be cleared by the Central Bank or will meet its requirements.

The following is an example of the type of index that the Manager may invest in when seeking to achieve the investment objective of the Fund:

**EURO STOXX 50 Index:** The EURO STOXX 50 Index is Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The EURO STOXX 50 Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as exchange traded funds, futures and options, and structured products worldwide (further information can be found under the following link: <https://www.stoxx.com/index-details?symbol=SX5E>). The rebalancing frequency of the EURO STOXX 50 Index is quarterly.

The indices which the Fund takes exposure to will be listed on the Manager's website ([www.fcs-am.com](http://www.fcs-am.com)) and will be detailed in the annual financial statements of the ICAV. Details of any financial indices used by the Fund will also be provided to Shareholders by the Manager on request.

Please also refer to the section headed "**Investment in Financial Indices**" on page 22 of the Prospectus.

(g) Financial Derivative Instruments ("**FDI**")

In seeking to achieve its objective, the Fund may invest in the below mentioned exchange-traded FDI. Such FDI may be used for:

- (i) investment purposes;
- (ii) efficient portfolio management purposes; and/or
- (iii) hedging purposes.

FDI may be used instead of physical investments in order to provide more timely and cost effective access to an exposure. The FDI used by the Fund will be based only on the underlying assets which are permitted under the investment policy of the Fund. All investments in financial derivative instruments will be made or entered into within the conditions and limits set out in the Central Bank Regulations.

## **Futures**

Futures are contracts to buy or sell a standard quantity of a specific underlying at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may also be cash settled. Futures contracts allow investors to hedge against risk or gain exposure to the underlying asset (details of which are set out below). Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying prior to the contract's expiry date. Futures may be used where its market access is easier, more liquid or more cost-efficient than direct exposure to the underlying itself. Futures can be used to express both positive and negative views on the underlying, hence, they can create a synthetic short position.

The Fund will use the following futures:

- **Foreign exchange futures** which may be used to take a long or short position in or hedge a currency exposure. For example in order to express the view that the USD will depreciate against the EUR the Manager may choose to enter into a long EUR short USD future.
- **Bond futures** which may be used to purchase or sell a bond on a specified date at a predetermined price, for example instead of buying a certain bond outright in physical format the Manager may choose to go long a future on such bond.
- **Equity futures** may be used to purchase or sell a stock on a specified date at a predetermined price, for example instead of buying a certain stock outright in physical format the Manager may choose to go long a future on such stock.
- **Interest rate futures** may be used to seek exposure to underlying interest bearing instruments such as bonds and other debt securities set out above or may be used to hedge or take long or short interest rate exposure, for example in order to take the view of falling interest rates in a country, the Manager may choose to take a long position in that nation's interest rate future market.
- **Index futures** which may be used to take long or short exposure to a particular index such as an equity index. For example in order to express a positive view on Eurozone

equities the Manager may choose to go long on a Eurostoxx 50 future.

## Options

There are two basic forms of options, put and call options. Put options are contracts sold for a premium that give one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) to the contract, a specific quantity of a particular underlying at a specified price. Call options are contracts sold for a premium that give the buyer the right, but not the obligation, to buy a specified quantity of the underlying from the seller of the option at a specified price. Options may also be cash settled. The buyer of the option may exercise his right within a specified period of time or at a specified point in time. Exercise or payoff features may vary. The Fund may be a seller or buyer of put and call options. The Fund may purchase or sell options either individually or in combinations. The Fund may also purchase or sell options to hedge or generate exposure. They can be used to express both positive and negative views on the underlying, hence they can create a synthetic short position. Options may also be used to take a positional view on the volatility of a certain underlying. The Fund may trade options on an exchange.

The Fund will use the following options:

- **Foreign exchange options** may be used to hedge or take a long or short position in a currency exposure, for example in order to express the view that a the USD will depreciate against the EUR the Manager may choose to buy a EUR call USD put option.
- **Bond options** may be used to express similar positional views as buying or selling the underlying bond or alternatively to express the Manager's view on the bond's volatility.
- **Equity options** may be used to express views as to the direction of single name equities or a custom basket of equities.
- **Interest rate options** may be used to seek exposure to underlying interest bearing instruments such as bonds and other debt securities set out above or may be used to hedge or take long or short interest rate exposure, for example in order to cap an interest rate payable the Manager may choose to buy a cap, i.e. the option to receive compensation, if interest rates exceed a certain level.
- **Index options** may be used to take long or short exposure to a particular index such as e.g. an equity index, for example in order to express a positive view on Eurozone equities the Manager may choose to go long on a Eurostoxx 50 call option.
- **Swap(op)tions** may be used to hedge or take a long or short exposure to interest rates, for example in order to protect against falling interest rates the Manager may choose to



buy a receiver swap(option), which means the buyer has the right to enter into a swap where he would receive the fixed swap rate and pay the specified floating rate such as e.g. Libor over the life of the swap.

- **Options on futures** may be used to take long or short exposure to a particular future such as an equity index future, for example in order to express a positive or negative view on USD against Euro the Manager may choose to go long or short an option on the EURUSD future.

(h) Repurchase/Reverse Repurchase Agreements

The Fund may use repurchase agreements/reverse repurchase agreements for efficient portfolio management purposes or hedging purposes. All investments in repurchase/reverse repurchase agreements will be made or entered into within the conditions and limits set out in the Central Bank Regulations and as set out in Appendix III to the Prospectus. The use of repurchase agreements and reverse repurchase agreements will be consistent with the types of assets the Fund may invest in and will include fixed income securities. Although the Fund's exposure to repurchase agreements/reverse repurchase agreements can be between 0% and 100% of the Net Asset Value of the Fund, exposure is not expected to exceed 50% of the Net Asset Value of the Fund under normal market conditions.

*FDI Costs*

Investors should be aware that when the Fund enters into FDI contracts and/or repurchase/reverse repurchase agreements operational costs and/or fees shall be deducted from the revenue delivered to the Fund. One of the considerations taken into account by the Manager when selecting brokers and counterparties on behalf of the Fund is that any such costs and/or fees which are deducted from the revenue delivered to the Fund shall be at normal commercial rates. Such direct or indirect costs and fees will be paid to the relevant broker or counterparty which, may include the Depositary or entities related to the Depositary. The identity of the entities to which such direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the ICAV. Counterparties will not be related to the Manager. All revenues generated through the use FDI and/or repurchase/reverse repurchase agreements, net of direct and indirect operational costs and fees, will be returned to the Fund.

*Investment Process*

The Manager's adopts a top-down approach to its investment process which is comprised of four stages: Asset Allocation; Strategy Selection; Stock Selection and Instrument Selection as follows:

## a. Asset Allocation

Asset allocation is decided by the Manager based on a global macro analysis and a relative value analysis of the permitted asset classes as follows:

### *Global Macro Analysis*

The main element of the Fund's investment decision process is an assessment of the global macro view of the Manager (which is based on economic and political views of various countries (macroeconomic principles)) and a top down approach to asset allocation among asset classes. The Manager's global macro analysis attempts to profit from global economic trends or changes brought forth by differing monetary and government policies such as policies relating to interest rates. The Manager's top down approach uses the global macro analysis to select instruments in a particular industry or sector for investment as detailed in the section "**Stock Selection**" below. The top down approach requires the Manager to have a high degree of discretion and an ability to invest in the broad variety of assets detailed in the sub-section headed "**Instruments**" above. The global macro analysis carried out by the Manager is performed through the evaluation of a huge variety of tools, models and measures which include the following:

- **Health of GDP levels and the macro leading indicators:** Consumer price indices ("CPI's") examine the weighted average of prices of a basket of goods and services. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. The Manager analyzes CPIs to determine whether they reflect real asset inflation which impacts the value of securities such as equities.
- **Link between the macro and the micro environment:** The Manager seeks to assess for example the health of a country's balance sheet or a country's central bank's balance sheet to assess whether the rest of the macro indicators are sustainable in the medium to long term. This analysis assists the Manager in assessing potential opportunities in securities such as government bonds and other fixed income related securities.
- **Systemic and Political Risk:** The Manager's analysis of systemic risk is based on the view that it is intrinsic to the functioning of the market and believes that systemic risk cannot be hedged. For example, the collapse of Lehman Brothers in 2008 resulted in a domino effect that caused a major risk to the financial system in the U.S. The Manager also examines the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies or other foreign policy makers which may affect, for example, foreign exchange rates and the value of investment in currencies.

- **Currency, Deflation and Inflation Risk:** The Manager believes that these are some of the most (if not the most) important factors to analyze in this particular time in history in order to assess the value of all potential investments.

The Manager is not limited to a specific model, tool or measure to carry out the global macro analysis as due to the very high degree of subjectivity associated with the analysis, being bound by a specific measure (for example, GDP) could result in the Manager making a wrong decision (for example, the GDP figures of China have been questioned by very renowned analysts). Although the Manager uses a number of tools to assess the value of a security, the Manager places more importance on the macroeconomic environment. For example, even if a specific security appears relatively inexpensive as a result of the analysis, the Manager may decide it is not an opportune time to invest as its value may decrease further, for example, due to the effect of the downturn in China on the global markets.

#### *Relative Value Analysis*

The Manager's global macro analysis is followed by, and intrinsically linked, to a relative value analysis of the Fund's permitted asset classes. In carrying out this relative value analysis, the Manager will aim to identify assets that may be mispriced in the short term with a view that there will be a correction in the value of the asset. The Fund will profit from trading the mispriced asset and then wait for the market to correctly re-price the asset. In short, the Manager will look for undervalued securities to buy and overbought securities to sell. In carrying out this analysis, the Manager will not only look to the historical prices of securities but will also look to the relative valuations between them. The Manager may also look at subjective factors in making this analysis, for example, potential price distortions, misallocation of capital and systemic risks in the markets which in the Manager's view may have been provoked by government interventions, but objectively, such interventions sought to aid the markets.

#### **b. Strategy Selection**

In order to adapt faster than its peers to rapid changes in the market, the Manager also has the freedom to move from a long only type style of investing to a more absolute return style of investing. This unconstrained style aims to mitigate the risk to investors of any distortion in the global markets caused by intervention from central banks and governments such as the maintenance of prolonged low interest rates. The long only style is the most traditional and old investment technique and involves the so called buy and hold strategy when the Manager selects what it understand as undervalued securities and buys them cheaply until they become mature, when the might sell them or not depending on their dividend yields. The absolute return style is considered a more modern investment technique and involves the Manager trying to generate returns independently of what the markets are doing. The Fund's absolute return strategy seeks to generate positive returns in a certain period of time that are uncorrelated with the traditional asset classes of bonds and equities.

The Manager will implement the Fund's absolute return strategy through different sub-strategies which

each adopt the mean reversion theory. In accordance with the mean reversion theory, prices and returns eventually move back towards the mean or average. For example, when the current market price is less than the average price, the stock is considered attractive for purchase, with the expectation that the price will rise and when the current market price is above the average price, the market price is expected to fall. In other words, deviations from the average price are expected to revert to the average. The sub-strategies differentiate only on how and when they implement the mean reversion theory and shall including the following:

- **Relative value:** buying or selling a security because it is undervalued or overvalued among its peers or other asset classes. In selecting undervalued and overvalued securities the Manager seeks to look at macro environment not in absolute terms but in comparable terms, for example equities might be attractive from a macro point of view if compared to bonds; but can become unattractive if they are compared to other securities.
- **Long-short:** entering long on an undervalued security and at the same time going short on another security synthetically through the use of FDI with the idea of benefiting from the mean reversion of this dispersion in a certain period of time. This strategy is also referred to as a market neutral strategy as the Fund is not betting in any specific direction of the market and is therefore not as exposed to market risk. Typically, UCITS, such as the Fund, invest on a “**long only**” basis. This means that their net asset value will rise (or fall) in value based on the market value of the assets they hold. A “**short**” sale involves the sale of an asset that the seller does not own in the hope of purchasing the same asset (or an asset exchangeable for such asset) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the asset and is obligated to return the asset (or an asset exchangeable for such asset) to the lender, which is accomplished by a later purchase of said asset. Although the Fund is not permitted to enter into short sales under the UCITS Regulations, the Fund may, by employing certain derivative techniques designed to produce the same economic effect as a short sale (a “**synthetic short**”), establish both “**long**” and “**short**” positions in individual assets and markets. As a result, as well as holding assets that may rise or fall with markets, the Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. The Fund may implement synthetic short positions in respect of all asset classes mentioned in the section headed “**Instruments**” above to the extent permitted by the UCITS Regulations. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position, because trading on margin typically involves higher leverage. The use of FDI (both exchange traded and OTC) forms an important part of the investment strategy, both to generate exposure and as hedging instruments.

Long positions may be held through a combination of direct securities investment and/or derivative instruments and total gross long positions held by the Fund is expected to be in the region of between 0% and 200% of the Net Asset Value of the Fund. Short positions will be held through FDI and total gross short positions held by the Fund are expected to be in the region of

between 0% and 50% of the Net Asset Value of the Fund. Long/short risk exposures gained by the Fund through the use of FDI's (as described above under the heading "**Financial Derivative Instruments**") will not exceed 100% of the Fund's Net Asset Value.

- **Event driven:** this involves the Manager being opportunistic of a certain market event, such as buying a security that is undervalued as a consequence of a rare abnormal market misallocation, such as buying Spanish bonds in 2013.

#### c. **Stock Selection**

Whether considering fixed income or equity securities, stock picking will always be selected by the Manager using a "top down" approach. That is, firstly determining the sector and geographical allocation and after analyzing in depth the company fundamentals and their relative performance with respect to their benchmark and their peers. The following will be considered by the Manager as part of the stock selection process:

- **Geographical Allocation:** is decided on the basis of the global macro analysis set out above.
- **Sector Allocation:** is determined on a macro basis not on a relative basis.
- **Relative Performance vs Index:** the Manager analyses relevant indices to ascertain whether laggards (underperforming securities) are undervalued.
- **Relative Performance Among Peers:** the Manager takes into consideration whether the underperformance or outperformance of a particular security is justified or if it is an opportunity to go long or short a particular security. In such instances the Manager may opt to enter into pair trading; going long one and short the other.

#### d. **Instrument Selection**

The Manager will seek to select the instruments which are the most cost efficient and which maximize (if possible) liquidity. When determining instrument selection, the Manager will assess the following:

- **Liquidity:** The Manager will seek to select the most liquid instruments.
- **Regulation:** The Manager will seek to select instruments which in the Manager's opinion are quoted in markets with better market regulation (for example, EU regulation would in the Manager's opinion be considered to be superior to regulation in the UAE).
- **Transparency:** The Manager will favour instruments listed in jurisdictions which in the Manager's opinion have a higher transparency level or have a higher protection to investors (for example, in the opinion of the Manager Ireland offers better protection to investors than China).
- **Cost Efficiency:** The Manager will seek to select instruments which have lower transaction costs.

## **Collateral Policy**

Where necessary, the Fund will accept collateral from its counterparties in order to reduce counterparty risk exposure. Any collateral received by the Fund shall comprise of cash collateral and/or securities of varying maturity which satisfy the requirements of the Central Bank relating to non-cash collateral which may be received by a UCITS.

Cash collateral received by the Fund may be reinvested in accordance with the requirements of the Central Bank at the discretion of the Manager. In this regard, any cash collateral received by the Fund may also be placed on deposit with relevant credit institutions as permitted by the UCITS Regulations. In such circumstances, the Fund shall be exposed to the creditworthiness of the relevant credit institution with which cash collateral is placed.

The level of collateral required to be posted may vary by counterparty with which the Fund trades. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the Fund, taking into account the price volatility of the relevant asset and credit standing of the relevant counterparty. The 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 Manager on an ongoing basis. However, the application of such a haircut will be determined on a case by case basis, depending on the exact details of the assessment of the collateral.

## **Leverage**

As a result of its use of FDI, the Fund may leverage its positions to generate a notional exposure in excess of the Net Asset Value of the Fund. The leverage of the Fund shall be calculated using the commitment approach and will not exceed 100% of the Net Asset Value of the Fund.

The Manager will not utilise FDI other than those listed above until such time as a revised risk management process has been prepared, submitted to and cleared by the Central Bank.

Risks associated with the use of FDI are detailed in the Prospectus at the section entitled "**Risk Factors**".

## **Borrowing Powers**

The ICAV may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of the Fund. Subject to this limit, the Directors may exercise all borrowing powers on behalf of the Fund.

## 5. Profile of a Typical Investor

The Fund is a suitable investment for investors who are seeking long term growth potential offered through investments in securities invested on a global scale.

## 6. Offer

### Initial Offer

Shares in the Fund will be offered from 9 a.m. (Irish time) on the 19<sup>th</sup> May, 2016 to 5 p.m. (Irish time) on the 20<sup>th</sup> June, 2016 (the “**Initial Offer Period**”) at the Initial Offer Price and subject to acceptance of applications for Shares by the ICAV and will be issued for the first time as at the Dealing Day on or after expiry of the Initial Offer Period. The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

If the subscriptions in the Fund do not amount to €100,000 during the Initial Offer Period, subscription monies will be returned to investors.

### Subsequent Offer

After closing of the Initial Offer Period Shares in the Fund will be issued at the Net Asset Value per Share. Please see the section entitled “**Application for Shares**” for more information regarding the cost of shares.

## NAV

The Net Asset Value will be published daily. Please see the section headed “**Publication of Net Asset Value per Share**” on page 70 of the Prospectus.

## 7. Information on Share Classes

Class A Shares will be offered in the Fund.

	<b><u>Class A</u></b>
<b>Reference Currency</b>	Euro
<b>Initial Offer Price</b>	€100
<b>Initial Subscription</b>	N/A
<b>Minimum Holding</b>	N/A
<b>Distribution Status</b>	Accumulating

Information in relation to the fees applicable to Class A is set out below at Section 15 entitled “**Fees and Expenses**”.

#### **8. Initial Subscription and Minimum Holding Size**

There is no Initial Subscription or Minimum Holding amount for Class A Shares provided that a minimum of one (1) Share is issued on an initial subscription and all subsequent subscriptions.

Fractions of Class A Shares cannot be issued.

#### **9. Application for Shares**

Applications for Shares may be made through the Manager through the process described in the Prospectus. Subscriptions proceeds must be received by the Manager by the Subscription Settlement Cut-Off.

#### **10. Redemption of Shares**

Requests for redemption of Shares may be made through the Manager through the process described in the Prospectus. Redemption proceeds in respect of Shares will be paid within three Business Days from the relevant Dealing Deadline provided that all the required documentation has been furnished to and received by the Manager.

#### **11. Trading of Shares on the Borsa Italiana**

Once listed on the ETFplus market of the Borsa Italiana (the “**ETFplus Market**”), the Class A Shares may be bought or sold on the ETFplus Market. The Class A Shares are accessible to all intermediaries that adhere both directly and indirectly to the ETFplus Market. Investors (including retail and institutional investors) can buy or sell Class A Shares on a daily basis through the ICAV’s appointed intermediary, Equita SIM SpA, or another intermediary of the ETFplus Market. The buy or sell price shall be equal to the Net Asset Value of the relevant Valuation Day, which is calculated at the Valuation Point and published the following day.

The difference between the buy and sell quantities shall be taken up by the appointed intermediary, while settlement will take place through Monte Titoli, the central securities depository of the Borsa Italiana, three Business Days after the relevant Dealing Deadline.

#### **12. Conversion of Shares**

There will be no switching between the Class A Shares and any other Class in the Fund.



### 13. Suspension of Dealing

Shares may not be issued or redeemed during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading “**Suspension of Valuation of Assets**”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

### 14. Fees and Expenses

#### *Establishment Expenses*

The Fund shall bear the fees and expenses attributable to the establishment and organisation of the ICAV as detailed in the section of the Prospectus entitled “**Establishment Expenses**”. Such establishment expenses may be amortised over the first five Accounting Periods of the ICAV or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

#### *Subscription Fee*

It is not currently intended to charge a subscription fee on the subscription of Shares in the Fund.

#### *Redemption Fee*

It is not currently intended to charge a redemption fee on the redemption of Shares in the Fund.

#### *Management Fee*

Pursuant to the Management Agreement, the Manager is entitled to charge a management fee equal to a per annum percentage of the Net Asset Value of the Class as set out in the table below (“**Management Fee**”):

<b>Class</b>	<b>Management Fee Rate</b>
Class A	1.5% per annum

Any Management Fees levied will also be subject to the imposition of Value Added Tax (“**VAT**”) if required.

The fee will be calculated and accrued daily using the Management Fee Rate applied pro rata to the Net Asset Value of Class A at the relevant Valuation Point after the deduction of all other operating and other expenses and liabilities of the Fund for that month. The Management Fee is payable monthly in arrears within thirty (30) Business Days of the last Business Day of each calendar month.

The Management Fee may be waived or reduced with the Directors' approval.

The Manager shall be entitled to be reimbursed by the ICAV for reasonable out of pocket expenses incurred by it and any VAT on all fees and expenses payable to or by it.

#### *Performance Fee*

In addition to the Management Fee, the Manager is entitled to a performance fee calculated on each Valuation Point with respect to the Class A Shares (the "**Performance Fee**"). The Performance Fee is 10% of "Net New Appreciation" (as hereinafter defined) if any, achieved by the Fund during the "Performance Period" (as hereinafter defined) above the monthly hurdle rate of the 1 month EURIBOR. If the 1 month EURIBOR is negative, the monthly hurdle rate will be considered as zero for the purposes of the calculation of the Performance Fee.

If at any time the Net Asset Value of the Fund per Share (prior to deducting any accrual for the Performance Fee) is below the "High Water Mark" (as hereinafter defined), no Performance Fee will be charged to the Fund until the Net Asset Value per Share (prior to deducting any accrual for the Performance Fee) has reached or exceeded the High Water Mark as of the last Valuation Day of the previous Performance Period.

**"Net New Appreciation"** shall mean the difference, if any, between (i) the Net Asset Value of the Fund per Share as of the end of the relevant Performance Period (prior to deducting any accrual for the Performance Fee) and (ii) the Net Asset Value of the Fund per Share as of the last Valuation Day of the most recent Performance Period for which a Performance Fee was paid or payable to the Manager. For purposes of calculating the first Performance Fee payable to the Manager, clause (ii) shall mean the Initial Offer Price per Share.

**"High Water Mark"** shall mean the Net Asset Value of the Fund per Share as of the end of the most recent Performance Period for which a Performance Fee was paid or payable to the Manager, or if no Performance Fee has been paid since the inception of the Fund, then the Initial Offer Price per Share.

**"Performance Period"** shall mean each calendar month. The first Performance Period for the purposes of calculating the Performance Fee shall be from the date of the first issue of Shares of in the Fund following the close of the Initial Offer Period until the last Valuation Day of that calendar month. If for any reason, the Fund is terminated or the Management Agreement is terminated as of a date other than the last Valuation Day of a Performance Period, the Performance Fee shall be calculated and paid to the Manager as if such date were the last Valuation Day of the Performance Period.

The Performance Fee will be calculated and accrued to the Manager and deducted as a liability in the calculation of the Net Asset Value of the Fund on each Valuation Day and will be paid monthly in arrears. In the event that assets are withdrawn from the Fund the Manager will be due a Performance Fee, if any,

in ratio to the number of Shares redeemed. The calculation of the Performance Fee will be verified by the Depositary.

Investors should note that relative underperformance of the Fund against the 1 month EURIBOR in previous Performance Periods will not be clawed back. Once the Performance Fee is calculated and accrued, it is payable to the Manager even if the Fund incurs losses in a subsequent Performance Period. The Manager may waive, permanently or temporarily, some or all the Management Fee or Performance Fee, in respect of all or part of the assets under management.

Investors should note that the Performance Fee is based on net realised and net unrealised gains and losses as at the end of the relevant Performance Period. As a result, the Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### *Administration Fees*

The Manager shall be entitled to receive out of the assets of the Fund a monthly administration, registrar and transfer agency fee which will not exceed 0.08% of the Net Asset Value of the Fund (plus VAT, if any), accrued and calculated on each Valuation Point and payable monthly in arrears, subject to a minimum monthly fee of €3,000 (plus VAT, if any) (the “**Administration Fee**”). The Manager shall also be entitled to an annual fee of €2,500 (plus VAT, if any) out of the assets of the Fund for the preparation of the financial statements of the Fund and audit assistance.

The Manager shall be entitled to be reimbursed by the ICAV for all reasonable and vouched out-of-pocket expenses (plus VAT) it incurs in respect of its administration services to the Fund.

#### *Depositary Fees*

The Depositary shall be entitled to receive out of the assets of the Fund an annual fee in respect of the Depositary’s oversight duties under the UCITS Regulations not exceeding 0.03% of the Net Asset Value of the Fund, accrued and calculated on each Valuation Point, subject to a minimum monthly fee of €2,500.

The Depositary shall also receive an annual fee in respect of its custody services (to include sub-custody fees) based on the gross assets of the Fund held directly with the Depositary as follows:

<b>Custody Fee</b>	<b>Gross Assets of the Fund held directly with the Depositary</b>
0.03% of NAV of the Fund	Up to €100,000,000
0.02% of NAV of the Fund	In excess of €100,000,000

The Depositary shall also be entitled to receive out of the assets of the Fund a record keeping fee of €15 per OTC transaction, a cash flow monitoring fee of €3,000 pro rata per annum and a bank account maintenance fee (which shall include fees related to CRS and FATCA) of €25 per bank account per

month. The Depositary shall also receive a once off fee of €3,000 to cover set-up costs (such as legal fees and due diligence costs) incurred by the Depositary.

The Depositary shall be entitled to be repaid out of the assets of the Fund for all of its reasonable disbursements incurred on behalf of the Fund and transaction charges (which shall both be at normal commercial rates) levied by the Depositary or any sub-custodian and any applicable taxes it incurs on behalf of the Fund. The Depositary's fees shall accrue and be payable monthly in arrears and shall be subject to VAT, where appropriate.

#### *Anti-Dilution Levy*

An Anti-Dilution Levy may be charged at the discretion of the Directors as outlined in the Prospectus in the section entitled "**Anti-Dilution Levy**".

### **15. Dividends and Distributions**

Class A Shares are accumulating Share Classes therefore no dividends will be distributed. All net income and net realised and unrealised gains (i.e. realised and unrealised capital gains net of all realised and unrealised losses) less accrued expenses of the Fund attributable to the Class will be accumulated and reflected in the Net Asset Value per Share.

The Directors may at any time determine to change the policy of the Fund with respect to dividends distribution. If the Directors so determine full details of any such change will be disclosed in an updated prospectus or supplement and Shareholders will be notified in advance.

### **16. Risk Factors**

The attention of investors is drawn to the "**Risk Factors**" section in the Section of the Prospectus entitled "**The ICAV**".

## SUPPLEMENT 2

### FCS Navigator Plus Fund

Supplement 2 dated 18<sup>th</sup> May, 2016 to the Prospectus for FCS Global Fund Services ICAV dated 18<sup>th</sup> May, 2016

This Supplement contains information relating specifically to the FCS Navigator Plus Fund (the “**Fund**”), a Fund of FCS Global Fund Services ICAV (the “**ICAV**”), an open-ended umbrella type Irish collective asset-management vehicle with limited liability and segregated liability between sub-funds authorised by the Central Bank on 18<sup>th</sup> May, 2016 as a UCITS pursuant to the UCITS Regulations. The ICAV currently has one other Fund, FCS Navigator Fund.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 18<sup>th</sup> May, 2016 (the “Prospectus”) which immediately precedes this Supplement and is incorporated in this Prospectus. To the extent that there is any inconsistency between the Prospectus and this Supplement, the Supplement shall prevail.**

**Application is expected to be made to the Italian Stock Exchange (the “Borsa Italiana”) for the Class A Shares to be admitted to trading on the ETFplus Open-ended CIUs Segment of the Borsa Italiana on or about the 21<sup>st</sup> June, 2016. The Manager may appoint an entity to act as an appointed intermediary in connection with the listing of the Class A Shares on the Borsa Italiana. Please section 11 entitled “Application for Shares and Redemption of Shares on the Borsa Italiana”.**

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

Investors should read and consider the section entitled “**Risk Factors**” before investing in the Fund.

**The Fund may invest in financial derivative instruments and will also use such financial derivative instruments for efficient portfolio management and hedging purposes. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Further information relating to same (including the expected effect of the use of such instruments) is set out below at the section entitled “Financial Derivative Instruments”. The Fund’s Net Asset Value may have a high volatility due to its investment policy.**

**Although the Fund may invest substantially in cash deposits with credit institutions, cash equivalents, certificates of deposits and/or Money Market Instruments in certain circumstances, Shares in the Fund are not deposits and are different in nature to a deposit in that the investment**

**is not guaranteed and the value of the investment is capable of fluctuation. Investment in the Fund involves certain investment risks, including the possible loss of principal.**

## **1. Interpretation**

The expressions below shall have the following meanings:

<b>“Business Day”</b>	means each day on which banks in Dublin and Malta are open. Additional Business Days may be created by the Directors and notified to Shareholders in advance.
<b>“Dealing Day”</b>	means each Business Day and/or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least two Dealing Days in every month occurring at regular intervals. See also the section entitled <b>“Suspension of Valuation of Assets”</b> in the Prospectus.
<b>“Dealing Deadline”</b>	shall mean 5:00pm (Irish time) at least 1 (one) Business Day prior to the relevant Dealing Day or such later time as any Director may from time to time permit and notify in advance to Shareholders provided that the Dealing Deadline is before the Valuation Point for the relevant Dealing Day.
<b>“Initial Offer Price”</b>	means the initial fixed price applicable to each relevant Share Class on the first Dealing Day of that Share Class and is shown for each share class in the section entitled <b>“7. Information on Share Classes”</b> .
<b>“Subscription Settlement Cut-off”</b>	means three Business Days after the relevant Dealing Deadline.
<b>“Valuation Day”</b>	means each Business Day and/or such other day or days as may be determined by the Directors, provided that there shall be a Valuation Day for every Dealing Day and for the avoidance of doubt, the Valuation Day will precede the relevant Dealing Day by one Business Day.
<b>“Valuation Point”</b>	means 11:59pm (Irish time) on a Valuation Day or such

other time on a Valuation Day as the Directors may determine provided that the Valuation Point is always after the Dealing Deadline.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## **2. Base Currency**

The Base Currency shall be Euro.

## **3. Investment Objective**

The investment objective of the Fund is to achieve capital growth by investing in a wide range of actively managed assets.

**There is no guarantee that the investment objective of the Fund will be achieved and investment results may vary substantially over time.**

## **4. Investment Policy**

### **General**

In seeking to achieve the investment objective, the Fund may invest in equity and equity-related securities but generally it will intend to mitigate risk through adequate diversification among other asset classes including fixed income and fixed income-related securities, currencies, cash and Money Market Instruments as further detailed in the section headed “**Instruments**” below. By diversifying the portfolio amongst uncorrelated asset classes the Manager aims to mitigate non-systemic risk. The Fund may also invest indirectly in the permitted asset classes through the use of FDI as detailed in the sections headed “**Financial Derivative Instruments**” below.

The Fund will primarily invest in the G-10 countries but will not be biased towards any specific country, industry, sector or region and may invest up to 20% of Net Asset Value in emerging markets including Russia. The Fund may only invest in Russian securities which are traded on the Moscow Exchange.

The Fund intends to follow an unconstrained investment style (as detailed in the section headed “**Investment Process**” below), adaptive to market circumstances, which means that it will not follow a specific market benchmark index and will have a high degree of discretion in the asset classes in which the Fund can invest (as detailed in the section headed “**Instruments**” below) provided that 20% of its Net Asset Value is at all times comprised of fixed income securities or cash and/or cash equivalents. The Fund is a global asset allocation fund with a top down approach in the decision making process. The drivers of this investment decision process consist of a global macro analysis and relative value analysis.

Further details of the Manager's investment process are detailed in the section headed "**Investment Process**" below.

The Fund will be subject to the investment constraints set out in Appendix I to the Prospectus.

### *Instruments*

The Fund may invest in equities, fixed income securities, currencies, cash and Money Market Instruments and collective investment schemes. Investment in these instruments may also be made indirectly through the use of financial derivative instruments as further set out below.

(a) Equities and Equity-Related Securities

The Fund may invest up to 100% of its Net Asset Value in equities and equity-related securities such as common stock, preferred stock, ADRs and GDRs. The equities and equity-related securities invested in by the Fund will be listed or traded on Recognised Exchanges.

(b) Fixed Income and Fixed Income-Related Securities

The Fund may invest up to 100% of its Net Asset Value in fixed income and fixed income-related securities. The Fund may invest in government and/or corporate securities (including fixed and/or floating rate debt securities, unrated securities, investment grade-rated and sub-investment grade-rated as rated by Standard & Poor's, Moody's, Fitch or any other recognized rating agency). The Fund may invest up to 100% of its Net Asset Value in below investment grade fixed income securities.

The Fund may also invest in fixed income securities with embedded FDIs when the Manager seeks to benefit from a security's liquidity (for example where a security has an appointed market maker and is widely negotiated on a Recognised Exchange), payoff structure (for example where the return on a security in a pre-established manner may be more efficient and cost effective for the Fund), and/or the underlying instrument (for example the coupons the Fund may receive which may be used to hedge systemic risk where the underlying instrument to a credit linked note is a government bond). Such securities may include convertible bonds, hybrid securities (i.e. securities that combine elements of debt and equity), warrants, rights, partly paid securities or structured notes, i.e. notes with embedded FDIs and/or leverage. For example a credit-linked note may be used to earn a higher coupon, because it compensates both for the credit risk of the issuer of such note as well as for the credit risk of the additional embedded credit-default swap(s). Credit linked notes provide the Fund access to tailored credit exposures (i.e. protection from the credit risk of direct investment in debt) that are not otherwise available in the desired form or not available at all in the cash corporate bond market enabling the Fund to benefit from a yield enhancement over traditional corporate bonds. The Fund's investment in structured notes is limited to the Fund's 10% investment limit in unlisted securities set out in Appendix I to the



Prospectus.

(c) Currencies

The Fund may invest up to 100% of its Net Asset Value in currencies to take exposure for investment purposes in certain markets, principally the G-10 countries, or in order to hedge the Fund's exposure to currencies. The Fund may have currency exposure which the Manager may decide not to hedge or only to partially hedge and may also hedge positions in assets denominated in currencies which are attractive to the Manager, as further described in the section headed "**Financial Derivative Instruments**" below.

(d) Cash and Money Market Instruments

The Fund may invest up to 100% of its Net Asset Value in cash and/or cash equivalents in order to protect the capital of the Fund and/or achieve capital growth. The Fund may hold or maintain cash deposits (denominated in such currency or currencies as the Manager may determine) and/or Money Market Instruments which shall be rated from high yield to investment grade (such as short term commercial paper, certificates of deposit, treasury bills, floating rate notes and fixed or variable rate commercial paper) or Money Market Instruments subject to the conditions and within the limits laid down by the Central Bank. The amount of cash and/or cash equivalents that the Fund will hold will vary depending on market valuations and prevailing investment climate, for example, if the Manager perceives systemic risk in a particular market or that the equity market offers investors little value, the Fund can retain substantial amounts of cash. The Fund will seek to achieve capital growth by retaining cash to invest in equities when the market offers more value.

(e) Collective Investment Schemes

The Fund may invest in UCITS exchange traded funds (ETFs) and other collective investment schemes as permitted under the UCITS Regulations. Such UCITS ETFs may embed FDI Instruments (primarily swaps) which will be based only on the underlying assets which are permitted under the investment policy of the Fund such as equities or bonds.

The Fund may invest up to 10% of its net assets in aggregate in units of other UCITS (including UCITS ETFs referred to above) as permitted by the UCITS Regulations, including other funds of the ICAV, whose investment objectives and policies are consistent with the investment objective and policy of the Fund.

(f) Financial Indices

The Fund may gain exposure to financial indices where considered appropriate to the Fund's investment objective and policies. In particular, financial indices will be used when the Manager

aims to take exposure to a broad market or segment as a whole and an investment in a financial index would be a cost-efficient way of doing so. Investment in financial indices will be made directly or indirectly, via financial derivatives instruments, as detailed below.

The financial indices in which the Manager will seek to invest will include stock indices and credit or bond indices reflecting specific countries, regions, sectors or segments including the G-10 countries. Due to the intentionally broad nature of the Manager's strategy, it is not possible to comprehensively list all of the 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. Any such indices will be cleared by the Central Bank or will meet its requirements.

The following is an example of the type of index that the Manager may invest in when seeking to achieve the investment objective of the Fund:

**EURO STOXX 50 Index:** The EURO STOXX 50 Index is Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The EURO STOXX 50 Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as exchange traded funds, futures and options, and structured products worldwide (further information can be found under the following link: <https://www.stoxx.com/index-details?symbol=SX5E>). The rebalancing frequency of the EURO STOXX 50 Index is quarterly.

The indices which the Fund takes exposure to will be listed on the Manager's website ([www.fcs-am.com](http://www.fcs-am.com)) and will be detailed in the annual financial statements of the ICAV. Details of any financial indices used by the Fund will also be provided to Shareholders by the Manager on request.

Please also refer to the section headed "**Investment in Financial Indices**" on page 22 of the Prospectus.

(g) Financial Derivative Instruments ("**FDI**")

In seeking to achieve its objective, the Fund may invest in the below mentioned exchange-traded FDI. Such FDI may be used for:

- (iv) investment purposes;
- (v) efficient portfolio management purposes; and/or
- (vi) hedging purposes.

FDI may be used instead of physical investments in order to provide more timely and cost effective access to an exposure. The FDI used by the Fund will be based only on the underlying assets which are permitted under the investment policy of the Fund. All investments in financial derivative instruments will be made or entered into within the conditions and limits set out in the Central Bank Regulations.

## **Futures**

Futures are contracts to buy or sell a standard quantity of a specific underlying at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may also be cash settled. Futures contracts allow investors to hedge against risk or gain exposure to the underlying asset (details of which are set out below). Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying prior to the contract's expiry date. Futures may be used where its market access is easier, more liquid or more cost-efficient than direct exposure to the underlying itself. Futures can be used to express both positive and negative views on the underlying, hence, they can create a synthetic short position.

The Fund will use the following futures:

- **Foreign exchange futures** which may be used to take a long or short position in or hedge a currency exposure. For example in order to express the view that the USD will depreciate against the EUR the Manager may choose to enter into a long EUR short USD future.
- **Bond futures** which may be used to purchase or sell a bond on a specified date at a predetermined price, for example instead of buying a certain bond outright in physical format the Manager may choose to go long a future on such bond.
- **Equity futures** may be used to purchase or sell a stock on a specified date at a predetermined price, for example instead of buying a certain stock outright in physical format the Manager may choose to go long a future on such stock.
- **Interest rate futures** may be used to seek exposure to underlying interest bearing instruments such as bonds and other debt securities set out above or may be used to hedge or take long or short interest rate exposure, for example in order to take the view of falling interest rates in a country, the Manager may choose to take a long position in that nation's interest rate future market.
- **Index futures** which may be used to take long or short exposure to a particular index such as an equity index. For example in order to express a positive view on Eurozone

equities the Manager may choose to go long on a Eurostoxx 50 future.

## Options

There are two basic forms of options, put and call options. Put options are contracts sold for a premium that give one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) to the contract, a specific quantity of a particular underlying at a specified price. Call options are contracts sold for a premium that give the buyer the right, but not the obligation, to buy a specified quantity of the underlying from the seller of the option at a specified price. Options may also be cash settled. The buyer of the option may exercise his right within a specified period of time or at a specified point in time. Exercise or payoff features may vary. The Fund may be a seller or buyer of put and call options. The Fund may purchase or sell options either individually or in combinations. The Fund may also purchase or sell options to hedge or generate exposure. They can be used to express both positive and negative views on the underlying, hence they can create a synthetic short position. Options may also be used to take a positional view on the volatility of a certain underlying. The Fund may trade options on an exchange.

The Fund will use the following options:

- **Foreign exchange options** may be used to hedge or take a long or short position in a currency exposure, for example in order to express the view that a the USD will depreciate against the EUR the Manager may choose to buy a EUR call USD put option.
- **Bond options** may be used to express similar positional views as buying or selling the underlying bond or alternatively to express the Manager's view on the bond's volatility.
- **Equity options** may be used to express views as to the direction of single name equities or a custom basket of equities.
- **Interest rate options** may be used to seek exposure to underlying interest bearing instruments such as bonds and other debt securities set out above or may be used to hedge or take long or short interest rate exposure, for example in order to cap an interest rate payable the Manager may choose to buy a cap, i.e. the option to receive compensation, if interest rates exceed a certain level.
- **Index options** may be used to take long or short exposure to a particular index such as e.g. an equity index, for example in order to express a positive view on Eurozone equities the Manager may choose to go long on a Eurostoxx 50 call option.
- **Swap(op)tions** may be used to hedge or take a long or short exposure to interest rates, for example in order to protect against falling interest rates the Manager may choose to

buy a receiver swap(option), which means the buyer has the right to enter into a swap where he would receive the fixed swap rate and pay the specified floating rate such as e.g. Libor over the life of the swap.

- **Options on futures** may be used to take long or short exposure to a particular future such as an equity index future, for example in order to express a positive or negative view on USD against Euro the Manager may choose to go long or short an option on the EURUSD future.

(h) Repurchase/Reverse Repurchase Agreements

The Fund may use repurchase agreements/reverse repurchase agreements for efficient portfolio management purposes or hedging purposes. All investments in repurchase/reverse repurchase agreements will be made or entered into within the conditions and limits set out in the Central Bank Regulations and as set out in Appendix III to the Prospectus. The use of repurchase agreements and reverse repurchase agreements will be consistent with the types of assets the Fund may invest in and will include fixed income securities. Although the Fund's exposure to repurchase agreements/reverse repurchase agreements can be between 0% and 100% of the Net Asset Value of the Fund, exposure is not expected to exceed 50% of the Net Asset Value of the Fund under normal market conditions.

*FDI Costs*

Investors should be aware that when the Fund enters into FDI contracts and/or repurchase/reverse repurchase agreements operational costs and/or fees shall be deducted from the revenue delivered to the Fund. One of the considerations taken into account by the Manager when selecting brokers and counterparties on behalf of the Fund is that any such costs and/or fees which are deducted from the revenue delivered to the Fund shall be at normal commercial rates. Such direct or indirect costs and fees will be paid to the relevant broker or counterparty which, may include the Depositary or entities related to the Depositary. The identity of the entities to which such direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the ICAV. Counterparties will not be related to the Manager. All revenues generated through the use FDI and/or repurchase/reverse repurchase agreements, net of direct and indirect operational costs and fees, will be returned to the Fund.

*Investment Process*

The Manager's adopts a top-down approach to its investment process which is comprised of four stages: Asset Allocation; Strategy Selection; Stock Selection and Instrument Selection as follows:

**a. Asset Allocation**

Asset allocation is decided by the Manager based on a global macro analysis and a relative value analysis of the permitted asset classes as follows:

### *Global Macro Analysis*

The main element of the Fund's investment decision process is an assessment of the global macro view of the Manager (which is based on economic and political views of various countries (macroeconomic principles)) and a top down approach to asset allocation among asset classes. The Manager's global macro analysis attempts to profit from global economic trends or changes brought forth by differing monetary and government policies such as policies relating to interest rates. The Manager's top down approach uses the global macro analysis to select instruments in a particular industry or sector for investment as detailed in the section "**Stock Selection**" below. The top down approach requires the Manager to have a high degree of discretion and an ability to invest in the broad variety of assets detailed in the sub-section headed "**Instruments**" above. The global macro analysis carried out by the Manager is performed through the evaluation of a huge variety of tools, models and measures which include the following:

- **Health of GDP levels and the macro leading indicators:** Consumer price indices ("CPI's") examine the weighted average of prices of a basket of goods and services. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. The Manager analyzes CPIs to determine whether they reflect real asset inflation which impacts the value of securities such as equities.
- **Link between the macro and the micro environment:** The Manager seeks to assess for example the health of a country's balance sheet or a country's central bank's balance sheet to assess whether the rest of the macro indicators are sustainable in the medium to long term. This analysis assists the Manager in assessing potential opportunities in securities such as government bonds and other fixed income related securities.
- **Systemic and Political Risk:** The Manager's analysis of systemic risk is based on the view that it is intrinsic to the functioning of the market and believes that systemic risk cannot be hedged. For example, the collapse of Lehman Brothers in 2008 resulted in a domino effect that caused a major risk to the financial system in the U.S. The Manager also examines the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies or other foreign policy makers which may affect, for example, foreign exchange rates and the value of investment in currencies.
- **Currency, Deflation and Inflation Risk:** The Manager believes that these are some of the most (if not the most) important factors to analyze in this particular time in history in order to assess the value of all potential investments.

The Manager is not limited to a specific model, tool or measure to carry out the global macro analysis as due to the very high degree of subjectivity associated with the analysis, being bound by a specific measure (for example, GDP) could result in the Manager making a wrong decision (for example, the GDP figures of China have been questioned by very renowned analysts). Although the Manager uses a number of tools to assess the value of a security, the Manager places more importance on the macroeconomic environment. For example, even if a specific security appears relatively inexpensive as a result of the analysis, the Manager may decide it is not an opportune time to invest as its value may decrease further, for example, due to the effect of the downturn in China on the global markets.

### *Relative Value Analysis*

The Manager's global macro analysis is followed by, and intrinsically linked, to a relative value analysis of the Fund's permitted asset classes. In carrying out this relative value analysis, the Manager will aim to identify assets that may be mispriced in the short term with a view that there will be a correction in the value of the asset. The Fund will profit from trading the mispriced asset and then wait for the market to correctly re-price the asset. In short, the Manager will look for undervalued securities to buy and overbought securities to sell. In carrying out this analysis, the Manager will not only look to the historical prices of securities but will also look to the relative valuations between them. The Manager may also look at subjective factors in making this analysis, for example, potential price distortions, misallocation of capital and systemic risks in the markets which in the Manager's view may have been provoked by government interventions, but objectively, such interventions sought to aid the markets.

### **b. Strategy Selection**

In order to adapt faster than its peers to rapid changes in the market, the Manager also has the freedom to move from a long only type style of investing to a more absolute return style of investing. This unconstrained style aims to mitigate the risk to investors of any distortion in the global markets caused by intervention from central banks and governments such as the maintenance of prolonged low interest rates. The long only style is the most traditional and old investment technique and involves the so called buy and hold strategy when the Manager selects what it understand as undervalued securities and buys them cheaply until they become mature, when the might sell them or not depending on their dividend yields. The absolute return style is considered a more modern investment technique and involves the Manager trying to generate returns independently of what the markets are doing. The Fund's absolute return strategy seeks to generate positive returns in a certain period of time that are uncorrelated with the traditional asset classes of bonds and equities.

The Manager will implement the Fund's absolute return strategy through different sub-strategies which each adopt the mean reversion theory. In accordance with the mean reversion theory, prices and returns eventually move back towards the mean or average. For example, when the current market price is less than the average price, the stock is considered attractive for purchase, with the expectation that the price will rise and when the current market price is above the average price, the market price is expected to fall. In other words, deviations from the average price are expected to revert to the average. The sub-

strategies differentiate only on how and when they implement the mean reversion theory and shall include the following:

- **Relative value:** buying or selling a security because it is undervalued or overvalued among its peers or other asset classes. In selecting undervalued and overvalued securities the Manager seeks to look at macro environment not in absolute terms but in comparable terms, for example equities might be attractive from a macro point of view if compared to bonds; but can become unattractive if they are compared to other securities.
- **Long-short:** entering long on an undervalued security and at the same time going short on another security synthetically through the use of FDI with the idea of benefiting from the mean reversion of this dispersion in a certain period of time. This strategy is also referred to as a market neutral strategy as the Fund is not betting in any specific direction of the market and is therefore not as exposed to market risk. Typically, UCITS, such as the Fund, invest on a “**long only**” basis. This means that their net asset value will rise (or fall) in value based on the market value of the assets they hold. A “**short**” sale involves the sale of an asset that the seller does not own in the hope of purchasing the same asset (or an asset exchangeable for such asset) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the asset and is obligated to return the asset (or an asset exchangeable for such asset) to the lender, which is accomplished by a later purchase of said asset. Although the Fund is not permitted to enter into short sales under the UCITS Regulations, the Fund may, by employing certain derivative techniques designed to produce the same economic effect as a short sale (a “**synthetic short**”), establish both “**long**” and “**short**” positions in individual assets and markets. As a result, as well as holding assets that may rise or fall with markets, the Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. The Fund may implement synthetic short positions in respect of all asset classes mentioned in the section headed “**Instruments**” above to the extent permitted by the UCITS Regulations. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position, because trading on margin typically involves higher leverage. The use of FDI (both exchange traded and OTC) forms an important part of the investment strategy, both to generate exposure and as hedging instruments.

Long positions may be held through a combination of direct securities investment and/or derivative instruments and total gross long positions held by the Fund is expected to be in the region of between 0% and 200% of the Net Asset Value of the Fund. Short positions will be held through FDI and total gross short positions held by the Fund are expected to be in the region of between 0% and 50% of the Net Asset Value of the Fund. Long/short risk exposures gained by the Fund through the use of FDI's (as described above under the heading “**Financial Derivative Instruments**”) will not exceed 100% of the Fund's Net Asset Value.



- **Event driven:** this involves the Manager being opportunistic of a certain market event, such as buying a security that is undervalued as a consequence of a rare abnormal market misallocation, such as buying Spanish bonds in 2013.

#### c. Stock Selection

Whether considering fixed income or equity securities, stock picking will always be selected by the Manager using a “top down” approach. That is, firstly determining the sector and geographical allocation and after analyzing in depth the company fundamentals and their relative performance with respect to their benchmark and their peers. The following will be considered by the Manager as part of the stock selection process:

- **Geographical Allocation:** is decided on the basis of the global macro analysis set out above.
- **Sector Allocation:** is determined on a macro basis not on a relative basis.
- **Relative Performance vs Index:** the Manager analyses relevant indices to ascertain whether laggards (underperforming securities) are undervalued.
- **Relative Performance Among Peers:** the Manager takes into consideration whether the underperformance or outperformance of a particular security is justified or if it is an opportunity to go long or short a particular security. In such instances the Manager may opt to enter into pair trading; going long one and short the other.

#### d. Instrument Selection

The Manager will seek to select the instruments which are the most cost efficient and which maximize (if possible) liquidity. When determining instrument selection, the Manager will assess the following:

- **Liquidity:** The Manager will seek to select the most liquid instruments.
- **Regulation:** The Manager will seek to select instruments which in the Manager’s opinion are quoted in markets with better market regulation (for example, EU regulation would in the Manager’s opinion be considered to be superior to regulation in the UAE).
- **Transparency:** The Manager will favour instruments listed in jurisdictions which in the Manager’s opinion have a higher transparency level or have a higher protection to investors (for example, in the opinion of the Manager Ireland offers better protection to investors than China).
- **Cost Efficiency:** The Manager will seek to select instruments which have lower transaction costs.

#### Collateral Policy

Where necessary, the Fund will accept collateral from its counterparties in order to reduce counterparty risk exposure. Any collateral received by the Fund shall comprise of cash collateral and/or securities of

varying maturity which satisfy the requirements of the Central Bank relating to non-cash collateral which may be received by a UCITS.

Cash collateral received by the Fund may be reinvested in accordance with the requirements of the Central Bank at the discretion of the Manager. In this regard, any cash collateral received by the Fund may also be placed on deposit with relevant credit institutions as permitted by the UCITS Regulations. In such circumstances, the Fund shall be exposed to the creditworthiness of the relevant credit institution with which cash collateral is placed.

The level of collateral required to be posted may vary by counterparty with which the Fund trades. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the Fund, taking into account the price volatility of the relevant asset and credit standing of the relevant counterparty. The 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 Manager on an ongoing basis. However, the application of such a haircut will be determined on a case by case basis, depending on the exact details of the assessment of the collateral.

### **Leverage**

As a result of its use of FDI, the Fund may leverage its positions to generate a notional exposure in excess of the Net Asset Value of the Fund. The leverage of the Fund shall be calculated using the commitment approach and will not exceed 100% of the Net Asset Value of the Fund.

The Manager will not utilise FDI other than those listed above until such time as a revised risk management process has been prepared, submitted to and cleared by the Central Bank.

Risks associated with the use of FDI are detailed in the Prospectus at the section entitled “**Risk Factors**”.

### **Borrowing Powers**

The ICAV may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of the Fund. Subject to this limit, the Directors may exercise all borrowing powers on behalf of the Fund.

## **5. Profile of a Typical Investor**

The Fund is a suitable investment for investors who are seeking long term growth potential offered through investments in securities invested on a global scale.

## 6. Offer

### Initial Offer

Shares in the Fund will be offered from 9 a.m. (Irish time) on the 19<sup>th</sup> May, 2016 to 5 p.m. (Irish time) on the 20<sup>th</sup> June, 2016 (the “**Initial Offer Period**”) at the Initial Offer Price and subject to acceptance of applications for Shares by the ICAV and will be issued for the first time as at the Dealing Day on or after expiry of the Initial Offer Period. The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

If the subscriptions in the Fund do not amount to €100,000 during the Initial Offer Period, subscription monies will be returned to investors.

### Subsequent Offer

After closing of the Initial Offer Period Shares in the Fund will be issued at the Net Asset Value per Share. Please see the section entitled “**Application for Shares**” for more information regarding the cost of shares.

### NAV

The Net Asset Value will be published daily. Please see the section headed “**Publication of Net Asset Value per Share**” on page 70 of the Prospectus.

## 7. Information on Share Classes

Class A Shares will be offered in the Fund.

	<b><u>Class A</u></b>
<b>Reference Currency</b>	Euro
<b>Initial Offer Price</b>	€100
<b>Initial Subscription</b>	N/A
<b>Minimum Holding</b>	N/A
<b>Distribution Status</b>	Accumulating

Information in relation to the fees applicable to Class A is set out below at Section 15 entitled “**Fees and Expenses**”.

## **8. Initial Subscription and Minimum Holding Size**

There is no Initial Subscription or Minimum Holding amount for Class A Shares provided that a minimum of one (1) Share is issued on an initial subscription and all subsequent subscriptions.

Fractions of Class A Shares cannot be issued.

## **9. Application for Shares**

Applications for Shares may be made through the Manager through the process described in the Prospectus. Subscriptions proceeds must be received by the Manager by the Subscription Settlement Cut-Off.

## **10. Redemption of Shares**

Requests for redemption of Shares may be made through the Manager through the process described in the Prospectus. Redemption proceeds in respect of Shares will be paid within three Business Days from the relevant Dealing Deadline provided that all the required documentation has been furnished to and received by the Manager.

## **11. Trading of Shares on the Borsa Italiana**

Once listed on the ETFplus market of the Borsa Italiana (the “**ETFplus Market**”), the Class A Shares may be bought or sold on the ETFplus Market. The Class A Shares are accessible to all intermediaries that adhere both directly and indirectly to the ETFplus Market. Investors (including retail and institutional investors) can buy or sell Class A Shares on a daily basis through the ICAV’s appointed intermediary, Equita SIM SpA, or another intermediary of the ETFplus Market. The buy or sell price shall be equal to the Net Asset Value of the relevant Valuation Day, which is calculated at the Valuation Point and published the following day.

The difference between the buy and sell quantities shall be taken up by the appointed intermediary, while settlement will take place through Monte Titoli, the central securities depository of the Borsa Italiana three Business Days after the relevant Dealing Deadline.

## **12. Conversion of Shares**

There will be no switching between the Class A Shares and any other Class in the Fund.

## **13. Suspension of Dealing**

Shares may not be issued or redeemed during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading “**Suspension of**

**Valuation of Assets**". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

#### 14. Fees and Expenses

##### *Establishment Expenses*

The Fund shall bear the fees and expenses attributable to the establishment and organisation of the ICAV as detailed in the section of the Prospectus entitled "**Establishment Expenses**". Such establishment expenses may be amortised over the first five Accounting Periods of the ICAV or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

##### *Subscription Fee*

It is not currently intended to charge a subscription fee on the subscription of Shares in the Fund.

##### *Redemption Fee*

It is not currently intended to charge a redemption fee on the redemption of Shares in the Fund.

##### *Management Fee*

Pursuant to the Management Agreement, the Manager is entitled to charge a management fee equal to a per annum percentage of the Net Asset Value of each Class as set out in the table below ("**Management Fee**"):

<b>Class</b>	<b>Management Fee Rate</b>
Class A	1.5% per annum

Any Management Fees levied will also be subject to the imposition of Value Added Tax ("**VAT**") if required.

The fee will be calculated and accrued daily using the Management Fee Rate applied pro rata to the Net Asset Value of each Class at the relevant Valuation Point after the deduction of all other operating and other expenses and liabilities of the Fund for that month. The Management Fee is payable monthly in arrears within thirty (30) Business Days of the last Business Day of each calendar month.

The Management Fee is charged separately against each Class, and may be waived or reduced with the Directors' approval.

The Manager shall be entitled to be reimbursed by the ICAV for reasonable out of pocket expenses incurred by it and any VAT on all fees and expenses payable to or by it.

### *Performance Fee*

In addition to the Management Fee, the Manager is entitled to a performance fee calculated on each Valuation Point with respect to the Class A Shares (the “**Performance Fee**”). The Performance Fee is 10% of “Net New Appreciation” (as hereinafter defined) if any, achieved by the Fund during the “Performance Period” (as hereinafter defined) above the monthly hurdle rate of the 1 month EURIBOR. If the 1 month EURIBOR is negative, the monthly hurdle rate will be considered as zero for the purposes of the calculation of the Performance Fee.

If at any time the Net Asset Value of the Fund per Share (prior to deducting any accrual for the Performance Fee) is below the “High Water Mark” (as hereinafter defined), no Performance Fee will be charged to the Fund until the Net Asset Value per Share (prior to deducting any accrual for the Performance Fee) has reached or exceeded the High Water Mark as of the last Valuation Day of the previous Performance Period.

“**Net New Appreciation**” shall mean the difference, if any, between (i) the Net Asset Value of the Fund per Share as of the end of the relevant Performance Period (prior to deducting any accrual for the Performance Fee) and (ii) the Net Asset Value of the Fund per Share as of the last Valuation Day of the most recent Performance Period for which a Performance Fee was paid or payable to the Manager. For purposes of calculating the first Performance Fee payable to the Manager, clause (ii) shall mean the Initial Offer Price per Share.

“**High Water Mark**” shall mean the Net Asset Value of the Fund per Share as of the end of the most recent Performance Period for which a Performance Fee was paid or payable to the Manager, or if no Performance Fee has been paid since the inception of the Fund, then the Initial Offer Price per Share.

“**Performance Period**” shall mean each calendar month. The first Performance Period for the purposes of calculating the Performance Fee shall be from the date of the first issue of Shares of in the Fund following the close of the Initial Offer Period until the last Valuation Day of that calendar month. If for any reason, the Fund is terminated or the Management Agreement is terminated as of a date other than the last Valuation Day of a Performance Period, the Performance Fee shall be calculated and paid to the Manager as if such date were the last Valuation Day of the Performance Period.

The Performance Fee will be calculated and accrued to the Manager and deducted as a liability in the calculation of the Net Asset Value of the Fund on each Valuation Day and will be paid monthly in arrears. In the event that assets are withdrawn from the Fund the Manager will be due a Performance Fee, if any, in ratio to the number of Shares redeemed. The calculation of the Performance Fee will be verified by the Depositary.

Investors should note that relative underperformance of the Fund against the 1 month EURIBOR in previous Performance Periods will not be clawed back. Once the Performance Fee is calculated and accrued, it is payable to the Manager even if the Fund incurs losses in a subsequent Performance Period. The Manager may waive, permanently or temporarily, some or all the Management Fee or Performance Fee, in respect of all or part of the assets under management.

Investors should note that the Performance Fee is based on net realised and net unrealised gains and losses as at the end of the relevant Performance Period. As a result, the Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### *Administration Fees*

The Manager shall be entitled to receive out of the assets of the Fund a monthly administration, registrar and transfer agency fee which will not exceed 0.08% of the Net Asset Value of the Fund (plus VAT, if any), accrued and calculated on each Valuation Point and payable monthly in arrears, subject to a minimum monthly fee of €3,000 (plus VAT, if any) (the “**Administration Fee**”). The Manager shall also be entitled to an annual fee of €2,500 (plus VAT, if any) out of the assets of the Fund for the preparation of the financial statements of the Fund and audit assistance.

The Manager shall be entitled to be reimbursed by the ICAV for all reasonable and vouched out-of-pocket expenses (plus VAT) it incurs in respect of its administration services to the Fund.

#### *Depositary Fees*

The Depositary shall be entitled to receive out of the assets of the Fund an annual fee in respect of the Depositary’s oversight duties under the UCITS Regulations not exceeding 0.03% of the Net Asset Value of the Fund, accrued and calculated on each Valuation Point, subject to a minimum monthly fee of €2,500.

The Depositary shall also receive an annual fee in respect of its custody services (to include sub-custody fees) based on the gross assets of the Fund held directly with the Depositary as follows:

<b>Custody Fee</b>	<b>Gross Assets of the Fund held directly with the Depositary</b>
0.03% of NAV of the Fund	Up to €100,000,000
0.02% of NAV of the Fund	In excess of €100,000,000

The Depositary shall also be entitled to receive out of the assets of the Fund a record keeping fee of €15 per OTC transaction, a cash flow monitoring fee of €3,000 pro rata per annum and a bank account maintenance fee (which shall include fees related to CRS and FATCA) of €25 per bank account per month. The Depositary shall also receive a once off fee of €3,000 to cover set-up costs (such as legal fees and due diligence costs) incurred by the Depositary.

The Depositary shall be entitled to be repaid out of the assets of the Fund for all of its reasonable disbursements incurred on behalf of the Fund and transaction charges (which shall both be at normal commercial rates) levied by the Depositary or any sub-custodian and any applicable taxes it incurs on behalf of the Fund. The Depositary's fees shall accrue and be payable monthly in arrears and shall be subject to VAT, where appropriate.

#### *Anti-Dilution Levy*

An Anti-Dilution Levy may be charged at the discretion of the Directors as outlined in the Prospectus in the section entitled "**Anti-Dilution Levy**".

### **15. Dividends and Distributions**

Class A Shares are accumulating Share Classes therefore no dividends will be distributed. All net income and net realised and unrealised gains (i.e. realised and unrealised capital gains net of all realised and unrealised losses) less accrued expenses of the Fund attributable to the Class will be accumulated and reflected in the Net Asset Value per Share.

The Directors may at any time determine to change the policy of the Fund with respect to dividends distribution. If the Directors so determine full details of any such change will be disclosed in an updated prospectus or supplement and Shareholders will be notified in advance.

### **16. Risk Factors**

The attention of investors is drawn to the "**Risk Factors**" section in the Section of the Prospectus entitled "**The ICAV**".