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The directors of Mercer PIF Fund plc (the “**Directors**”) listed in this Prospectus under the heading “The Company” accept responsibility for the information contained in this Prospectus and the Relevant Supplements hereto. 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 and the Relevant Supplements is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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# **MERCER PIF FUND PLC**

(a collective investment scheme incorporated as a limited liability variable capital company in Ireland with registered number 421024, authorised as an umbrella fund with segregated liability between sub-funds by the Central Bank of Ireland pursuant to Part XXIV of the Companies Act 2014)

## **PROSPECTUS**

**DATED 9 JUNE 2022**

## **MANAGER**

**MERCER GLOBAL INVESTMENTS  
MANAGEMENT LIMITED**

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## DIRECTORY

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**MERCER PIF FUND PLC**  
**70 Sir John Rogerson's Quay**  
**Dublin 2**  
**Ireland**

**Directors:**

Tom Finlay  
Gráinne Alexander  
Carmel Jordan  
Hooman Kaveh  
Liam Miley  
Helen O'Beirne

**Depository:**

State Street Custodial Services (Ireland)  
Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Manager:**

Mercer Global Investments Management  
Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Administrator:**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Investment Manager and Distributor:**

Mercer Global Investments Europe Limited  
Charlotte House  
Charlemont Street  
Dublin 2  
Ireland

**Secretary:**

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

**Auditors:**

Deloitte  
Deloitte & Touche House  
29 Earlsfort Terrace  
Dublin 2

**Legal Advisers:**

William Fry LLP  
2 Grand Canal Square  
Dublin 2  
Ireland

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## IMPORTANT INFORMATION

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Capitalised words and expressions are defined in the body of this Prospectus and/or under the heading “Definitions” below.

### **THIS PROSPECTUS**

This Prospectus describes Mercer PIF Fund plc (the “**Company**”), an investment company with variable capital incorporated in Ireland as a public limited company with segregated liability between sub-funds. The Company is constituted as an umbrella fund insofar as the share capital of the Company will be divided into different Series of Shares with each Series of Shares representing a portfolio of assets which will comprise a separate Sub-Fund. Shares of any particular Series may be divided into different Classes to accommodate different subscription and/or redemption charges and/or charges and/or dividend and/or fee arrangements. A separate pool of assets is not being maintained for each Class.

The portfolio of assets maintained for each Series of Shares and comprising a separate Sub-Fund will be invested in accordance with the investment objectives and policies applicable to such Sub-Fund as specified in the Relevant Supplement. Each Relevant Supplement forms part of and should be read in conjunction with, and construed as, one document with this Prospectus. For the purposes of this Prospectus, where the context so admits or requires, the term “Sub-Fund” shall also be deemed to mean the Directors or their delegate acting for the account of the relevant Sub-Fund. As the Company is availing of the provisions of the Act, it is intended that the Company will not be liable as a whole to third parties for the liabilities for each Sub-Fund. However, investors should note the risk factor under the heading “Special Considerations and Risk Factors — Umbrella Structure of the Company” below.

This Prospectus and the Relevant Supplements may be translated into other languages and such translations shall contain only the same information as this Prospectus and the Relevant Supplements. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the laws of Ireland.

### **INVESTOR RESPONSIBILITY**

**Prospective investors should review this Prospectus and the Relevant Supplement(s) carefully and in their entirety and consult with their legal, tax and financial advisers in relation to (i) the legal requirements within their own countries for the purchase, holding, redemption or disposal of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding or disposal of Shares; and (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, repurchasing, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisers if they have any doubts regarding the contents of this Prospectus and/or the Relevant Supplement(s).**

### **CENTRAL BANK AUTHORISATION**

**The Company is authorised by the Central Bank as a designated investment company pursuant to Part XXIV of the Act to market solely to Professional Investors and Knowledgeable Investors and has been established as an umbrella fund with segregated liability between Sub-Funds. Accordingly, the requirements of the Central Bank which are deemed necessary for the protection of retail investors, in particular the conditions set down by the Central Bank in relation to investment and leverage, do not apply to the Company. The Central Bank shall not be liable by virtue of its authorisation of the Company as an AIF or by reason of its exercise of the functions conferred on it by legislation in relation to the Company for any default of the Company. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties to the scheme, nor is the Central Bank responsible for the contents of this Prospectus. Such authorisation does not constitute an endorsement or guarantee of the Company by the Central Bank.**

**As the minimum initial subscription for Shares will always equal or exceed €100,000 or the foreign currency equivalent thereof and Shares will be available only to Professional Investors, the Company qualifies as a professional investor scheme established under Part XXIV of the Act. In addition, certain Knowledgeable Investors may also invest in the Company. Knowledgeable Investors will not be subject to the minimum subscription and redemption requirements or minimum net worth requirements applicable to other investors. In addition, at the discretion of the Directors, trustees of pension plans who commit on initial subscription to invest an amount which equals or exceeds €100,000 within 12 months of the date of initial subscription, may invest in the Company in an initial subscription amount which does not equal or exceed €100,000 provided that if the aggregate subscription for Shares by the trustee on behalf of the pension plan does not equal or exceed €100,000 within 12 months of the date of initial subscription for Shares by the trustee on behalf of the pension plan, the Company shall, as soon as possible thereafter and without notice, redeem all outstanding Shares held by the trustee on behalf of the pension plan. Accordingly, while the Company is authorised by the Central Bank, the Central Bank has not set any limits or other restrictions on the investment objective, the investment policies or on the degree of leverage which may be employed by a Sub-Fund. The Company must comply with the aim of risk spreading in accordance with Part XXIV of the Act.**

## **DISTRIBUTION AND SELLING RESTRICTIONS**

The distribution of this Prospectus, any Relevant Supplement and the offering or purchase of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or any Relevant Supplement in any such jurisdiction may treat this Prospectus or any Relevant Supplement as constituting an invitation to them to subscribe for Shares unless in the relevant jurisdiction such an invitation could lawfully be made to them without compliance with any registration or other legal requirements.

Within the EU, the Company may only be marketed to Professional Investors (as defined herein) unless the EU Member State in question permits, under the laws of that EU Member State, the Company to be sold to other categories of investors and this permission encompasses the types of investors covered by this Prospectus, namely professional investors not falling within the Professional Investor definition and Knowledgeable Investors. When marketing Shares in any EU Member State (other than Ireland) to Professional Investors that are domiciled or have a registered office in the EU, the Manager intends to utilise marketing passports made available under the provisions of the AIFMD, as implemented by the AIFMD Regulations. Shares in a Sub-Fund may only be marketed pursuant to such passports to Professional Investors in those territories of the EU Member States in respect of which a passport has been obtained.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**1933 Act**”) or the securities laws of any of the States of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States of America, its territories or possessions or in any State or the District of Columbia (the “**United States**”) or to or for the account or benefit of any U.S. Person as defined under the heading “Definitions” below. Any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law. Applicants for Shares will be required to certify that they are not “U.S. Persons”. The Company will not be registered under the U.S. Investment Company Act 1940, as amended.

## **RELIANCE ON THIS PROSPECTUS**

Shares in the Company are offered only on the basis of the information contained in this Prospectus, the Relevant Supplement, the most recent annual report and, if subsequently published, the semi-annual report of the Company. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares in the Company other than those contained in this Prospectus, the Relevant Supplement, the most recent annual report and, if subsequently published, the semi-annual report of the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Directors, the Manager, the Investment Manager, the Sub-Investment Managers, the Administrator, the Depositary or the Distributor. Statements in this Prospectus and the Relevant Supplement are based on the law and practice currently in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus or the Relevant Supplement nor the issue of Shares shall, under any

circumstances, create any implication or constitute any representation that the affairs of the Company have not changed since the date hereof.

## **INVESTMENT RISKS**

**Investment in the Company carries with it a degree of risk. The value of Shares and the income from them may go down as well as up, and investors may not get back the amount invested. Past performance is no indicator of future performance and is no guarantee for future returns. Investment risks from market and currency losses cannot be excluded. Investors should note that an investment in those Sub-Funds which may invest more than 20% of their Net Asset Value in Emerging Markets and/or more than 30% of their Net Asset Value in below investment grade securities should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investment risk factors for an investor to consider are set out under the heading “Special Considerations and Risk Factors” below.**

**The Sub-Funds may invest in unregulated collective investment schemes within the meaning of the AIF Rulebook. Such collective investment schemes may not provide a level of investor protection equivalent to collective investment schemes authorised under Irish laws and subject to Irish regulations and conditions.**

**In general the layered investment structure arising as a result of the investment policies the Sub-Funds may pursue will subject investors to higher fees as well as a lack of transparency, however, steps will be taken to avoid this, please see “Investment Objectives and Policies” and “Fees and Expenses” below.**

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## SUMMARY

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The following summary is qualified in its entirety by the more detailed information included elsewhere in this Prospectus and the Relevant Supplements.

### THE COMPANY

The Company is an umbrella investment company with segregated liability between sub-funds and variable capital incorporated in Ireland on 31 May 2006 under registration number 421024 and authorised by the Central Bank as an AIF. The object of the Company, as set out in Clause 2 of the Articles, is the collective investment of its funds in property with the aim of spreading investment risk and giving the members of the Company the benefit of the results of the management of its funds. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Association, copies of which are available as described in the “General - Documents for Inspection” section of this Prospectus.

The Company has been structured as an umbrella fund in that the Directors may from time to time, with the prior approval of the Central Bank, issue different Series of Shares representing separate portfolios of assets.

### PURCHASE, REDEMPTION AND EXCHANGE OF SHARES

Purchase orders and redemption requests for Shares may be made on any Dealing Day. In the case of the Sub-Funds this means that purchase orders and redemption requests may generally be made on any day on which banks in Ireland or the U.K. are open for normal business or as otherwise disclosed in the Relevant Supplement. In addition, requests may be made on any Dealing Day for exchange of any Class of Shares in any Sub-Fund for Shares of the same Class of any other Sub-Fund.

### ORGANISATION

The Company has been organised to provide an efficient vehicle for investment. The Manager is a member of the Investments business of Mercer, which is an industry-leading provider of investment funds and solutions that manages in excess of US\$173 billion in Europe, with total global assets under management of US\$397 billion as at 30 September 2021. Mercer employs more than 3,800 investment professionals in 44 countries and provides non-discretionary and discretionary investment services to more than 2,700 clients.

### MANAGEMENT, ADMINISTRATION AND DISTRIBUTION

The Company has appointed the Manager as AIFM of the Company. The Manager has delegated portfolio management responsibilities to the Investment Manager. The Investment Manager may, in turn, appoint Sub-Investment Managers in respect of each of the Sub-Funds. The Investment Manager (or its delegate) has responsibility for investing and managing the assets of the relevant Sub-Funds according to their investment objectives. Details of any Sub-Investment Managers will be disclosed in the Relevant Supplement for the relevant Sub-Fund, which will be available on request from the Investment Manager and will be contained in the periodic reports issued in relation to each Sub-Fund. The fees of the Sub-Investment Managers will either be paid out of the fees of the Investment Manager or paid from the assets of the relevant Sub-Fund.

The Manager has retained the Administrator to prepare and maintain the books and records of the Company and each Sub-Fund and to provide related administration and accounting services. The Company has appointed the Depositary as depositary of the Company with responsibility for the safe-keeping of the assets of each Sub-Fund and the settlement of transactions for each Sub-Fund. The Depositary may employ a global sub-custodian or various sub-custodians outside Ireland. The Manager has appointed the Distributor as distributor of each Class of Shares in the Sub-Funds. See “The Company – The Investment Manager and Distributor”.

## **FEES AND EXPENSES**

The assets of each of the Sub-Funds are subject to fees and expenses including, management, custody and administration and advisory fees as well as organisational expenses. These fees will be reflected in the Net Asset Value of each Sub-Fund. See “Fees and Expenses” below and additional information regarding fees and expenses of each Sub-Fund contained in the Relevant Supplement.

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## **INVESTMENT OBJECTIVES AND POLICIES**

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The Company and its Sub-Funds have been established for the purpose of providing an asset allocation vehicle for investors attempting to achieve attractive returns. The investment objective and policies for each Sub-Fund will be formulated by the Directors at the time of creation of such Sub-Fund and will be set out in the Relevant Supplement.

The Sub-Funds may invest in units/shares of other investment funds and/or assets listed or traded on Recognised Markets as set out in the Relevant Supplements, and all in accordance with the investment restrictions described in Appendix III “Investment Restrictions” below and subject to the market limits specified in the Articles. The investment objectives and policies of the Sub-Funds are set out in the Relevant Supplement.

Save where specified in the Relevant Supplement, in addition, and to the extent only that the Investment Manager (or where appropriate in the circumstances, its delegate) deems it consistent with the investment policies of the Sub-Funds, the Sub-Funds may utilise for the purposes of efficient portfolio management, the investment techniques and instruments described in Appendix II. Such investment techniques and instruments may include financial derivative instruments. To the extent only that the Investment Manager (or its delegate) deems it consistent with the investment policies of the Sub-Funds, and in accordance with the requirements of the Central Bank, the Sub-Funds may also utilise financial derivative instruments for short-term investment purposes. The expected effect of utilising financial derivative instruments for the purposes of efficient portfolio management and/or hedging is a reduction in the volatility of the Sub-Funds’ Net Asset Values.

Where specified in the Relevant Supplement, a Sub-Fund may invest in financial derivative instruments and may for investment purposes, invest in the investment instruments described in Appendix II, subject to the conditions and limits set out therein, or such other limits as may be specified in the Relevant Supplement.

Each Sub-Fund may invest in other collective investment schemes. The Investment Manager (or its delegate) will only invest in closed-ended collective investment schemes where it believes that such investment will not prohibit the Sub-Fund from providing the level of liquidity to Shareholders referred to in this Prospectus and the Relevant Supplements. Where it is appropriate to its investment objective and policies, a Sub-Fund may also invest in other Sub-Funds of this Company. A Sub-Fund may only invest in another Sub-Fund of this Company if the Sub-Fund in which it is investing does not itself hold Shares in any other Sub-Fund of this Company. Any commission received by the Manager or Investment Manager in respect of such investment will be paid into the assets of the Sub-Fund. Any Sub-Fund that is invested in another Sub-Fund of this Company or any other fund to which the Manager or the Investment Manager has been appointed will be invested in a share/unit class for which no management or investment management fee is charged. No subscription, conversion or redemption fees will be charged on any such cross investments by a Sub-Fund.

Subject to the investment restrictions set out in Appendix III, a derogation has been granted to the Company by the Central Bank to the extent that a Sub-Fund which is specified in the Relevant Supplement to be a fund of funds (ie, a collective investment scheme, the principal object of which is investment in units of other collective investment schemes) may invest up to 100% of the Net Asset Value of that Sub-Fund in aggregate in unregulated collective investment schemes, subject to a maximum of 20% of the Net Asset Value of that Sub-Fund being invested in any one unregulated collective investment scheme within the meaning of the AIF Rulebook.

A Sub-Fund may hold cash or invest its cash balances at such times and in any instruments deemed appropriate by the Investment Manager (or its delegate), pending allocation of such capital to one or more



investment strategies, in order to fund anticipated redemptions or expenses of a Sub-Fund or otherwise in the sole discretion of the Investment Manager (or its delegate). These investments may include money market instruments and other short term debt obligations, shares of money market mutual funds, and repurchase agreements with banks and broker dealers.

### **Changes in Investment Objective and Policies**

The investment objective of a Sub-Fund will not at any time be altered without the approval of an Ordinary Resolution of that Sub-Fund or without the prior written approval of all Shareholders of the Sub-Fund. Changes to investment policies which are material in nature may only be made with the approval of an Ordinary Resolution of the relevant Sub-Fund or with the prior written approval of all Shareholders of the Sub-Fund. In the event of a change of investment objective and/or a material change in investment policy on the basis of an Ordinary Resolution, a reasonable notification period will be provided by the Company, and the Company will provide facilities to enable Shareholders in the relevant Sub-Fund to redeem their Shares prior to the implementation of these changes if they so wish.

Any proposal to change an index (the “**Benchmark Index**”) used by a Sub-Fund will be subject to prior approval of the Shareholders of the relevant Sub-Fund only if it is deemed to be a change of investment objective or a material change of investment policy. Otherwise, it will simply be notified to Shareholders, in accordance with the Central Bank’s requirements. The Directors may in their absolute discretion decide to change or substitute a Sub-Fund’s Benchmark Index if they consider it to be in the interests of any Sub-Fund. The Relevant Supplement will be updated in the case of substitution or change of the existing Benchmark Index of a Sub-Fund for another index.

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

### **Underlying Funds**

Some or all of the Sub-Funds may from time to time invest in other collective investment schemes which are deemed by the Investment Manager (or its delegate) to be suitable for investment by the Sub-Funds having regard to the requirements of the Central Bank (“**Underlying Funds**”). In particular, each Sub-Fund may invest in the sub-funds of MGI Funds plc, an open-ended umbrella fund constituted as an investment company with variable capital under the laws of Ireland with segregated liability between funds and authorised by the Central Bank pursuant to the UCITS Regulations. The sub-funds of MGI Funds plc may not grant loans or act as guarantor on behalf of third parties, or borrow money except for temporary borrowings in an amount not exceeding 10% of a sub-fund’s net assets and except as otherwise permitted under the UCITS Regulations. The Central Bank has granted the Company certain derogations from its requirements to facilitate the investment by Sub-Funds, in varying concentrations, in further Underlying Funds. The Company is authorised and regulated by the Central Bank and the Underlying Funds shall be considered to have conformed with the requirements of the Central Bank provided that the Company complies with the requirements of this Prospectus and the Investment Manager undertakes to monitor the investment objective and policies of the Underlying Funds to ensure they are complementary to the relevant Sub-Fund’s strategy.

The aggregate fees and expenses of the manager, administrator, depositary, distributor, investment manager and sub-investment managers to MGI Funds plc will not exceed 3% per annum of the net asset value of each sub-fund of MGI Funds plc. The manager of MGI Funds plc is entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by the administrator, depositary, investment manager and distributor. In addition, certain other costs and expenses incurred in the operation of MGI Funds plc will be borne out of the assets of the relevant sub-funds.

With regard to the Underlying Funds managed by the Manager, or any affiliate, in which the Sub-Funds invest, the Manager or its affiliate, as manager of that Underlying Fund, will waive any preliminary or initial charge or redemption fee it may be entitled to charge for its own account in relation to the acquisition or sale of shares / units in such Underlying Fund by a Sub-Fund. Any commission received by the Manager, or its affiliate, as manager of an Underlying Fund, by virtue of an investment in the shares of that Underlying Fund by a Sub-Fund will be paid into the property of the relevant Sub-Fund.

<b>MGI FUNDS PLC</b>
Any Sub-Fund that is invested in a sub-fund of MGI Funds plc will be invested in a share class for which no management or investment management fee is charged.
<b>UNDERLYING FUNDS IN WHICH SUB-FUNDS OF MGI FUNDS PLC INVEST</b>
Any sub-fund of MGI Funds plc that is invested in another sub-fund of MGI Funds plc or any other fund to which the Manager or the Investment Manager has been appointed will be invested in a share class for which no management or investment management fee is charged.

The investment objectives and policies of the sub-funds of MGI Funds plc can be found at <https://www.delegated-solutions.mercer.com/our-funds-general-information.html>.

### **Ancillary Liquid Assets**

Each Sub-Fund may, as further described in the Relevant Supplement, hold ancillary liquid assets including for liquidity management purposes. The investment objectives and policies of a Sub-Fund as described in the Relevant Supplement are those that are intended to apply in normal market conditions.

During unusual economic or market conditions, and where considered appropriate by the Investment Manager (or its delegate) for temporary defensive or liquidity purposes, a Sub-Fund may allocate a higher portion of the portfolio to cash, money market instruments and other short term liquid assets than would ordinarily be the case under the implementation of the Sub-Fund's investment objective and policies in normal market conditions. The holding of higher levels of ancillary liquid assets within a Sub-Fund's portfolio may disrupt and adversely impact a Sub-Fund's pursuit and attainment of its investment objective and investment policies and may have an adverse performance impact. For those Sub-Funds with index tracking strategies or which invest by reference to an index, the holding of ancillary liquid assets for liquidity management purposes, may contribute to higher levels of tracking error.

### **Securities Financing Transactions**

A Sub-Fund may use repurchase agreements and reverse repurchase agreements (“**Repo Contracts**”), total return swaps, buy-sell back or sell-buy back transactions and securities lending (the “**SFTR Techniques**”) for investment (including to leverage the relevant Sub-Fund) and efficient portfolio management purposes to the extent permitted in this Prospectus or the Relevant Supplement.

The counterparties to such SFTR Techniques may be constituted as companies, trusts, partnerships or their equivalent, and will be institutions subject to prudential supervision located globally.

A Sub-Fund may accept collateral in the context of such SFTR Techniques, subject to the restrictions set out at Appendix II. Such collateral will be transferred, where there is title transfer, to the Depositary (or its delegate) for safekeeping or, where there is no title transfer, it can be held by a third party custodian.

The collateral received will be appropriately diversified and will be valued by the Manager (or its delegate) in accordance with the terms of the Prospectus (applying appropriate haircuts where the Manager (or its delegate) determines this to be necessary or desirable) and at a frequency determined by the Manager (or its delegate) to be appropriate, taking into consideration the type of collateral and the frequency of the relevant Sub-Fund's Dealing Day.

The risks relating to SFTR Techniques, as well as risks linked to collateral, are described in the “Special Considerations and Risk Factors” section below.

The Manager shall ensure that all revenues arising from SFTR Techniques, net of direct and indirect costs, are returned to the relevant Sub-Fund. To the extent that the Company engages in securities lending in respect of a Sub-Fund, it may appoint a securities lending agent which may receive a fee in

relation to its securities lending activities. Any such securities lending agent may be an affiliate of the Depository. Any operational costs arising from such securities lending activities shall be borne by the securities lending agent out of its fee. In addition, any direct and indirect operating cost arising from such securities lending activities incurred by the Investment Manager shall be reimbursed by the relevant Sub-Fund.

The identity of the counterparties (and any affiliation they may have with the Manager, Depository or their delegates, if applicable) to SFTR Techniques, as well as information on direct and indirect operational costs and fees incurred by the Sub-Funds in the context of those transactions will be available in the annual accounts.

To the extent a Sub-Fund engages in Repo Contracts, securities lending or total return swaps, any permitted investments of a Sub-Fund may be subject to such transactions.

Unless otherwise disclosed in the Relevant Supplement, no Sub-Fund engages in securities lending.

Additional restrictions applicable to each Sub-Fund will be set out in the Relevant Supplement.

**Approach to Integrating Sustainability Risks and to Sustainable Investment**

The Investment Manager does not typically select investments directly; instead, it selects and combines specialist Sub-Investment Managers to manage segments of the portfolios of the Sub-Funds. The Investment Manager believes that enhanced outcomes may be achieved from the assessment by its Sub-Investment Managers of ESG risks and opportunities in security selection and portfolio construction, acknowledging that the degree of relevance or materiality varies between asset classes. Examples of ESG factors include:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Water</li> <li>• Waste and Pollution</li> <li>• Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Healthcare</li> <li>• Social inequality</li> <li>• Health and safety</li> <li>• Demographics/consumption</li> <li>• Labour standards (including the supply chain)</li> <li>• Modern slavery</li> <li>• Human rights and community impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Board structure, diversity and independence</li> <li>• Remuneration that is aligned with performance</li> <li>• Accounting and audit quality</li> <li>• Anti-bribery and corruption</li> </ul>

The Investment Manager maintains a Sustainability Policy in respect of ESG Integration for the Sub-Funds where possible and applicable, the current version of which is available at <https://investment-solutions.mercer.com/content/mercerc-sites/investment-solutions/global/all/en/investment-solutions-home/responsible-investment>.

Sustainable Sub-Funds will build on the foundations of ESG Integration and will seek to either promote environmental or social characteristics to investors in line with Article 8 or will have Sustainable Investment as their objective in line with Article 9. Investors should refer to the Relevant Supplement for details on the specific sustainable characteristics or objectives relevant to the Sustainable Sub-Funds.

*ESG Integration*

ESG Integration describes the mechanism by which the Investment Manager integrates Sustainability Risks into investment decision-making. ESG Integration requires the Investment Manager to assess the potential Sustainability Risks associated with asset allocation and the appointment of Sub-Investment Managers to the Sub-Funds. These assessments may not be conclusive however and the Investment Manager has the discretion to make investment decisions notwithstanding the potential Sustainability Risks associated with the relevant investments.

Where applicable to the investment strategy, the Investment Manager employs an investment engagement framework and engages with the Sub-Investment Managers with the aim of improving ESG practices and improving long-term risk-adjusted returns for Shareholders. While the Investment Manager believes in an integration and engagement-based approach, in some instances exclusions may also be considered necessary. The degree to which exclusions may be relevant or appropriate for a Sub-Fund may vary depending on the investments or the strategy.

- *Selection and Monitoring of Sub-Investment Managers*

Mercer's global manager research team evaluates investment strategies on their integration of ESG factors and active ownership and determines an appropriate ESG rating. The factors against which a Sub-Investment Manager is assessed to determine the relevant applicable ESG rating are voting and engagement (policy, process and prioritisation; quality of engagements), resources and implementation (data analysis to enhance active ownership), ESG integration (skill set of resources and effectiveness of engagement outcomes) and firm-wide commitment (collaborative initiatives and engagement with regulators and policymakers). ESG ratings are reviewed on a quarterly basis, with a more comprehensive review performed annually, in which evidence of positive ESG Integration into the investment decision-making processes of the Sub-Investment Manager must be demonstrated.

The selection and monitoring of Sub-Investment Managers by the Investment Manager includes the assessment of Sub-Investment Managers against these ESG ratings<sup>1</sup>.

- *Stewardship – Share Voting and Engagement*

The Investment Manager believes stewardship (or active ownership) helps the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets in a manner more consistent with long-term investor timeframes; for example, voting on resolutions at company annual general meetings and writing to or meeting with company management on particular issues. The Investment Manager's full Engagement Policy can be found at <https://investment-solutions.mercer.com/content/mercer-sites/investment-solutions/global/all/en/investment-solutions-home/responsible-investment>.

The Investment Manager's investment governance approach has four main components (share voting, engagement, disclosure and public policy participation). In most instances, corporate engagement implementation is delegated to the appointed Sub-Investment Managers, which are encouraged to engage with portfolio companies on material ESG issues with the aim of improving long-term risk-adjusted returns and the stability of financial markets. The Investment Manager also communicates its identified engagement priority topics and seeks reporting from Sub-Investment Managers on their activities as they relate to those priorities. An annual report will be published setting out how the Engagement Policy has been implemented, including:

- a. a general description of voting behaviour;
- b. an explanation of the most significant votes taken;
- c. information on the use, if any, of the services of proxy advisors; and
- d. information on how it has cast votes in the general meetings of companies in which it holds shares.

- *Exclusions*

When considering exclusions, the Investment Manager has developed an investment exclusions framework, where multiple risk, return and reputation criteria are considered, as more fully detailed in the Sustainability Policy. Exclusions applied will depend on the investment strategy and asset classes of individual Sub-Funds.

The Investment Manager relies on a third-party provider of ESG research in determining the individual companies to be excluded based on the decisions made under the Sustainability Policy and Sub-Investment Managers are informed periodically of any new exclusions.

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<sup>1</sup> Please see Mercer's Guide to ESG Ratings (<https://www.mercer.com/our-thinking/mercer-esg-ratings.html>)

In selecting Sub-Investment Managers, the Investment Manager will consider the Sub-Investment Manager’s ability to implement any approved exclusions. The Investment Manager will monitor compliance with the exclusions by Sub-Investment Managers but cannot guarantee that compliance with the exclusions will be achieved at all times.

If it is determined that an existing investment of a Sub-Fund needs to be excluded, the relevant Sub-Investment Manager will generally arrange for the investment to be sold within a reasonable period of time once it is possible and practicable to liquidate the position, taking due account of the best interests of Shareholders in the relevant Sub-Fund.

Current Exclusions

As at the date of this Prospectus and unless stated otherwise in the Relevant Supplement, the following exclusions are currently applied as a result of decisions supported by the exclusions framework:

Sub-Funds	Current Exclusions
Mercer UK Credit Fund	Controversial weapons (including nuclear weapons)  Civilian weapons  Tobacco

For certain Sub-Funds, specific exclusions may be required in order to meet local market or regulatory requirements or to meet the specific needs or beliefs of the target investors. Where additional or differing exclusions are applied to a Sub-Fund, this will be outlined in the Relevant Supplement.

*Applicability of ESG and Sustainability Risks*

Investors should note that while ESG Integration forms part of the overall investment process, it is not implemented equally across all Sub-Funds, depending on the degree to which it may be relevant or applicable to the strategy or the asset class.

For certain asset classes or types of investments, Sustainability Risks may not be deemed relevant as the Investment Manager does not believe that ESG factors pose a risk of an actual or a potential material negative impact on the value of the investments. Furthermore, the Investment Manager may have determined Sustainability Risks are not applicable either because it may not be possible or practicable to integrate Sustainability Risks for the investment strategy or due to the specific investment outcomes targeted by the strategy or Sub-Fund. The circumstances in which Sustainability Risks are not or cannot be integrated into investment decision-making may change over time depending on ESG data or other information which may become available.

The Manager and the Investment Manager do not consider the adverse impacts of investment decisions on sustainability factors in circumstances where the Investment Manager determines that such adverse impacts are not of relevance to certain asset classes or types of investments, or where it may not be practicable or proportionate to do so depending on the investment strategy or due to the specific investment outcomes targeted by the strategy or Sub-Fund. This position will be kept under review by the Manager and the Investment Manager and may change over time depending on ESG data or other information which may become available.

*Potential Impact of Sustainability Risks on Investment Returns*

Sustainability Risks can have a material impact on long-term risk and return outcomes and ESG factors are therefore integrated into the investment process where possible and appropriate, as described above. Consideration of ESG factors in ongoing risk management and portfolio monitoring for the Sub-Funds can also provide useful insights into the potential impact of Sustainability Risks on investment returns which may be used to inform portfolio construction and investment decision-making.

The framework and strategies employed by the Investment Manager (or its delegate) to assess the materiality and relevance of Sustainability Risks may not be successful and it is possible that Sustainability Risks may reduce the value of the returns of a Sub-Fund. Furthermore the Investment Manager has the discretion to make investment decisions regardless of potential impact, which may lead to investment losses.

### *Taxonomy Regulation Disclosures*

#### Sustainable Sub-Funds

Sustainable Sub-Funds that make environmentally sustainable investments within the meaning of the SFDR are required, pursuant to SFDR and the Taxonomy Regulation, to disclose information in respect of those investments as further set out below.

Sustainable Sub-Funds' environmentally sustainable investments are considered to contribute to the environmental objectives of climate change mitigation and/or climate change adaptation. The 'do no significant harm' principle applies only to those investments underlying the Sustainable Sub-Funds that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Sustainable Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

The EU criteria for environmentally sustainable economic activities are set out in the Taxonomy Regulation and the Technical Screening Criteria ("TSC") that accompany the Taxonomy Regulation. As at the date of this Prospectus, the TSC are either newly published (i.e., in respect of the first two Taxonomy environmental objectives of climate change mitigation and climate change adaptation) or have not yet been developed (i.e., for the other four Taxonomy environmental objectives). As such, the economic activities funded by the Sustainable Sub-Funds' investments cannot currently be assessed using the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation. In addition, the SFDR delegated legislative measures which will set down the calculation methodology for the assessment of the level of Taxonomy-compliant activities funded by the Sustainable Sub-Funds' investments have not yet been finalised.

In light of the above and as at the date of this Prospectus, the Manager is not able to accurately or reliably assess how and to what extent the Sustainable Sub-Funds' investments fund economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. As such the investments underlying the Sustainable Sub-Funds cannot at this time be classified as investments in economic activities that qualify as environmentally sustainable economic activities under the Taxonomy Regulation.

The Manager is keeping this situation under active review and where the Manager has assessed that it has sufficient, reliable, timely and verifiable data to assess the extent the Sustainable Sub-Funds' investments are in Taxonomy-compliant activities and the necessary outstanding legislative measures to enable performance of that assessment are finalised, the Manager will update this Prospectus.

#### All Sub-Funds except for Sustainable Sub-Funds

For the purposes of the Taxonomy Regulation, the investments underlying those Sub-Funds which are not Sustainable Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

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## **SPECIAL CONSIDERATIONS AND RISK FACTORS**

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Investment in the Sub-Funds carries with it a degree of risk including, but not limited to, the risks referred to below to which a Sub-Fund may be exposed. While there are some risks that may be common to a number or all of the Sub-Funds, there may also be specific risk considerations which apply to particular Sub-Funds in which case such risks will be specified in the Relevant Supplement for that Sub-Fund. The investment risks described below are not purported to be exhaustive and potential investors should review this Prospectus and the Relevant Supplement(s) in their entirety, and consult with their professional advisers, before purchasing Shares. The levels and bases of, and reliefs from, taxation to which both the

Company and Shareholders may be subject, may change. Potential investors' attention is drawn to the section headed "Taxation". There can be no assurance that any Sub-Fund will achieve its investment objective. The Net Asset Value of a Sub-Fund, and the income therefrom, may go down as well as up and investors may not get back the amount invested or any return on their investment.

## **GENERAL RISKS**

### **Umbrella Structure of the Company**

As the Company is availing of the provisions of the Act, it is intended that each Sub-Fund will have segregated liability from the other Sub-Funds and accordingly, pursuant to Irish law, that the Company should not be liable as a whole to third parties and there should not be the potential for cross-contamination of liabilities between different Sub-Funds for the liabilities of each Sub-Fund. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Sub-Funds will necessarily be upheld. Accordingly, it is not free from doubt that the assets of any Sub-Fund may not be exposed to the liabilities of other Sub-Funds. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Sub-Fund.

### **General Economic and Market Risk**

The investments of a Sub-Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation or preservation will occur.

The success of a Sub-Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of a Sub-Fund's investments. Volatility or illiquidity could impair a Sub-Fund's profitability or result in losses.

Where a Sub-Fund's assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments thereby subjecting the Sub-Fund to greater exposure to potentially adverse developments within those markets or sectors.

Since 2008 world financial markets have experienced extraordinary market conditions, including, among other things, extreme volatility in securities markets and the failure of credit markets to function. When such conditions arise, decreased risk tolerance by investors and significantly tightened availability of credit may result in certain securities becoming less liquid and more difficult to value, and thus harder to dispose of. Such conditions may be exacerbated by, among other things, uncertainty regarding financial institutions and other market participants, increased aversion to risk, concerns over inflation, instability in energy costs, complex geopolitical issues, the lack of availability and higher cost of credit and declining real estate and mortgage markets. These factors, combined with variable commodity pricing, declining business and consumer confidence, increased unemployment and diminished expectations for predictable global financial markets, may lead to a global economic slowdown and fears of a global recession. Neither the duration and ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted. The continuation or further deterioration of any such market conditions and continued uncertainty regarding markets generally could result in further declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for a Sub-Fund, could prevent a Sub-Fund from successfully meeting its investment objectives or could require a Sub-Fund to dispose of investments at a loss while such unfavourable market conditions prevail. While such market conditions persist, a Sub-Fund would also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

In reaction to these events since 2008, regulators and lawmakers have taken unprecedented regulatory actions and enacted programs to stabilise the financial markets. Some of the programs enacted during this period have terminated; however, certain governments and regulators continue to consider and implement measures to stabilise global financial markets. Despite these efforts global financial markets

can from time to time become extremely volatile. It is uncertain whether regulatory actions will be able to prevent losses and volatility in securities markets, or to stimulate the credit markets.

Unpredictable or unstable market conditions may result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realise value from a Sub-Fund's existing investments.

### **Liquidity Risk**

Liquidity risk is the risk that positions in a Sub-Fund's portfolio cannot be sold, liquidated or closed at limited cost in an adequately short timeframe and that the ability of the sub-Fund to meet redemptions requests from Shareholders is thereby compromised. A Sub-Fund will endeavour to acquire only such securities for which a liquid market exists. It is intended that the assets of each Sub-Fund comprise mainly realizable investments which can be readily sold in normal market conditions. However, not all securities invested in by a Sub-Fund will be listed or rated and consequently liquidity may be low. Also, investments made by the Sub-Funds may subsequently become less liquid in response to market developments or events affecting a relevant securities issuer.

Certain investments and types of investments are subject to restrictions on resale, may trade in the OTC markets or in limited volume, or may not have an active trading market. Investment in debt securities, small and mid-capitalisation stocks and emerging market issuers may be more vulnerable to the risk that during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category, will deteriorate suddenly due to adverse economic, market or political events, or adverse market sentiment. Illiquid securities may trade at a discount to more liquid investments and may be subject to wide fluctuations in value. It may be difficult for a Sub-Fund to value illiquid securities accurately.

A Sub-Fund may not be able to dispose of illiquid investments at a favourable time or price. Consequently, the relevant Sub-Fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of a Sub-Fund's assets can have a negative impact on the value of the relevant Sub-Fund and may prevent a Sub-Fund from taking advantage of other investment opportunities.

Liquidity risk also arises due to the ongoing obligation for a Sub-Fund to meet redemption requests from Shareholders in accordance with the terms of its stated redemption policy. To meet redemption requests, a Sub-Fund could be forced to sell investments at an unfavourable time or at unfavourable prices. A Sub-Fund may hold higher levels of liquid assets for defensive purposes in times of actual or anticipated market stress and this can adversely affect the overall investment performance of the Sub-Fund. Where a large proportion of Shares of a Sub-Fund are held by a single or small number of Shareholders, a Sub-Fund is subject to the risk that these Shareholders may redeem Shares in large amounts at short notice.

If there are unusually large or high volume of redemption requests, or during times of market stress or other uncontrollable factors adversely affecting the level of liquidity within a Sub-Fund's portfolio, the Directors may decide, having regard to the interests of all Shareholders, to defer redemptions, issue in-specie redemptions or impose a temporary suspension on redemptions where appropriate to the circumstances.

### **International Investing**

Investing in securities issued by companies and governments in different countries involves considerations and possible risks not associated with investing in issuers of one's own country. The values of investments denominated in currencies other than the Base Currency of a Sub-Fund are affected by changes in currency rates. Investing in multiple jurisdictions involves consideration of different exchange control regulations, tax law, including withholding taxes, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. The Sub-Funds may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. Currency rates may fluctuate significantly over short periods of time causing a Sub-Fund's Net Asset Value to fluctuate as well. Costs are incurred in connection with conversions between various currencies. In addition, brokerage commissions, custody fees and other costs of investing are higher in certain countries and less developed markets may be less liquid, more



volatile and less subject to governmental supervision than elsewhere. Investments in some issuers could be affected by factors such as expropriation, confiscatory taxation, lack of uniform accounting and auditing standards and potential difficulties in enforcing contractual obligations. Securities transactions in some countries are subject to settlement delays or risk of loss.

### **Potential Implications of Brexit**

The U.K. held a referendum on 23 June 2016 on whether to leave or remain in the European Union. The outcome of the referendum was in favour of leaving the European Union. The U.K. officially withdrew from the European Union on 31 January 2020 but continued to follow all of the European Union rules and its trading relationship remained the same until the end of the transitional period on 31 December 2020. The European Union and the U.K. agreed a Trade and Co-operation Agreement in December 2020 (the “**Brexit Deal**”). The departure of the U.K. from the European Union has led to political and economic instability, volatility in the financial markets of the U.K. and more broadly across Europe. It has also led to a weakening in consumer, corporate and financial confidence in such markets as the U.K. and the European Union negotiated the Brexit Deal. While the Brexit Deal has now been agreed, there remains a number of uncertainties in connection with the future of the U.K. and its relationship with the European Union, including the negotiation of any future trading agreements to enhance or replace elements of the Brexit Deal. The U.K. and the European Union are likely to continue to negotiate trading or other agreements for a number of years.

Until the terms of the U.K.’s exit from, and continuing relationship with, the European Union are clearer, it is not possible to determine the impact that the U.K.’s departure from the European Union and/or any related matters may have on a Sub-Fund or its investments, including, in each case, the market value or the liquidity thereof in the secondary market, or on the other parties to the transaction documents. However, given the size and importance of the U.K.’s economy, current uncertainty or unpredictability about its legal, political and economic relationship with Europe may continue to be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including beyond the date of any withdrawal from the European Union. In particular, the uncertainty surrounding the U.K.’s relationship with the European Union and its withdrawal as an EU Member State may adversely impact companies or assets based in, doing business in, or having services or other significant relationships in or with, the U.K. and/or the European Union, including with respect to opportunity, pricing, regulation, value or exit. In addition, the U.K.’s withdrawal as an EU Member State may have an adverse effect on the tax treatment of any investments in the U.K. The European Union directives preventing withholding taxes being imposed on intra-group dividends, interest and royalties may no longer apply to payments made into and out of the U.K., meaning that instead the U.K.’s double tax treaty network will need to be relied upon. Not all double tax treaties fully eliminate withholding tax. Further, there may be changes to the operation of value added tax (“**VAT**”) and the economic implications could potentially affect wider tax policy in the U.K., such as the rate of corporation tax and other taxes. The outcome of the U.K. referendum could also have a destabilising effect if other EU Member States were to consider the option of leaving the European Union. For these reasons, the decision of the U.K. to leave the European Union could have adverse consequences on a Sub-Fund, the performance of its investments and its ability to fulfil its investment objective and implement its investment strategy.

### **No Investment Guarantee Equivalent to Deposit Protection**

An investment in the Company is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

### **No Reliance on Past Performance**

The success of a Sub-Fund depends substantially upon the skill and expertise of the personnel of the Investment Manager (or its delegate) and the ability of the Investment Manager (or its delegate) to develop and successfully implement the investment policy of the Sub-Fund. No assurance can be given that the Investment Manager (or its delegate) will be able to do so. Moreover, decisions made by the Investment Manager (or its delegate) may cause a Sub-Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalised. Shareholders are not permitted to engage in the active management and

affairs of a Sub-Fund. As a result, prospective investors will not be able to evaluate for themselves the merits of investments to be acquired by a Sub-Fund prior to their being required to pay for Shares of a Sub-Fund. Instead, such investors must rely on the judgment of the Investment Manager (or its delegate) to conduct appropriate evaluations and to make investment decisions. Shareholders will be relying entirely on such persons to manage the assets of the Company. There can be no assurance that any of the key investment professionals will continue to be associated with the Investment Manager (or its delegate) throughout the life of a Sub-Fund.

### **Provisional Allotments**

As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription monies for those Shares, the Company may suffer losses as a result of the non-payment of such subscription monies.

### **Foreign Taxes**

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of the Company will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

### **Swing Pricing**

As described in the “Determination of Net Asset Value” section, the Directors may, where they so determine, “swing” the Net Asset Value of a Sub-Fund to attempt to mitigate the potentially dilutive effects of dealing on the Net Asset Value on any Dealing Day on which there are net subscriptions or redemptions in the relevant Sub-Fund. In such cases, investors should be aware that swing pricing may not always prevent the dilution of the Net Asset Value through dealing costs and the adjustments made to the Net Asset Value may also benefit certain investors relative to the Shareholders in the Sub-Fund as a whole. For example a subscriber into a Sub-Fund on a day on which the Net Asset Value is swung downwards as a result of net redemptions from the Sub-Fund may benefit from paying a lower Net Asset Value per Share in respect of his subscription than he would otherwise have been charged. In addition, the Sub-Fund’s Net Asset Value and short-term performance may experience greater volatility as a result of this valuation methodology.

### **Cyber Security**

The Company, the Manager and the service providers are susceptible to cyber security risks that include, among other things, theft, unauthorised monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorised access to relevant systems, compromises to networks or devices that the Company, the Manager and the service providers use to service; or operational disruption or failures in the physical infrastructure or operating systems that support the Company, the Manager and the service providers. Cyber-attacks against or security breakdowns may adversely impact a Sub-Fund and its Shareholders. The Company, the Manager and the service providers may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Underlying Funds invest, which may cause losses. There can be no assurance that the Company, the Manager and the service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

### **Force Majeure**

The Company and the service providers will not be liable for action taken or failure to take action required under, in the case of the service providers, the relevant material contract, in the event and to the extent that the taking of such action or such failure arises out of or is caused by or directly or indirectly due to a “Force Majeure” event which may include war, terrorism, insurrection, riot, civil commotion, act of God, accident, fire, water damage, explosion, mechanical breakdown, computer or system failure or other failure of equipment, or malfunction or failures caused by computer virus, failure or malfunctioning of any

communications media for whatever reason, interruption (whether partial or total) of power supplies or other utility of service, strike or other stoppage (whether partial or total) of labour, any law, decree, regulation or order of any government or governmental body (including any court or tribunal) of competent jurisdiction beyond the reasonable control of the Company, the relevant service provider (or its delegate), provided that the Company or the relevant service provider shall take reasonable measures to minimise the effect of any such Force Majeure event, including the maintenance at all times, and regular testing of, adequate disaster recovery arrangement and to restore usual services as possible after a Force Majeure event. It is therefore possible that the Company or a Sub-Fund may suffer loss as a result of such a Force Majeure event. The specific Force Majeure events in respect of each service provider are set out in each of the respective material contracts.

### **Regulatory Developments in Securitisation that may Affect the Company**

Certain risk retention and due diligence requirements (the "**EU Risk Retention and Due Diligence Requirements**") currently apply to various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, including the Manager, investment firms, insurance and reinsurance undertakings and institutions for occupational retirement schemes. Amongst other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements from investing in securitisations unless: (i) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five per cent in respect of certain specified credit risk tranches or securitised exposures; and (ii) such investor is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator.

Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**Securitisation Regulation**") entered into force on 17 January 2018 and applied to the Manager from 1 January 2019.

The Manager (and the Investment Manager on its behalf) is required to take steps to ensure that it is in compliance with the Securitisation Regulation and any regulatory technical standards that are imposed on the Manager pursuant to it. In particular, the Securitisation Regulation requires that the Manager ensure that each relevant Sub-Fund's holdings of securitisations (including certain securitisations issued prior to the Securitisation Regulation coming into force) are compliant and the Manager (or its delegate) may be required to dispose of any such holdings that are non-compliant. Under such circumstances, a Sub-Fund could sustain losses.

### **Share Class Risk**

As there is no segregation of liabilities between Classes of a Sub-Fund, there is a risk that, under certain limited circumstances, the liabilities of a particular Class might affect the Net Asset Value of other Classes. In particular, while the Manager will seek to ensure that gains/losses on and the costs of the relevant hedging transactions associated with any currency hedging strategy used for the benefit of particular Class will accrue solely to this Class and will not be combined with or offset with that of any other Class of the Sub-Fund, there can be no guarantee that the Manager will be successful in this.

### **Substantial Redemptions/Subscriptions**

In the event of substantial redemptions/subscriptions, the Investment Manager may not be able to liquidate/invest sufficient investments in a single Dealing Day. Some or all of a redemption request may be deferred until a subsequent Business Day (see "Redeeming Shares" below) and a subscription application may be rejected by the Manager (see "Subscriptions for Shares" below). Investors are advised to notify the Investment Manager in advance of substantial redemptions or subscriptions.

### **Taxation**

Prospective investors' attention is drawn to the taxation risks associated with investing in the Company. Please see the section "Taxation" below.

## **CURRENCY RISKS**

### **Foreign Exchange Risk**

Where a Sub-Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Sub-Fund may be strongly influenced by movements in exchange rates as currency positions held by the Sub-Fund may not correspond with the securities positions held.

The Net Asset Value per Share of a Sub-Fund will be computed in its Base Currency whereas the investments held for the account of a Sub-Fund may be acquired in other currencies. A Sub-Fund's Net Asset Value may change significantly when the currencies other than the Base Currency in which some of the Sub-Fund's investments are denominated strengthen or weaken against the Base Currency. Currency exchange rates generally are determined by supply and demand in the foreign exchange markets and the perceived relative merits of investments in different countries. Currency exchange rates can also be affected unpredictably by intervention by government or financial regulators or by currency controls or political developments.

In addition currency hedging transactions, while potentially reducing the currency risks to which the Sub-Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described above. In addition, where a Sub-Fund enters into "cross-hedging" transactions (e.g., utilising a currency different than the currency in which the security being hedged is denominated), the Sub-Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Sub-Fund securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, the possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that an active forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial quantity of securities are being held for a Sub-Fund and are unrelated to the qualitative rating that may be assigned to any particular security.

### **Share Currency Designation Risk**

A Class of Shares of a Sub-Fund may be designated in a currency other than the Base Currency of that Sub-Fund. 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. A Sub-Fund's Sub-Investment Manager may or may not (as specified in the Relevant Supplement) try to mitigate this risk by using any of the efficient portfolio management techniques and instruments, including currency options and forward currency exchange contracts and within the conditions and limits imposed by the Central Bank. A Class may be leveraged as a result of the use of such techniques and instruments. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class of Shares from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of a Sub-Fund are denominated. In such circumstances, Shareholders of the Class of Shares of a Sub-Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains / loss on and the costs of the relevant financial instruments. In the case of an unhedged Class of Shares, a currency conversion will take place on subscriptions, redemptions, exchanges and distributions at prevailing exchange rates.

Although hedging strategies may not necessarily be used in relation to each Class of Shares within a Sub-Fund, the financial instruments used to implement such strategies shall be assets / liabilities of the Sub-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 Sub-Fund. Any currency exposure of this Class of Shares may not be combined with or offset with that of any other Class of Shares of the Sub-Fund. The currency exposures of the assets of the Sub-Fund will not be allocated to separate Classes of Shares.

## **Hedging Transactions**

Hedging techniques involve a variety of derivative transactions, including futures contracts, exchange-listed and over-the-counter (“**OTC**”) put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, “**Hedging Instruments**”). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Sub-Fund’s positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, transactions in certain of these instruments may not be able to be closed out without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments should tend to minimise the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of a Sub-Fund to hedge successfully will depend on the Investment Manager’s ability to predict pertinent market movements, which cannot be assured. The Investment Manager is not required to hedge and there can be no assurance that hedging transactions will be available or, if undertaken, will be effective. Finally, the daily variation margin deposit requirements in futures contracts that may be sold by the Sub-Fund would create an on-going greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the Sub-Fund.

## **FIXED INCOME RISKS**

### **Fixed Income Securities Generally**

Fixed income securities are subject to the risk of an issuer’s ability to meet principal and interest payments on the obligation (credit risk), 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 (market risk). A Sub-Fund may invest in fixed income securities which are interest rate sensitive. An increase in interest rates will generally reduce the value of fixed income securities, while a decline in interest rates will generally increase the value of fixed income securities. The performance of a Sub-Fund will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital. Fixed income securities are also exposed to the risk that their or their issuers’ credit ratings may be downgraded, which can cause a significant drop in the value of such securities.

Where relevant, for Sub-Funds which do not invest in below investment grade securities, in the event that a fixed income security is downgraded below investment grade, the relevant Sub-Fund may continue to hold such downgraded security until such time as the relevant security ceases to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager’s (or its delegate’s) view) to liquidate the position. The Investment Manager (or its delegate) will use commercially reasonable efforts to sell the security within three months of the rating-downgrade. For the avoidance of doubt, the relevant Sub-Fund will not invest in fixed income securities which are non-investment grade at the time of purchase.

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

A Sub-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. Not all of the securities in which a Sub-Fund may invest that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of the relevant government. Any failure by any such government to meet the obligations of any such political subdivisions, agencies or instrumentalities will have adverse consequences for a Sub-Fund and will adversely affect the Net Asset Value per Share in a Sub-Fund.

A Sub-Fund will also have a credit risk on the parties with which it trades including for example, counterparties to repurchase agreements or securities lending contracts. In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, a Sub-Fund may experience both delays in liquidating the underlying securities and losses, including the possible decline in the value of securities, during the period while it seeks to enforce its rights thereto, possible sub-normal level of

income, lack of access to income during the period and expenses in enforcing its rights. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

A Sub-Fund's foreign exchange, futures, forwards, options, options on futures, swaps, swaptions, warrants, credit default swaps, structured notes, hybrid securities, transferable securities with embedded derivatives and other similar transactions also involve counterparty credit risk and will expose the Sub-Fund to unanticipated losses to the extent that counterparties are unable or unwilling to fulfil their contractual obligations. With respect to futures contracts and options on futures, the risk is more complex in that it involves the potential default of the clearing house or the clearing broker.

The Sub-Investment Managers will 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.

S&P, Moody's and Fitch ratings and ratings of other recognised rating agencies are relative and subjective and are not absolute standards of quality. Although these ratings are initial criteria for selection of investments, the Sub-Investment Managers also make their own evaluation of these securities. Among the factors that are considered are the long-term ability of the issuers to pay principal and interest and general economic trends.

### **Interest Only Securities**

Stripped mortgage securities have greater volatility than other types of mortgage securities. Although stripped mortgage securities are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, the market for such securities has not yet been fully developed. Accordingly, stripped mortgage securities are generally illiquid.

The yield to maturity on interest only securities and principal only securities that are purchased at a substantial premium or discount generally are extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on such securities' yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a Sub-Fund may fail to fully recoup its initial investment in these securities even if the securities have received the highest rating by a nationally recognised statistical rating organisations.

### **Interest Rate Risk**

The fixed income securities in which a Sub-Fund may invest are interest rate sensitive and may be subject to price volatility due to such factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these fluctuations will be greater when the maturity of the outstanding securities is longer. An increase in interest rates will generally reduce the value of fixed income securities, while a decline in interest rates will generally increase the value of fixed income securities. When interest rates are falling the inflow of net new money to a Sub-Fund from the continuous sale of Shares in a Sub-Fund tends to be invested in instruments producing lower yields than the balance of the obligations held by a Sub-Fund, thereby reducing a Sub-Fund's current yield. In periods of rising interest rates the opposite can be expected to occur.

The performance of a Sub-Fund will therefore depend in part on the ability of the Investment Manager (or its delegate) to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital.

### **Money Market Instruments**

Money market instruments are short-term fixed-income securities, which generally have remaining maturities of one year or less. These are normally dealt on money markets, and may include government or supranational debt securities, commercial paper, certificates of deposit, deposit receipts and other similar instruments. A Sub-Fund may invest in money market instruments as a core element of its

investment policy, or for liquidity management or defensive purposes. Money market instruments, while typically of shorter duration, are exposed to broadly similar risks as apply to fixed income securities generally, including credit risk and counterparty risk and liquidity risk. Money market instruments held by a Sub-Fund may subsequently become difficult to sell without a substantial discount because of reduced liquidity conditions. Such conditions could include a wider stress event affecting liquidity across money markets generally or an adverse credit event or credit ratings downgrade specific to an issuer.

### **Zero Coupon Securities**

The market prices of zero coupon securities are generally more volatile and more likely to respond to changes in interest rates than the market prices of securities having similar maturities and credit qualities that pay interest periodically. Zero coupon securities are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities that make current distributions of interest (cash).

### **Volatility in the Credit Market**

Although market values in fixed income securities have increased from historical lows, there is a risk that the market values of such securities may from time to time become volatile and possibly suffer material declines. The market value of fixed income securities has been fluctuating significantly with, among other things, the financial condition of the obligors or issuers of such securities, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, and changes in prevailing interest rates.

No assurance can be given as to the present or future value of the securities held by a Sub-Fund at any time. Future periods of uncertainty in the world economy and the possibility of increased volatility and default rates in certain financial markets may also adversely affect the price and liquidity of the securities held by a Sub-Fund.

### **Investments in Below Investment Grade Securities**

An investment in below investment grade securities, meaning securities rated below Baa3 by Moody's or below BBB- by Standard and Poor's, sometimes referred to as "junk bonds", or low credit quality securities involves a higher degree of risk than investment in investment grade debt securities. Issuers of these securities are often highly leveraged, so that their ability to service debt obligations during an economic downturn may be impaired. The lower ratings of securities reflect a greater possibility of adverse changes in the financial condition of the issuer, which may impair the ability of the issuer to make payments of interest and principal. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater than in the case of investment grade securities because such securities frequently are subordinated to the prior payment of senior indebtedness. In the case of default or winding up of an issuer of below investment grade securities, there is a greater risk that the capital / assets of the issuer will be insufficient to meet all of its liabilities and the holders of below investment grade securities, (who rank as unsecured creditors) could in such circumstances lose their entire investment. An economic downturn or a period of rising interest rates could adversely affect the market for these securities and reduce a Sub-Fund's ability to sell these securities. The market for below investment grade rated securities may be thinner and less active than that for higher quality securities which can adversely affect the price at which securities can be sold. To the extent that there is no regular secondary market trading for certain lower rated securities, there may be difficulties in valuing such securities and in turn a Sub-Fund's assets.

### **Lower Quality and Lower Rated Debt Securities**

Debt securities rated in the fourth highest category by S&P or Moody's or given equivalent credit ratings by other recognised rating agencies, although considered investment grade, may possess speculative characteristics, and changes in economic or other conditions are more likely to impair the ability of their issuers to make interest and principal payments than is the case with respect to issuers of higher grade debt securities.

Generally, medium or lower rated securities and unrated securities of comparable quality offer a higher current yield than is offered by higher rated securities, but also (i) are likely have some quality and

protective characteristics that, in the judgement of the rating organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions; and (ii) are predominantly speculative with respect to the issuers capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers, is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, the Investment Manager (or its delegate), in evaluating the creditworthiness of an issue, whether rated or unrated, takes various factors into consideration, which may include, as applicable, the issuer's financial resources, its sensitivity to economic conditions and trends, the ability of the issuer's management and regulatory matters.

The market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult to obtain accurate market quotations for purposes of valuing the securities held by, and calculating the Net Asset Value of, a Sub-Fund. Moreover, the lack of a liquid trading market may restrict the availability of securities for purchase and may also have the effect of limiting the ability of a Sub-Fund to sell securities at their fair value either to meet withdrawal requests or to respond to changes in the economic or the financial markets.

Lower rated debt obligations also present risks based on payment exceptions. If an issuer calls the obligation for redemption, the obligation may have to be replaced with a lower yielding security, resulting in a decreased return for investors. In the event of rising interest rates the value of the securities held by a Sub-Fund may decline proportionately more than higher rated securities. If a Sub-Fund experiences unexpected net withdrawals, higher rated bonds may have to be sold, resulting in a decline in the overall credit quality of the securities held by a Sub-Fund and increasing the exposure of a Sub-Fund to the risks of lower rated securities.

A Sub-Fund may invest in securities which are not investment grade. Such securities may have a higher yield than securities with an investment grade rating, but are more likely to react to developments affecting market and credit risk than such higher rated securities, which primarily react to movements in the general level of interest rates. Lower rated or unrated securities are generally subject to a greater default risk than such higher rated securities.

### **Corporate Debt Securities**

Corporate debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) 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 (market risk). Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than more highly rated securities, which react primarily to movements in the general level of interest rates. The Investment Manager (or its delegate) will consider both credit risk and market risk in making investment decisions for a Sub-Fund.

The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates.

### **Government Securities**

Certain government securities are supported by the full faith and credit of their respective jurisdictions of issue. Others are not supported by the full faith and credit of their respective jurisdictions of issue but are supported by: (i) the right of the issuer to borrow from a government body of the jurisdiction of issue; (ii) the discretionary authority of a governing body of their respective jurisdictions of issue to purchase the issuing body's obligations, or (iii) only the credit of the issuer. No assurance can be given to investors in a Sub-Fund which may invest in such securities that the relevant government will provide financial support in the future to government agencies, authorities or instrumentalities that are not supported by the full faith and credit of their respective governments.



## **Supranational Entities**

A Sub-Fund may invest in debt securities issued by supranational organisations. As supranational organisations do not possess taxing authority, they are dependent upon their members' continued support in order to meet interest and principal payments.

## **Emerging Market Debt Securities**

In addition to the risks related to investments in Emerging Markets generally, Emerging Market debt securities may be subject to greater risk of loss of principal and interest than debt securities issued by obligors in developed countries and may be considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They may also be generally subject to greater risk than securities with issued by obligors in developed countries in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for Emerging Market debt securities may involve greater uncertainty. Because investors generally perceive that there are greater risks associated with Emerging Market debt securities, the yields or prices of such securities may tend to fluctuate more than those for debt securities issued by obligors in developed countries. The market for Emerging Market debt securities may be thinner and less active than that for debt securities issued by obligors in developed countries, which can adversely affect the prices at which Emerging Market debt securities are sold. In addition, adverse publicity and investor perceptions about Emerging Market debt securities and the economies of Emerging Market countries generally, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such securities.

## **Inflation-Protected Securities Risks**

The value of inflation-protected securities ("IPS"), including U.S. Treasury Inflation-Protected Securities ("U.S. TIPS"), generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of IPS. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of IPS.

If a Sub-Fund purchases IPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, a Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if a Sub-Fund purchases IPS in the secondary market whose price has been adjusted upward due to real interest rates increasing, a Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period a Sub-Fund holds an IPS, a Sub-Fund may earn less on the security than on a conventional bond. If a Sub-Fund sells U.S. TIPS in the secondary market prior to maturity however, a Sub-Fund may experience a loss.

If real interest rates rise (ie, if interest rates rise for reasons other than inflation (for example, due to changes in currency exchange rates)), the value of the IPS in a Sub-Fund's portfolio will decline. Moreover, because the principal amount of IPS would be adjusted downward during a period of deflation, a Sub-Fund will be subject to deflation risk with respect to its investments in these securities. IPS are tied to indices that are calculated based on the rates of inflation for prior periods. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for IPS may be less developed or liquid, and more volatile, than certain other securities markets. Although the U.S. Treasury is contemplating issuing additional IPS, there is no guarantee that it will do so. There are a limited number of IPS that are currently available for a Sub-Fund to purchase, thus making the market less liquid and more volatile than the U.S. Treasury and agency markets.

The U.S. Treasury currently issues U.S. TIPS in only ten-year maturities, although it is possible that U.S. TIPS with other maturities will be issued in the future. Previously, U.S. TIPS have been issued with maturities of five, ten or thirty years. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed even during a period of deflation. However as with IPS generally, because the principal amount of U.S. TIPS would be adjusted downward during a period of deflation, a Sub-Fund will be subject to deflation risk with respect to its investments in these securities. In addition, the current market value of the bonds is not guaranteed, and will fluctuate. If a Sub-Fund purchases U.S. TIPS in the

secondary market whose principal values have been adjusted upward due to inflation since issuance, a Sub-Fund may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period a Sub-Fund holds a U.S. TIPS, the Sub-Fund may earn less on the security than on a conventional bond.

### **Loan Participations**

Participations typically will result in a Sub-Fund having a contractual relationship only with the lender, not with the borrower. A Sub-Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing participations, a Sub-Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and a Sub-Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, a Sub-Fund will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, a Sub-Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

A Sub-Fund may have difficulty disposing of participations. The liquidity of such instruments is limited, and they may be sold only to a limited number of institutional investors. The lack of a liquid secondary market could have an adverse impact on the value of such securities and on a Sub-Fund's ability to dispose of particular participations when necessary to meet its liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the borrower. The lack of a liquid secondary market for participations also may make it more difficult to assign a value to those securities for the purposes of valuing a Sub-Fund's portfolio and calculating its Net Asset Value.

### **Mortgage Related Securities**

A Sub-Fund may invest in mortgage related securities, which include certain risks. The monthly cash flow from the underlying loans may not be sufficient to meet the monthly payment requirements of the mortgage related security. Prepayment of principal by the mortgagors or mortgage foreclosures shorten the term of the underlying mortgage pool for a mortgage related security. The occurrence of mortgage prepayments is affected by the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool of mortgage related securities. Conversely, in periods of falling interest rates the rate of prepayment tends to increase, thereby shortening the average life of a pool. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting yield. Because prepayments of principal generally occur when interest rates are declining, the proceeds of prepayments must be invested. If this occurs, a Sub-Fund's yield correspondingly declines. Thus, mortgage related securities have less potential for capital appreciation in periods of falling interest rates than other fixed income securities of comparable maturity, and they have a higher risk of decline in market value in periods of rising interest rates. To the extent that mortgage related securities are purchased at a premium, unscheduled prepayments, which are made at par, result in a loss equal to any unamortised premium.

### **Convertible Securities**

A Sub-Fund may from time to time invest in debt securities and preferred stocks which are convertible into, or carry the right to purchase, common stock or other equity securities. Convertible securities may be purchased where a Sub-Investment Manager believes that they have appreciation potential on the basis that the relevant Sub-Investment Manager is of the opinion that they yield more than the underlying securities at the time of purchase or considers them to present less risk of principal loss than the underlying securities. Generally speaking, the interest or dividend yield of a convertible security is somewhat less than that of a non-convertible security of similar quality issued by the same company.

### **Contingent Convertible Securities**

Certain Sub-Funds may invest in contingent convertible ("coco") bonds. Generally, convertible securities are subject to the risks associated with both fixed income securities and equities, namely credit risk, interest rate risk and market price risk. Contrary to traditional convertible securities which may be

converted into equity by the holder, contingent convertible securities may be converted into equity or be forced to suffer a write down of principal upon the occurrence of a pre-determined event (the “**trigger event**”). As such, contingent convertible securities expose the holder to specific risks such as trigger risk, write down risk, coupon cancellation, capital structure inversion risk, and call extension risk.

The trigger event is ordinarily linked to the financial position of the issuer and therefore the conversion is likely to occur as a result of a deterioration of the relative capital strength of the underlying. As a result of the potential trigger event for a conversion of these securities, it is likely that the conversion to equity would occur at a share price, which is lower than when the bond was issued or purchased. In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and it may be difficult to find a ready buyer which means that a significant discount may be required in order to sell it. There is no guarantee that the Sub-Fund will receive a return of principal on contingent convertible securities. Contingent convertible bonds are a relatively new instrument and the trigger events are generally untested, therefore it is uncertain how the asset class will perform in stressed market conditions and risk to capital, and volatility could be significant.

## **INDEX-RELATED RISKS**

### **Index Tracking Risk**

In order to meet its investment objective, a Sub-Fund may seek to achieve a return which reflects the return of a Benchmark Index as published by the relevant index provider. While index providers do provide descriptions of what each index is designed to achieve, index providers do not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, nor any guarantee that the published indices will be in line with their described index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and will be corrected at a Sub-Fund’s expense.

In addition, apart from scheduled rebalances, index providers may carry out additional ad hoc rebalances or adjustments to their indices in order to, for example, correct an error in the selection of index constituents. Where a Benchmark Index is rebalanced or adjusted and a Sub-Fund in turn rebalances or adjusts its portfolio, any transaction costs arising from such portfolio rebalancing or adjustment will be borne by a Sub-Fund and, by extension, its Shareholders. Therefore, errors and additional ad hoc rebalances and adjustments carried out by an index provider to the Benchmark Index may increase the costs of a Sub-Fund. There is no assurance that the Benchmark Index will continue to be calculated and published on the basis described in a supplement or that it will not be amended significantly. The past performance of the Benchmark Index is not a guide to future performance.

While a Sub-Fund seeks to reflect the performance of the Benchmark Index through an optimising strategy, there is no guarantee that it will achieve this objective. A Sub-Fund may potentially be subject to tracking error risk, which is the risk that its returns may not reflect that of the Benchmark Index, from time to time. This tracking error may result from an inability to hold the exact constituents of the Benchmark Index which a Sub-Fund may seek to do as part of its optimising strategy, for example where there are local market trading restrictions, and/or where the regulations limit exposure to the constituents of the Benchmark Index. In addition operational fees and expenses in respect of a Sub-Fund and /or an inability to hold all the constituents of the Benchmark Index in its appropriate proportions, for example where there are local market trading restrictions, and/or where the regulations limit exposure to the constituents of the Benchmark Index may also restrict the ability of a Sub-Fund to achieve its objective.

Changes to the composition and/or weighting of Benchmark Index will ordinarily require a Sub-Fund to make corresponding adjustments or rebalancings to its investments in order to seek to track the Benchmark Index. The Investment Manager (or its delegate) will accordingly seek to rebalance or adjust the composition and/or weighting of the securities held by a Sub-Fund or to which a Sub-Fund is exposed from time to time to the extent practicable and possible to conform to changes in the composition and/or weighting of the Benchmark Index. In the event that the weighting of any particular component within the Index exceeds any limits that are applied by a Sub-Fund, the Investment Manager (or its delegate) shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.

In the event of an error in connection with an index, the Manager will consider the nature, extent and likely duration of the error and any regulatory considerations and determine whether they consider the Sub-Fund continuing to track or otherwise use the index, including the error, to be in the best interests of Shareholders in the Sub-Fund, or whether the Sub-Fund's exposures should be altered in order to seek to deliver the exposure which the index would have delivered had it not been for the error. Investors should note that any such determination will be subject to market risk and there can be no guarantee that the Sub-Fund will not suffer a loss as a result.

### **Benchmark Outperformance Risk**

A Sub-Fund may have an investment objective or policy to outperform a specified benchmark. Any such outperformance target will be calculated gross of the fees of the Manager, the Investment Manager and the Distributor, but net of all other fees and expenses of the Sub-Fund, unless otherwise disclosed in the Relevant Supplement. This outperformance target may be a specific amount expressed in percentage terms.

As such, the return of any investment in a Sub-Fund and consequently, the ability of a Shareholder in that Sub-Fund to realise a return in line with any outperformance targets set for the Sub-Fund against a stated benchmark, will be directly impacted by the level of the Manager, the Investment Manager and the Distributor fees payable by the Sub-Fund, as specified in the Relevant Supplement.

In addition, certain Sub-Funds may set outperformance targets that are less than the level of the Manager, the Investment Manager and the Distributor fees applicable to certain Classes within such Sub-Funds. This may in some circumstances, result in Shareholders not receiving a positive return on their investment relative to the benchmark, notwithstanding that the Sub-Fund has achieved its stated outperformance target. Investors should also note that there is no guarantee that a Sub-Fund will achieve its stated outperformance target.

## **EQUITIES RISKS**

### **Equity and Equity-Related Securities and Instruments**

Equity market risk is the possibility that stock prices overall will decline over short or even extended periods. Equity markets are volatile and tend to move in cycles, with periods of rising and falling stock prices. This volatility in stock prices means that the value of an investor's holding in a Sub-Fund may go down as well as up and an investor may not recover the amount invested. Equities are representatives of companies' capital and expose the investor at the economic risk of the enterprise, so the investor is exposed to the risk of losing completely the money invested in equities.

A Sub-Fund may, directly or indirectly, purchase equity-related securities and instruments, such as convertible securities, warrants, rights, stock options and individual stock futures. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. In addition, certain options and other equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which a Sub-Fund invests and can result in significant losses.

### **Risks of Investing in Stocks**

The value of a Sub-Fund's portfolio may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall sharply at times. Adverse events in any part of the equity or fixed income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and may move in the opposite direction from one another.

The prices of individual stocks generally do not all move in the same direction at the same time. For example, “growth” stocks may perform well under circumstances in which “value” stocks in general have fallen. A variety of factors can affect the price of a particular company’s stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavourable performance of the company’s sector or industry, or changes in government regulations affecting the company or its industry. To the extent that securities of a particular type are emphasised (for example foreign stocks, stocks of small- or mid-cap companies, growth or value stocks, or stocks of companies in a particular industry), fund share values may fluctuate more in response to events affecting the market for those types of securities.

### **Small Capitalisation and Emerging Companies**

The investment risk associated with emerging companies is higher than that normally associated with larger, older companies due to the greater business risks associated with small size, the relative age of the company, limited product lines, distribution channels and financial and managerial resources. Further, there is typically less publicly available information concerning smaller companies than for larger, more established ones. The securities of small companies are often traded only OTC and may not be traded in the volumes typical of trading on a national securities exchange. As a result, in order to sell this type of holding, a Sub-Fund may need to discount the securities from recent prices or dispose of the securities over a long period of time. The prices of this type of security may be more volatile than those of larger companies which are often traded on a national securities exchange.

### **Investment in Mid-Capitalisation Companies**

Mid-cap companies are generally companies that have completed their initial start-up cycle, and in many cases have established markets and developed seasoned management teams. While mid-cap companies might offer greater opportunities for gain than larger companies, they also involve greater risk of loss. They may be more sensitive to changes in a company’s earnings expectations and may experience more abrupt and erratic price movements than larger companies. Mid-cap companies’ securities often trade in lower volumes and in many instances, are traded OTC or on a regional securities exchange, where the frequency and volume of trading is substantially less than is typical for securities of larger companies traded on national securities exchanges. Therefore, the securities of mid-cap companies may be subject to wider price fluctuations and may be less liquid than securities of larger exchange-traded issuers, meaning it might be harder for a Sub-Fund to dispose of those holdings at an acceptable price when it wants to sell them. Mid-cap companies may have less established markets for their products or services and may have fewer customers and product lines than larger companies. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since mid-cap companies typically reinvest a high proportion of their earnings in their business, they may not pay dividends for some time, particularly if they are newer companies. Mid-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. Securities of unseasoned companies may be particularly volatile, especially in the short term and in periods of market instability, and may have limited liquidity in a declining market. It may take a substantial period of time to realise a gain on an investment in a mid-cap company, if any gain is realised at all.

### **Preferred Stock, Convertible Securities, Rights and Warrants**

The value of preferred stocks, convertible securities, rights and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. Thus, for example, as the value of the underlying common stock of an issuer fluctuates, the value of the preferred stock of such issuer would also be expected to fluctuate. With respect to warrants, their value may decrease or may be zero and thus not be exercised if the market price of the underlying securities remains lower than the specified price at which holders of warrants are entitled to buy such securities, resulting in a loss to a Sub-Fund of the purchase price of the warrant (or the embedded warrant price in the case of securities issued with warrants attached).

With respect to convertible debt securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. In evaluating a convertible security, the Investment Manager will give primary emphasis to the attractiveness of the underlying common stock. If a convertible security held by a Sub-Fund is called for redemption, the Sub-Fund will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on a Sub-Fund's ability to achieve its investment objective.

### **Voting Rights**

The Investment Manager (or its delegate) may in its discretion exercise or procure the exercise of all voting or other rights which may be exercisable in relation to investments held by a Sub-Fund, including Shares held by a Sub-Fund in another Sub-Fund. In relation to the exercise of such rights the Investment Manager (or its delegate) may establish guidelines for the exercise of voting or other rights and the Investment Manager (or its delegate) may, in its discretion, elect not to exercise or procure the exercise of such voting or other rights.

### **Dividend Risk**

There is no guarantee that the issuers of the stocks held by a Sub-Fund will declare dividends in the future or that, if dividends are declared, they will remain at their current levels or increase over time. Depending on market conditions, dividend paying stocks that also meet a Sub-Fund's investment criteria may not be widely available for purchase by a Sub-Fund. This may increase the volatility of a Sub-Fund's returns and may limit the ability of a Sub-Fund to produce current income while remaining fully diversified. High-dividend stocks may not experience high earnings growth or capital appreciation. A Sub-Fund's performance during a broad market advance could suffer because dividend paying stocks may not experience the same capital appreciation as non-dividend paying stocks.

### **Depository Receipts**

A Sub-Fund may purchase sponsored or unsponsored American Depository Receipts ("**ADRs**"), European Depository Receipts ("**EDRs**") and Global Depository Receipts ("**GDRs**") (collectively "**Depository Receipts**") typically issued by a bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. EDRs and GDRs are typically issued by banks or trust companies and evidence ownership of underlying securities issued by a corporation.

Generally, Depository Receipts in registered form are designed for use in the US securities market and Depository Receipts in bearer form are designed for use in securities markets outside the United States. Depository Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depository Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of Depository Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depository Receipts.

### **Infrastructure Securities Risks**

Adverse developments within the transport, utilities, communication, and renewable energy industries may affect the value of the securities in which the Sub-Fund invests either directly or indirectly through its investment in other funds. Such adverse developments may include price and supply as well as competition considerations as these industries are less typically diversified. Government regulation, taxes, political risk and environmental considerations may also affect the value of such infrastructure securities.

## **Non-Publicly Traded and Rule 144A Securities**

Non-publicly traded and Rule 144A Securities may involve a high degree of business and financial risk and may result in substantial losses. These securities may be less liquid than publicly traded securities, and a Sub-Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by a Sub-Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. A Sub-Fund's investment in illiquid securities is subject to the risk that should the Sub-Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the Net Asset Value of the Sub-Fund could be adversely affected.

## **DERIVATIVES RISKS**

### **Derivative Instruments Generally**

Derivative instruments (which are instruments that derive their value from another instrument, security, index, interest rate, money market instrument or currency) may be purchased or sold to enhance return (which may be considered speculative), to hedge against fluctuations in securities prices, market conditions or currency exchange rates, or as a substitute for the purchase or sale of securities or currencies. Such transactions may include the purchase or sale of futures contracts on securities, securities and other indices, other financial instruments or currencies, including exotic options; options on futures contracts and stock index futures, exchange-traded and OTC options on securities, indices or currencies, the purchase of put options and the sale of call options on securities held, equity swaps, and the purchase and sale of currency futures, forward foreign currency exchange contracts; warrants; interest rate, total return, credit default and currency swaps. Transactions in derivative instruments involve a risk of loss or depreciation due to: unanticipated adverse changes in securities prices, interest rates, indices, the other financial instruments' prices or currency exchange rates; the inability to close out a position; default by the counterparty; imperfect correlation between a position and the desired hedge; tax constraints on closing out positions; risks relating to settlement default; legal risk; and portfolio management constraints on securities subject to such transactions. The loss on derivative instruments (other than purchased options) may substantially exceed an investment in these instruments. In addition, the entire premium paid for purchased options may be lost before they can be profitably exercised. Transaction costs are incurred in opening and closing positions. Derivative instruments may sometimes increase or leverage exposure to a particular market risk, thereby increasing price volatility of derivative instruments a Sub-Fund holds. A Sub-Fund's success in using derivative instruments to hedge portfolio assets depends on the degree of price correlation between the derivative instruments and the hedged asset. Imperfect correlation may be caused by several factors, including temporary price disparities among the trading markets for the derivative instrument, the assets underlying the derivative instrument and the Sub-Fund's assets.

OTC derivative instruments involve an enhanced risk that the issuer or counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument, which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures contract or futures option can vary from the previous day's settlement price. Once the daily limit is reached, no trades may be made that day at a price beyond the limit. This may prevent the closing out of positions to limit losses. The ability to terminate OTC derivative instruments may depend on the cooperation of the counterparties to such contracts. For thinly traded derivative instruments, the only source of price quotations may be the selling dealer or counterparty. The use of derivatives are highly specialised activities that involve skills different from conducting ordinary portfolio securities transactions. There can be no assurance that a Sub-Investment Manager's use of derivative instruments will be advantageous to a Sub-Fund.

Foreign exchange traded futures contracts and options thereon may be used only if an Investment Manager (or its delegates) determines that trading on such foreign exchange does not entail risks, including credit and liquidity risks, that are materially greater than the risks associated with trading on CFTC-regulated exchanges.

A put option on a security may be written only if an Investment Manager (or its delegates) intends to acquire the security.

### **Futures and Options Contracts**

A Sub-Fund may use futures and options and swaps for efficient portfolio management purposes which includes hedging against market movements, currency exchange or interest rate risks or otherwise, and for investment purposes. An Investment Manager's (or its delegate's) ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) dependence on an Investment Manager's (or its delegate's) ability to predict movements in the price of securities and movements in interest rates; (ii) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the relevant Sub-Fund or Underlying Fund; (iii) the absence of a liquid market for any particular instrument at any particular time; (iv) the degree of leverage inherent in futures trading, i.e., the low margin deposits normally required in futures trading means that futures trading may be highly leveraged, accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to a Sub-Fund or Underlying Fund; and (v) possible impediments to effective portfolio management or the ability to meet redemption requests or other short-term obligations because of the percentage of a Sub-Fund or Underlying Fund's assets segregated to cover its obligations.

For derivative instruments other than purchased options, any loss suffered may exceed the amount of the initial investment made or the premium received by a Sub-Fund or Underlying Fund. OTC derivative instruments involve an enhanced risk that the counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures option or futures contract can vary from the previous day's settlement price. Once the daily limit is exceeded, no trades may be made that day at a price beyond the limit. This may prevent a Sub-Fund or Underlying Fund from closing out positions and limiting its losses.

### **Forward Contracts**

A Sub-Fund may enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Sub-Fund may maintain accounts may require the Sub-Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. A Sub-Fund's counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Manager (or its delegate) would otherwise recommend, to the possible detriment of a Sub-Fund. In addition, disruptions can occur in any market traded by a Sub-Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Sub-Fund. In addition, a Sub-Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to such Sub-Fund. An example of a forward contract is a currency forward.

### **When-Issued and Delayed-Delivery Securities**

Each Sub-Fund may purchase securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management or for investment purposes. Purchase of securities on such basis may expose a Sub-Fund to risk because the securities may experience fluctuations in value prior to their actual delivery. Income is not accrued for a Sub-Fund with respect to a when-issued or delayed-delivery security prior to its stated delivery date. Purchasing securities on a when-issued or delayed-delivery basis can involve the additional risk that the yield available in the market when the delivery takes place may be



higher than that obtained in the transaction itself. There is also a risk that the securities may not be delivered and that the Sub-Fund may incur a loss.

### **Swap Agreements**

The Investment Manager (or its delegate) may enter into swap agreements on behalf of a Sub-Fund. Swap agreements are privately negotiated OTC derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular “notional amount.” Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. A Sub-Fund may incur a loss if a counterparty were to default on its obligations. However, a Sub-Fund is likely to mitigate much of this risk by receiving collateral with a value at least equal to the exposure of each counterparty. Subject to minimum transaction limits, it is likely that the level of collateral will be updated on each Business Day.

### **Credit Default Swaps**

A Sub-Fund may enter into credit default swap transactions. If a Sub-Fund is a protection buyer under the contract and no credit event occurs, the Sub-Fund will lose its investment and recover nothing. However, if a credit event occurs, the Sub-Fund (as buyer) may receive the full notional value of the reference obligation even if the reference obligation has little or no value. As a seller, a Sub-Fund generally receives a fixed rate of income throughout the term of the contract, which generally is between six months and ten years (depending on the maturity of the underlying reference obligation), provided that there is no credit event. If a credit event occurs, a Sub-Fund (as seller) will be required to pay the full notional value of the reference obligation. Credit default swap transactions may involve greater risks than if a Sub-Fund had invested in the reference obligation directly.

A Sub-Fund may also purchase credit default swap contracts in order to hedge against the risk of a credit event with respect to debt securities it holds. This would involve the risk that the credit default swap may expire worthless and would only generate income in the event of an actual credit event by the issuer of the underlying reference obligation. It would also involve a credit risk that the seller may fail to satisfy its payment obligations to the Sub-Fund in the event of a credit event.

Selling credit default protection creates a synthetic “long” position which may replicate the terms of credit exposure to the referenced cash-market security or index. However, there can be no assurance that the price relationship between the cash-market security or index and the credit derivative will remain constant, and events unrelated to the underlying security or index (such as those affecting availability of borrowed money and liquidity, or the creditworthiness of a counterparty) can cause the price relationship to change. This risk is known as “basis risk”. Basis risk may cause a Sub-Fund to realise a greater loss on an investment in synthetic form than might otherwise be the case with a cash-market security. To the extent the Sub-Fund purchases credit default swap protection to hedge risk, basis risk may cause the hedge to be less effective or ineffective.

### **Interest Rate Swaps**

In an interest rate swap, the Sub-Fund and another party exchange the right to receive interest payments. For example, they might swap the right to receive floating rate payments based on a reference rate for the right to receive fixed rate payments. An interest rate swap enables an investor to buy or sell protection against changes in an interest rate. An interest rate swap may be embedded within a structured note or other derivative instrument. Interest rate swaps are subject to interest rate risk and credit risk. An interest rate swap transaction could result in losses if the underlying asset or reference rate does not perform as anticipated. Interest rate swaps are also subject to counterparty risk. If the counterparty fails to meet its obligations, the Sub-Fund may lose money.

### **Total Return Swaps**

In a total return swap transaction, one party agrees to pay the other party an amount equal to the total return on a defined underlying asset or a non-asset reference during a specified period of time. The

underlying asset might be a security or asset or basket of securities or assets or a non-asset reference such as a securities or other type of index. In return, the other party would make periodic payments based on a fixed or variable interest rate or on the total return from a different underlying asset or non-asset reference. Total return swaps could result in losses if the underlying asset or reference does not perform as anticipated. Total return swaps can have the potential for unlimited losses. They are also subject to counterparty risk. If the counterparty fails to meet its obligations, the Sub-Fund may lose money.

### **Volatility/Variance Swaps**

A Sub-Fund may enter into types of volatility swaps to hedge the volatility of a particular security, currency, index or other financial instrument, or to seek to increase its investment return. In volatility swaps, counterparties agree to buy or sell volatility at a specific level over a fixed period. For example, to hedge the risk that the value of an asset held by a Sub-Fund may fluctuate significantly over the Sub-Fund's period of investment, a Sub-Fund might enter into a volatility swap pursuant to which it will receive a payment from the counterparty if the actual volatility of the asset over a specified time period is greater than a volatility rate agreed at the outset of the swap. Alternatively, if the Investment Manager (or its delegate) believes that a particular security, currency, index or other financial instrument will demonstrate more (or less) volatility over a period than the market's general expectation, to seek to increase investment return a Sub-Fund might enter into a volatility swap pursuant to which it will receive a payment from the counterparty if the actual volatility of that underlying instrument over the period is more (or less) than the volatility rate agreed at the outset of the swap. Volatility swaps are subject to credit risks (if the counterparty fails to meet its obligations), and the risk that the Investment Manager (or its delegate) is incorrect in its forecast of volatility for the underlying security, currency, index or other financial instrument that is the subject of the swap. If the Investment Manager (or its delegate) is incorrect in its forecast, the Sub-Fund would likely be required to make a payment to the counterparty under the swap.

### **Swap Options/Swaptions**

A swaption is a contract that gives the holder the right, but not the obligation, to enter into an interest rate swap at a preset rate within a specified period of time. In return, the purchaser pays a "premium" to the seller of the contract. The seller of the contract receives the premium and bears the risk of unfavourable changes in the preset rate on the underlying interest rate swap.

### **Liquidity; Requirement to Perform**

From time to time, the counterparties with which a Sub-Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, a Sub-Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward contracts do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, entering into forward contracts, the Company may be required to and must be able to, perform its obligations under the contract.

### **Correlation Risk**

Although the Investment Manager (or its delegate) believes that taking exposure to underlying assets through the use of derivatives will benefit Shareholders in certain circumstances, due to reduced operational costs and other efficiencies which investment through derivatives can bring, there is a risk that the performance of a Sub-Fund will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

### **Dollar Roll Transactions**

If the counterparty to whom the Company sells the security underlying a dollar roll transaction becomes insolvent, the Company's right to purchase or repurchase the security may be restricted; the value of the security may change adversely over the term of the dollar roll; the security which the Company is required to repurchase may be worth less than a security which the Company originally held; and the return earned by the Company with the proceeds of a dollar roll may not exceed transaction costs.

Dollar rolls are similar to reverse repurchase agreements because they involve the sale of a security coupled with an agreement to repurchase. Like all borrowings, a dollar roll involves costs to the Company. For example, while the Company receives a fee as consideration for agreeing to repurchase the security, the Company may forgo the right to receive all principal and interest payments while the counterparty holds the security. These payments to the counterparty may exceed the fee received by the Company, thereby effectively charging the Company interest on its borrowing. Further, although the Company can estimate the amount of expected principal prepayment over the term of the dollar roll, a variation in the actual amount of prepayment could increase or decrease the cost of the Company's borrowing.

### **Collateral Re-Use and Reinvestment Risk**

To the extent that collateral received by the Company is re-used or reinvested, the Company is exposed to the risk that cash collateral re-use or reinvestment could lead to a reduction of the value of the eligible collateral capital. This, in turn may cause losses to the Company and the relevant Sub-Fund because it is obliged to return collateral to the counterparty.

### **Derivatives on Economic Indices**

A Sub-Fund may trade derivatives on economic data releases, such as, but not limited to, employment, retail sales, industrial production, inflation, consumer sentiment and economic growth to minimise exposure to adverse market movements in response to the release of economic data and to enhance return. Derivatives on economic indices are currently offered in an auction format and are booked and settled as OTC options. Participants buy and sell these options by submitting limit order bids and offers. Auctions take place at least 24 hours prior to the release of the applicable economic data. At the close of the auction, orders are filled at the best available price, but within the parameters of the order. Prices of the options are based on the relative demand for their implied outcome. Derivatives on economic statistics are subject to risks similar to those applicable to the derivative instruments described above but may also be subject to additional liquidity risk.

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

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

### **Failure of Brokers, Counterparties and Exchanges**

A Sub-Fund will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, the Company deals, whether it engages in exchange-traded or off-exchange transactions. A Sub-Fund may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Sub-Fund, or the bankruptcy of an exchange clearing house. A Sub-Fund may also be subject to risk of loss of its funds on deposit with brokers who are not required by their own regulatory bodies to segregate customer funds. A Sub-Fund may be required to post margin for its foreign exchange transactions either with the Investment Manager (or its delegate) or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the Sub-Fund).

In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, a Sub-Fund deals, or a customer loss as described in the foregoing paragraph, the Sub-Fund might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to the Sub-Fund, and, to the extent such assets or amounts are recoverable, the

Sub-Fund might only be able to recover a portion of such amounts. Further, even if the Sub-Fund is able to recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to receiving the recoverable amount of the Sub-Fund's property, the Sub-Fund may be unable to trade any positions held by such person, or to transfer any positions and cash held by such person on behalf of the Sub-Fund. This could result in significant losses to the Sub-Fund.

A Sub-Fund may effect transactions on OTC or "interdealer" markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent the Sub-Fund invests in swaps, derivatives or synthetic instruments, or other OTC transactions in these markets, the Sub-Fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which, in turn, may subject the Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with agreed terms and conditions due to, among other things, a dispute over the terms of the contract or a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The inability of the Sub-Fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to the Sub-Fund.

A Sub-Fund may engage in direct or indirect trading of securities, currencies, derivatives (including swaps, forward contracts, futures, options and Repo Contracts) and other instruments (as permitted by its investment policy) on a principal basis. As such, a Sub-Fund as transferee or counterparty could experience both delays in liquidating the underlying security, future or other investment and losses, including those arising from: (i) the risk of the inability or refusal to perform with respect to such transactions on the part of the principals with which the Sub-Fund trades, including without limitation, the inability or refusal to timely return collateral posted by the Sub-Fund; (ii) possible decline in the value of any collateral during the period in which the Sub-Fund seeks to enforce its rights with respect to such collateral; (iii) the need to remargin or repost collateral in respect of transferred, assigned or replaced positions; (iv) reduced levels of income and lack of access to income during such period; (v) expenses of enforcing its rights; and (vi) legal uncertainty concerning the enforceability of certain rights under swap agreements and possible lack of priority against collateral posted under the swap agreements. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Sub-Fund to substantial losses. A Sub-Fund will not be excused from performance on any such transactions due to the default of third parties in respect of other trades in which its trading strategies were to have substantially offset such contracts.

### **Securities Lending Risk**

A Sub-Fund may engage in securities lending. A Sub-Fund may have a credit risk exposure to the counterparties to any securities lending contract. Sub-Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of a Sub-Fund. To the extent that any securities lending is not fully collateralised (for example due to timing issues arising from payment lags), a Sub-Fund will have a credit risk exposure to the counterparties to the securities lending contracts.

### **Repurchase and Reverse Repurchase Agreements**

A Sub-Fund may acquire securities subject to repurchase agreements. Repurchase agreements may be acquired for temporary defensive purposes, to maintain liquidity to meet anticipated share redemptions, pending the investment of the proceeds from sales of shares, or pending the settlement of portfolio securities transactions. In a repurchase transaction, the purchaser buys a security from, and simultaneously resells it to, an approved institution for delivery on an agreed-upon future date. The resale price exceeds the purchase price by an amount that reflects an agreed-upon interest rate effective for the period during which the repurchase agreement is in effect.

A reverse repurchase agreement is the sale of a debt obligation to a party for a specified price, with the simultaneous agreement to repurchase it from that party on a future date at a higher price. Similar to a

borrowing, reverse repurchase agreements provide a Sub-Fund with cash for investment and operational purposes. Reverse repurchase agreements that the Sub-Fund may engage in also create leverage. When a Sub-Fund engages in reverse repurchase agreements, changes in the value of a Sub-Fund's investments will have a larger effect on its share price than if it did not engage in these transactions due to the effect of leverage. Reverse repurchase agreements create fund expenses and require that a Sub-Fund have sufficient cash available to repurchase the debt obligation when required.

Reverse repurchase agreements also involve the risk that the market value of the debt obligation that is the subject of the reverse repurchase agreement could decline significantly below the price at which a Sub-Fund is required to repurchase the security. A Sub-Fund will identify liquid assets on its books to cover its obligations under reverse repurchase agreements until payment is made to the other party.

In the event the other party to a Repo Contract becomes subject to a bankruptcy or other insolvency proceeding or such party fails to satisfy its obligations thereunder, the Company could (i) experience delays in recovering cash or the securities sold (and during such delay the value of the underlying securities may change in a manner adverse to the Company) or (ii) lose all or part of the income, proceeds or rights in the securities to which the Company would otherwise be entitled.

### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes could occur during the term of the Company. For example, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Sub-Funds and the ability of the Sub-Funds to pursue their trading strategies. Similarly, the regulatory environment for leveraged investments is evolving, and changes in the direct or indirect regulation of leveraged investments may adversely affect the ability of the Sub-Funds to pursue their trading strategies.

### **OTHER SECURITIES RISKS**

#### **Portfolio Turnover**

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

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

A Sub-Fund may purchase shares of other collective investment schemes to the extent that such purchases are consistent with such Sub-Fund's investment objective and restrictions. As a shareholder of another collective investment scheme, a Sub-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 Sub-Fund would bear in connection with its own operations.

#### **Limited Liquidity**

A Sub-Fund may invest in Underlying Funds which provide limited redemption facilities. Such investments may restrict the ability of a Sub-Fund to meet large redemption requests as a Sub-Fund's ability to meet redemption requests is dependent upon a Sub-Fund's ability to redeem its investment from an Underlying Fund.

#### **Underlying Funds Risk**

The identification of Underlying Funds and the ability of such Underlying Funds to find attractive investment opportunities is difficult and involves a high degree of uncertainty. The Sub-Funds may be subject to those risks common to Underlying Funds investing in publicly traded securities, including market volatility. Also, although intended to protect capital and enhance returns in varying market conditions, certain trading and hedging techniques which may be employed by Underlying Funds such as leverage,

short selling and investments in options or commodity or financial futures could increase the adverse impact to which Underlying Funds may be subject.

There can be no assurance that the Investment Manager (or its delegate) can successfully select suitable Underlying Funds or that the managers of the Underlying Funds selected will be successful in their investment strategies.

Identifying appropriate Underlying Funds for investment by a Sub-Fund may be difficult and involves a high degree of uncertainty. In addition, certain Underlying Funds may be, from time to time, oversubscribed, and it may not be possible to make investments that have been identified as attractive opportunities. Although the Investment Manager will receive detailed information from the manager of each Underlying Fund regarding its historical performance and investment strategy, in most cases the Investment Manager has little or no means of independently verifying this information. The manager of an Underlying Fund may use proprietary investment strategies that are not fully disclosed to the Investment Manager, which may involve risks under some market conditions that are not anticipated by the Investment Manager. For information about the net asset value and portfolio composition of an Underlying Fund, the Investment Manager will be dependent on information provided by the Underlying Funds, which, if inaccurate, could adversely affect the Investment Manager's ability to manage the assets of the Fund in accordance with its investment objective, and to value accurately the Net Asset Value of a Sub-Fund. Shareholders have no individual rights to receive information about Underlying Funds or the managers of those Underlying Funds, will not be investors in the Underlying Funds and will have no rights with respect to or standing or recourse against, the Underlying Funds, the managers of the Underlying Funds, or any of their affiliates.

Shareholders will bear a proportionate share of the fees and expenses of a Sub-Fund, including operating costs and distribution expenses, and, indirectly, the fees and expenses of the Underlying Funds.

Investment decisions of the Underlying Funds are made by the managers of those Underlying Funds entirely independent of the Investment Manager, and of each other. As a result, at any particular time, one Underlying Fund may be purchasing securities of an issuer whose securities are being sold by another Underlying Fund. Consequently, a Sub-Fund could incur indirectly certain transaction costs without accomplishing any net investment result.

The Underlying Funds in which a Sub-Fund may invest may utilise leverage in their investment programs. Such leverage may take the form of loans for borrowed money, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, swaps and repurchase agreements, and other forms of direct and indirect borrowings, increasing the volatility of the Underlying Fund's investments. The use of leverage by the Underlying Funds may substantially increase the adverse impact to which the investment portfolios of the Underlying Funds may be subject. The level of interest rates generally, and the rates at which the Underlying Funds can borrow in particular, can affect the operating results of the Underlying Funds.

Underlying collective investment schemes may pledge, charge, lend, hypothecate and/or re hypothecate their assets to obtain additional financing.

### **Valuation of Underlying Funds**

Although the Investment Manager (or its delegate) expects to receive detailed information from the investment manager of each Underlying Fund regarding its investment performance on a regular basis, the Investment Manager (or its delegate) may have limited access to the specific underlying holdings of the Underlying funds and little ability to independently verify the information that is provided by the investment managers of the Underlying Funds. In the event of an error in the determination of the value of an investment in an Underlying Fund, the Net Asset Value of a Sub-Fund may be inaccurate.

Further, from time to time, when valuing the assets of a Sub-Fund, units or shares in Underlying Funds may be valued at their latest available net asset value as published by the collective investment schemes as at the Valuation Point, or, if unavailable at the probable realisation value, as estimated with care and in good faith and as may be recommended by a competent professional appointed by the Manager or the Investment Manager (or its delegate) and approved for the purpose by the Depositary. Therefore, it is possible that from time to time the value of the units or shares in Underlying Funds used in the valuation of

the Sub-Fund as at the Valuation Point may not accurately reflect the actual net asset value of such Underlying Funds as at the Valuation Point and may result in “stale pricing” of Underlying Funds.

### **Special Risks of Fund of Funds and Feeder Funds**

As the Sub-Funds may be constituted as fund of funds and feeder funds (ie, a collective investment scheme the principal object of which is investment in a single collective scheme), some or all of a Sub-Fund’s investments will be subject to fees and charges of a similar nature to those set out in this Prospectus in respect of the Sub-Funds (i.e. investment management, administration and custodial fees). By investing in the Underlying Funds indirectly through the Sub-Funds, Shareholders bear asset-based fees at both the Sub-Fund level and the Underlying Fund level.

A Sub-Fund may also bear, indirectly through its investment in Underlying Funds, a proportion of the offering, organisational and operating expenses of any such Underlying Funds.

Underlying Funds may be permitted to redeem their interests in-kind. Thus, upon a Sub-Fund’s withdrawal of all or a portion of its interest in an Underlying Fund, the Sub-Fund may receive securities that are illiquid or difficult to value. In these circumstances, the Sub-Fund would seek to dispose of these securities in an appropriate manner.

Since a Sub-Fund may make investments in or effect withdrawals from an Underlying Fund only at certain times pursuant to limitations set forth in the governing documents of the Underlying Fund, the Sub-Fund from time to time may have to invest a greater portion of its assets temporarily in money market securities than the Investment Manager (or its delegate) otherwise might wish to invest, the Sub-Fund may not be able to withdraw its investment in an Underlying Fund promptly after it has made a decision to do so, and the Sub-Fund may have to borrow money to pay redemption proceeds. This may adversely affect the Sub-Fund’s investment return.

### **Fund of Funds – Multiple Levels of Fees and Expenses**

To the extent that any of the Underlying Funds invest in other collective investment schemes, investors will be subject to higher fees arising from the layered investment structure as fees may arise at three levels; a Sub-Fund, the Underlying Fund and the funds in which the Underlying Fund invests. This investment structure may also result in a lack of transparency with respect to investments in which a Sub-Fund has an indirect interest.

### **Exchange-Traded Index Securities**

Subject to the limitations on investment in collective investment schemes and a Sub-Fund’s own investment objective, each Sub-Fund may invest in exchange-traded index securities that are currently operational and that may be developed in the future. Exchange-traded index securities generally trade on Recognised Markets and are subject to the risks of an investment in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of the Sub-Fund’s investment. These securities generally bear certain operational expenses. To the extent that a Sub-Fund invests in these securities, the Sub-Fund must bear these expenses in addition to the expenses of its own operation.

### **Exchange Traded Funds (“ETFs”)**

ETFs are issuers whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. When a Sub-Fund invests in an ETF, in addition to directly bearing expenses associated with its own operations, it will bear a pro rata portion of the ETF’s expenses. Such ETF’s expenses may make owning shares of the ETF more costly than owning the underlying securities directly. The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

## **PROPERTY RELATED RISKS**

### **General**

The performance of a Sub-Fund may be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields.

Returns from an investment in property may depend largely upon the amount of rental income generated from the property and the expenses incurred in the management of the property, as well as upon changes in its market value. In the event of a default of an occupying tenant, the Real Estate Investment Trust (“REIT”) will suffer from any resultant rental shortfall and incur additional costs including legal expenses in maintaining, insuring and re-letting the relevant property until it is re-let. Rent reviews may not result in the rental levels anticipated at the time of purchase.

Rental income and market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises especially for office space for commercial enterprises in the service sector. Furthermore, movements in interest rates will also affect the cost of financing for real estate companies.

Both rental income and property values will also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance and increased operating costs. In addition, certain specific expenditures, including operating expenses, must be met by the owner, particularly when the property is vacant.

### **Investment in Property Funds**

Although the Investment Manager expects to receive detailed information from the investment manager of each REIT regarding its investment performance on a regular basis, the Investment Manager may have limited access to the specific underlying holdings of the property funds and little ability to independently verify the information that is provided by the investment managers of the REITs.

Since a Sub-Fund may make investments in or effect withdrawals from a property fund only at certain times pursuant to limitations set forth in the governing documents of the property fund, a Sub-Fund from time to time may have to invest a greater portion of its assets temporarily in money market securities than they otherwise might wish to invest, a Sub-Fund may not be able to withdraw its investment in a property fund promptly after it has made a decision to do so and a Sub-Fund may have to borrow money to pay redemption proceeds. This may adversely affect a Sub-Fund’s investment return.

### **REITs**

A Sub-Fund may invest in REITs which are pooled investment vehicles that invest primarily in either real estate or real estate related loans. There are particular risks associated with the direct ownership of real estate by REITs in which a Sub-Fund may invest. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants and increases in interest rates. As well as changes in the value of their underlying properties, the value of REITs may also be affected by defaults by borrowers or tenants.

Furthermore, REITs are dependent on specialised management skills. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and to self-liquidations. In addition, the performance of a U.S. regulated REIT may be adversely affected if it fails to qualify for tax-free pass-through of income under U.S. tax law or if it fails to maintain exemption from registration under the U.S. Investment Company Act 1940, as amended.



## **EMERGING MARKETS RISKS**

### **General**

A Sub-Fund may invest in securities issued in Emerging Markets. Investing in Emerging Markets, in particular, involves exposure to economic structures that generally are less diverse and mature, and to political systems that have less stability, than those of developed countries. Other characteristics of Emerging Markets that may affect investment include certain national policies that may restrict investment by foreigners and the absence of developed legal structures governing private and foreign investments and private property. Moreover, individual economies of Emerging Market countries may differ favourably or unfavourably from the economies of non-Emerging Market countries in such respects as growth of gross national product, rate of inflation, currency depreciation, capital reinvestment, accounting standards, resource self-sufficiency and balance of payments position.

The typically small size of the markets for securities issued by issuers located in Emerging Markets and the possibility of a low or non-existent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities. Certain Emerging Market countries are known to experience long delays between the trade and settlement dates of securities purchased or sold. Obtaining prices of portfolio securities of independent sources may be more difficult. In addition, brokerage expenses and other transaction costs generally are higher in Emerging Market countries than in industrialised countries. Securities markets, broker-dealers, and issuers in Emerging Markets generally are subject to less government supervision and regulation than in industrialised countries. Further, disclosure and reporting requirements are minimal and anti-fraud and insider trading legislation is generally rudimentary.

The economies of Emerging Market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

With respect to any Emerging Market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of a Sub-Fund's investments in those countries. In addition, it may be difficult to obtain and enforce a judgment in a court in those countries and there may be limitations on the use or removal of funds or other assets of a Sub-Fund, including the withholding of dividends.

Investors should note that an investment in a fund which may invest in Emerging Markets should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

### **Emerging Markets Exchange Control and Repatriation Risk**

With respect to investments in Emerging Market countries, it may not be possible for a Sub-Fund to repatriate capital, dividends, interest and other income from certain Emerging Market countries, or it may require government consents to do so. A Sub-Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

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

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

## **Custodial Risk**

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk.

## **Securities Markets of Emerging Markets Countries**

Trading volume in the securities markets of Emerging Markets countries is substantially less than that in industrialised countries. Further, securities of some companies in Emerging Markets are less liquid and more volatile than securities of comparable companies in industrialised countries. As a result, obtaining prices of portfolio securities from independent sources may be more difficult. In addition, brokerage expenses and other transaction costs generally are higher in Emerging Market countries than in industrialised countries. Securities markets, broker-dealers, and issuers in Emerging Markets generally are subject to less government supervision and regulation than in industrialised countries. Further, disclosure and reporting requirements are minimal and anti-fraud and insider trading legislation is generally rudimentary.

## **Russian Markets and Investment in Russia Risk**

There are significant risks inherent in investing in Russia. There is no history of stability in the Russian market and no guarantee of future stability. The economic infrastructure of Russia is poor and the country maintains a high level of external and internal debt. Tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes. Banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings. Bankruptcy and insolvency are a commonplace feature of the business environment. Foreign investment is affected by restrictions in terms of repatriation and convertibility of currency.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

Equity securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. Although a Russian sub-custodian will maintain copies of the registrar's records ("**Share Extracts**") on its premises, such Share Extracts may not, however, be legally sufficient to establish ownership of securities. Further a quantity of forged or otherwise fraudulent securities, Share Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that a Sub-Fund's purchases may be settled with such forged or fraudulent securities.

A Sub-Fund may invest in bonds, fixed income securities and credit linked notes which are listed or traded in Russia. Since the breakup of the Soviet Union in 1991, Russia has experienced and continues to experience dramatic political and social change. Russia is undergoing a rapid transition from a centrally controlled command system to a more market-oriented democratic model. A Sub-Fund may be affected unfavourably by political developments, social instability, changes in government policies, and other political and economic developments. The Russian securities markets are substantially smaller, less liquid and more volatile than the securities markets in the U.S. A few issuers represent a large percentage of market capitalisation and trading volume. Due to these factors it may be difficult for a Sub-Fund to buy or sell some securities because of the poor liquidity. There may not be available reliable financial information that has been prepared and audited in accordance with U.S. or Western European generally accepted accounting principles and auditing standards. There is the potential for unfavourable action such as expropriation, dilution, devaluation, default or excessive taxation by the Russian government or any of its agencies or political subdivisions with respect to investments in Russia by or for the benefit of foreign entities. A Sub-Fund's investments may include investments in entities that have characteristics and business relationships common to companies outside of Russia, and as a result, outside economic forces may cause fluctuations in the value of investments held by a Sub-Fund. It is possible that a Sub-Fund's ownership rights could be lost through fraud or negligence. Since Russian banking institutions and registrars are not guaranteed by the state, a Sub-Fund may not be able to pursue claims on behalf of the

Shareholders. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

### **Sovereign Debt**

Investments in sovereign debt securities of Emerging Markets involve special risks. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt. Periods of economic uncertainty may result in the volatility of market prices of sovereign debt, and in turn a Sub-Fund's Net Asset Value, to a greater extent than the volatility inherent in developed market debt securities.

A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which a sovereign debtor may be subject. Emerging Markets could default on their sovereign debt. Such sovereign debtors also may be dependent on expected disbursements from foreign governments, multilateral agencies and other entities abroad to reduce principal and interest arrears on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a sovereign debtor's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due, may result in the cancellation of such third parties' commitments to lend funds to the sovereign debtor, which may further impair such debtor's ability or willingness to service its debts in a timely manner.

The occurrence of political, social or diplomatic changes in one or more countries issuing sovereign debt could adversely affect a Sub-Fund's investments. Emerging Markets are faced with social and political issues and some have experienced high rates of inflation in recent years and have extensive internal debt. Among other effects, high inflation and internal debt service requirements may adversely affect the cost and availability of future domestic sovereign borrowing to finance governmental programs, and may have other adverse social, political and economic consequences. Political changes or a deterioration of a country's domestic economy or balance of trade may affect the willingness of countries to service their sovereign debt.

The ability of Emerging Markets to make timely payments on their sovereign debt securities is likely to be influenced strongly by a country's balance of trade and its access to trade and other international credits. A country whose exports are concentrated in a few commodities could be vulnerable to a decline in the international prices of one or more of such commodities. Increased protectionism on the part of a country's trading partners could also adversely affect its exports. Such events could diminish a country's trade account surplus, if any. To the extent that a country receives payments for its exports in currencies other than hard currencies, its ability to make hard currency payments could be affected.

Investors should also be aware that certain sovereign debt instruments in which a Sub-Fund may invest involve great risk. Sovereign debt obligations issued by Emerging Markets generally are deemed to be the equivalent in terms of quality to securities rated below investment grade by a recognised rating agency. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk. Some of such securities, with respect to which the issuer currently may not be paying interest or may be in payment default, may be comparable to securities rated D by S&P or C by Moody's. A Sub-Fund may have difficulty disposing of and valuing certain sovereign debt obligations because there may be a limited trading market for such securities. Because there may be no liquid secondary market for many of these securities, the Investment Manager (or its delegate) anticipates that such securities could be sold only to a limited number of dealers or institutional investors.

### **Settlement Risk**

The trading and settlement practices and the reliability of the trading and settlement systems of some of the markets or exchanges on which a Sub-Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and / or result in delays in realising investments made by, or disposed of, by a Sub-Fund.

## Frontier Markets Risk

Frontier market countries generally have smaller economies and even less developed capital markets or legal, regulatory and political systems than traditional Emerging Markets. As a result, the risks of investing in Emerging Market countries are magnified in frontier market countries. Frontier market economies are less correlated to global economic fluctuations than developed economies and have low trading volumes and the potential for extreme price volatility and illiquidity. The government of a frontier market country may exercise substantial influence over many aspects of the private sector, including by restricting foreign investment, which could have a significant effect on economic conditions in the country and the prices and yields of securities in a Sub-Fund's portfolio. Economies in frontier market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries with which they trade. Brokerage commissions, custodial services and other costs relating to investment in frontier market countries generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may arise in one or more frontier market countries as a result of which trading of securities may cease or may be substantially curtailed and prices for investments in such markets may not be readily available.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective Shareholders should read this entire Prospectus and Relevant Supplement(s) and consult with their own advisers before deciding whether to invest in the Company.**

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## BORROWING POLICY

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Under the Articles, the Directors are empowered to exercise all of the borrowing powers of the Company, and to charge the assets of the Company as security for any such borrowings.

A Sub-Fund may not grant loans or act as guarantor on behalf of third parties or borrow money except for temporary borrowings in an amount not exceeding 10% of its net assets, unless otherwise specified in the Relevant Supplements. A Sub-Fund may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restriction set out above.

Each Sub-Fund may trade in derivatives for efficient portfolio management and short-term investment purposes and this may result in a Sub-Fund forwarding margin to brokers and this will not constitute borrowing for the purposes of the above restriction. Any borrowing agreement entered into or agreements with derivative counterparties will be on the basis that recourse may only be had to the assets of the Sub-Fund in respect of which the facility was sought or the derivative transaction entered into.

The means through which each Sub-Fund will employ leverage, the circumstances in which each Sub-Fund may use leverage, the types and sources of leverage permitted for each Sub-Fund and the associated risks, any restrictions on the use of leverage applicable to each Sub-Fund, any collateral and asset reuse arrangements for each Sub-Fund and the maximum level of leverage which the Manager is entitled to employ on behalf of each Sub-Fund, as determined by the Directors, will be specified in the Relevant Supplement.

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## LIST OF ISSUERS

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Where a Sub-Fund may invest up to 100% of its Net Asset Value in securities issued or guaranteed by any State, its constituent states, its local authorities, or public international bodies of which one or more States are members, such issuers will be drawn from the following list: OECD Governments (provided that the relevant issuers are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African

Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

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## THE COMPANY

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### THE DIRECTORS AND SECRETARY

The Directors are responsible for managing the business affairs of the Company. The Directors have delegated certain of their powers, duties, discretions and/or functions to the Manager, which will in turn delegate the management of the assets and investments of each Sub-Fund to the Investment Manager. The Investment Manager may further delegate the management of the assets to such Sub-Investment Manager or Sub-Investment Managers as shall be specified in the Relevant Supplement. The Manager has delegated the day-to-day administration of the Company's affairs, including the calculation of the Net Asset Value and the Net Asset Value per Share, shareholder registration and transfer agency duties to the Administrator. The Manager has also delegated the marketing, distribution and sale of Shares to the Distributor.

The Directors are listed below with their principal occupations. The Company has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the Company. The Articles do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The address of the Directors is the registered office of the Company.

**Tom Finlay (Irish)** is a barrister by profession who worked for 26 years (February 1975 to May 2001) for Bank of Ireland Asset Management (the Fund Management division of the Bank of Ireland Group). His most recent role was head of Bank of Ireland Asset Management's Irish Business. In the early 1990's, Mr Finlay had a direct involvement in setting up Bank of Ireland Group's fund administration and custodial services to international clients. Over the last 17 years, Mr Finlay's main professional activity has been acting as an independent director on a number of Funds' and Management Company Boards. He also operates as an executive coach. Mr Finlay has a long-standing involvement with the Irish Association of Pension Funds (IAPF) being a Council Member from 1981-1986 and again from 1990-2001. He was Chairman of the Association from 1999-2001. Between 2001 and 2005, Mr Finlay was a member of the Irish Pension Board; in addition, he chaired their key Policy Committee.

**Gráinne Alexander (Irish)** is an independent non-executive director. A Fellow of the Society of Actuaries in Ireland, she has worked in the investment industry for over twenty five years with experience as a senior executive in fund management, investment strategy, investment consultancy and company management. She was a European partner at Mercer Investment Consulting and following that, CEO at F&C Management's Irish asset management firm, F&C Ireland. She was also a director of the Irish Association of Investment Managers and a director of Cayman listed funds. Gráinne is currently a non-executive director of a broad range of investment fund complexes with investment managers Goldman Sachs, Neuberger Berman and Mercer Europe. She received a Diploma in Company Direction from the Institute of Directors in 2013.

**Carmel Jordan (Irish)** is CEO of Mercer Global Investments Management Ltd ("MGIM"). Carmel began her career with Price Waterhouse and gained experience through a series of senior roles in a number of professional and financial services organisations and now has over 30 years' experience across a broad range of disciplines. During her ten-year tenure with Mercer, Carmel led the Mercer Investment Operations and Technology teams responsible for the design and implementation of investment solutions across multiple market and client segments. More recently, Carmel has held the role of Global Transformation Officer within Mercer's Investment Solutions business. In that role, Carmel laid the foundations for the transformation of Mercer Investment Solutions data, digital and technology infrastructure. Carmel holds a B.A. in Finance from Dublin City University and is a fellow of the Institute of Chartered Accountants Ireland. She also holds an MSc. in Business Administration from Trinity College Dublin.

**Hooman Kaveh (Irish)** is the Global Chief Investment Officer for Mercer's Delegated Investment Solutions business. Hooman leads a team of investment professionals who are responsible for developing and implementing all aspects of the OCIO/fiduciary investment process, including investment strategy, asset allocation and de-risking, fund manager selection, monitoring and blending as well as portfolio implementation. Hooman has been in his current role since 2017 having previously been the European CIO for Mercer's Delegated Investment Solutions business since 2006 when he joined Mercer to help set up and grow this business in Europe. Prior to that, Hooman was Chief Investment Officer at one of Ireland's largest financial services companies, whose investment division he joined in 1990. He has held various investment roles, including Portfolio Manager and Head of Quantitative Investments, prior to becoming CIO. Hooman graduated from Trinity College Dublin in 1986 with an honours degree in microelectronics engineering. He then worked in the research and development laboratories of Philips in Eindhoven, the Netherlands. He left Philips in 1989 to complete an honours MBA degree in 1990 at Trinity College Dublin. Hooman also holds an MSc. master's degree with honours from Dublin City University in investments and treasury management, which he gained in 1993. He has also lectured on investment management subjects on that programme.

**Liam Miley (Irish)** is a non-executive director of a number of fund and other financial services companies. He has over 39 years' experience in the financial services sector. Between January 2012 and May 2015, he served with BlackRock Inc. both in an executive role as a managing director within the Financial Markets Advisory Group EMEA region, and as a non-executive director of BlackRock Asset Management Ireland Limited. Prior to joining BlackRock, Mr Miley served with LBBW Asset Management (Ireland) plc ("**LBBWI**") for 12 years, initially as head of credit, and from 2002 as managing director. LBBWI was a licenced bank until 2008 when it was converted to a MiFID authorised firm, involved in the provision of investment management, risk analytics, valuations and administration services to funds and conduit structures. Prior to joining LBBWI, he held a variety of positions with Industrial Credit Corporation, Barclays Bank-BZW and Smurfit Paribas Bank over a period of 18 years. Mr Miley is a Fellow of the Association of Chartered Certified Accountants, a graduate of the Advanced Management Program in Harvard Business School and is a Chartered Director.

**Helen O'Beirne (Irish)** is Head of Business Regulation and Conduct Risk at the Investment Manager and has over 25 years' experience in the financial services industry having previously worked in Asset Management, Investment Banking and Wealth Management. Prior to joining Mercer, Helen was a Director at BlackRock and worked closely with a number of BlackRock's European domiciled fund management companies whilst leading a team which supported the global distribution of BlackRock's EU domiciled funds. Helen was Designated Person with responsibility for the oversight of Distribution for BlackRock Asset Management Ireland Limited. Prior to joining BlackRock, she held a variety of positions with indigenous Irish asset management and wealth management firms including Bank of Ireland Asset Management. Helen holds a B. Comm. and Masters in Business Studies (First Class) from University College Dublin. Helen is a member of the Institute of Directors in Ireland (IOD) and the Institute of Chartered Secretaries and Administrators (ICSA).

The company secretary of the Company is Matsack Trust Limited (the "**Company Secretary**").

## **THE MANAGER**

The Manager of the Company is Mercer Global Investments Management Limited, which was incorporated in Ireland as a private limited company on 8 March 2006 under registration number 416689. The authorised share capital of the Manager is €100,000,000 divided into 100,000,000 ordinary shares of €1.00 each. The issued share capital of the Manager is €1 which is held by Mercer Ireland Holdings Limited and is fully paid. Mercer Global Investments Management Limited is an indirect wholly owned subsidiary of Marsh McLennan and a member of the Mercer Global Investments group ("**Mercer**"). The Manager is engaged in the business of providing management and administrative services to collective investment schemes. The Manager is also manager of MGI Funds plc, Mercer UCITS Common Contractual Fund, Mercer QIF Fund plc and Mercer QIF CCF (the "**Mercer Funds**"). Located in Boston, New York, Chicago, Dublin, London, Toronto, Montreal, Melbourne and Sydney, Mercer professionals apply their experience and expert knowledge of investment managers to offer a series of multi-manager products to investors worldwide. The Manager had approximately US\$173 billion in assets under management as at 30 September 2021. Carmel Jordan is the CEO of the Manager. The company secretary of the Manager is Matsack Trust Limited. The directors of the Manager are Tom Finlay, Gráinne

Alexander, Carmel Jordan, Hooman Kaveh, Liam Miley and Helen O'Beirne, details of whom are set out above.

The Manager covers potential professional liability risks resulting from those activities which it carries out pursuant to the AIFMD Regulations through additional own funds which are appropriate to cover potential liability risks arising from professional negligence.

Under the Management Agreement, the Manager has been appointed as AIFM to the Company and will provide or procure the provision of management, administration, accounting, transfer agency, registration and distribution services to the Company.

The Management Agreement provides that in the absence of negligence, wilful default, fraud or bad faith, the Manager shall not be liable for any loss or damage arising out of the performance of its duties. The Management Agreement provides further that the Company shall indemnify the Manager (and each of its directors, officers, servants, employees and agents) for any proceedings taken or loss or damage suffered (including costs and expenses) in the performance or non-performance of its duties except for such loss as arises out of or in connection with any negligence, wilful default, fraud or bad faith by the Manager in the performance or non-performance of its duties.

The Management Agreement shall continue in force unless and until either party terminates the agreement upon ninety days prior written notice to the other party. The Management Agreement may be terminated by either party at any time in the event of the other party (i) committing any material breach at any time which is either incapable of remedy or has not been remedied within thirty days of notice requiring the remedying of the default, (ii) being unable to perform its duties under the Management Agreement due to any change in law or regulatory practice; (iii) being unable to pay its debts as they fall due or otherwise becoming insolvent or entering into any composition or arrangement with or for the benefit of its creditors, (iv) being the subject of any petition for the appointment of an examiner or similar officer to it, (v) having a receiver or examiner appointed over all or any substantial part of its undertaking, assets or revenues, (vi) being the subject of an effective resolution for its winding up (except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties), or (vii) being the subject of a court order for its winding up. The Company may terminate the Management Agreement at any time by notice in writing to the Manager in the event that the Manager's tax certificate under Section 734 of the TCA is revoked or that notice of intention to revoke such tax certificate is received by the Manager or if the Manager is otherwise no longer permitted to perform its obligations under any applicable law.

## **THE INVESTMENT MANAGER AND DISTRIBUTOR**

The Investment Manager of the Company is Mercer Global Investments Europe Limited, which was incorporated in Ireland as a private limited company on 8 March 2006 under registration number 416688 and is authorised under the Markets in Financial Instruments Directive 2007 to provide investment management and related services. The authorised share capital of the Investment Manager is €100,000,000 divided into 100,000,000 ordinary shares of €1.00 each. The issued share capital of the Investment Manager is €1.00 which is held by Mercer Ireland Holdings Limited and is fully paid. Mercer Global Investments Europe Limited is a wholly owned subsidiary of Marsh McLennan and a member of Mercer's investments business. The Investment Manager is engaged in the business of providing discretionary investment management services to institutional clients, including collective investment schemes. The Investment Manager had approximately US\$173 billion in assets under management as at 30 September 2021.

Under the Investment Management Agreement, the Investment Manager will provide or procure the provision of discretionary portfolio management services to the Company.

The Investment Management Agreement provides that neither the Investment Manager nor any of its shareholders, directors, officers, employees or agents shall be liable to the Manager or any of its shareholders, directors, officers, employees or agents for any loss or damage suffered or incurred by them arising out of the performance by the Investment Manager of its duties under the Investment Management Agreement, unless such loss or damage arose out of or in connection with the negligence, wilful default, bad faith or fraud of or by the Investment Manager.

The Manager is obliged to indemnify and keep indemnified the Investment Manager and each of its shareholders, directors, officers, employees or agents, from and against all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom) which may be made or brought against or directly suffered or incurred by the Investment Manager arising out of or in connection with the performance by the Investment Manager of its duties thereunder other than due to the negligence, wilful default, bad faith or fraud of or by the Investment Manager in the performance of its duties thereunder.

The Investment Management Agreement shall continue in force unless and until either party terminates the agreement upon ninety days prior written notice to the other party. The Investment Management Agreement may be terminated by either party at any time by notice in writing if the other party shall (i) commit any material breach of the Investment Management Agreement which is either incapable of remedy or has not been remedied within thirty days of notice requiring the remedying of the default; (ii) be the subject of any petition for the appointment of an examiner or similar officer to it; (iii) be unable to pay its debts as they fall due; (iv) have a receiver appointed; or (v) be the subject of an effective resolution for its winding up.

Under the Investment Management Agreement, the Investment Manager may, subject to the prior approval of the Manager and the Central Bank, appoint one or more Sub-Investment Managers from time to time to perform and/or exercise all or any of its functions, powers, discretions, duties and obligations under the Investment Management Agreement. Where appropriate, the Investment Manager may pay the fees of any such Sub-Investment Manager out of its own fees.

The Manager has appointed the Distributor to assist the Manager in the promotion and sale of Shares.

The Distribution Agreement provides that the Distributor has agreed to indemnify the Manager and its affiliates against any loss, liability or damage, cost or expense, judgements and amounts paid in settlement actually and reasonably incurred by them (i) as a result of the material breach of any material representations and warranties made by the Distributor in the Distribution Agreement; (ii) as a result of the misconduct of the Distributor in the course of its distribution of the Shares; (iii) as a result of the Distributor's failure to follow the instructions or procedures provided by the Manager or its authorised agent for sales of Shares; or (iv) as a consequence of the Distributor's failure to submit payment for Shares in accordance with the terms of the Prospectus following placement of a purchase order.

Under the Distribution Agreement, the Manager shall indemnify the Distributor and each of its shareholders, directors, officers, employees or agents, from and against all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses which may be made against or suffered or incurred by the Distributor arising out of or in connection with the performance by the Distributor of its duties under the Distribution Agreement other than due to the negligence, wilful default, bad faith or fraud of or by the Distributor in the performance of its duties under the Agreement.

The Distribution Agreement shall continue in full force and effect unless and until either party terminates the agreement upon ninety (90) days' notice in writing to the other party, unless terminated earlier by any party immediately by notice in writing to the other parties if any other party shall at any time (i) commit any material breach of the Distribution Agreement or commit persistent breaches of the Distribution Agreement which is or are either incapable of remedying or have not been remedied within thirty days of the terminating party serving notice upon the defaulting party requiring it to remedy same; (ii) be incapable of performing its obligations or duties under the Distribution Agreement; (iii) be unable to pay its debts as they fall due or otherwise becoming insolvent or entering into any composition or arrangement with or for the benefit for its creditors or any Class thereof; (iv) be the subject of any petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer appointed to it or in respect of its affairs or assets; (v) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues; (vi) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or (vii) be the subject of a resolution or a court order for its winding up.

Under the Distribution Agreement, the Distributor may, subject to the prior approval of the Manager, appoint one or more sub-distributor from time to time to perform and/or exercise all or any of its functions, powers, discretions, duties and obligations under the Distribution Agreement. The Distributor shall pay the fees of any such sub-distributor out of its own fees.



## THE SUB-INVESTMENT MANAGERS

The Sub-Funds may be managed on a multi-manager basis with the Sub-Investment Managers selected and supervised by the Investment Manager. Information relating to the Sub-Investment Managers appointed by the Investment Manager is available upon request to the Investment Manager. Furthermore, details of all Sub-Investment Managers will be disclosed in the most recent financial reports of the Company. The fees of the Sub-Investment Managers will either be paid out of the assets of the relevant Sub-Fund or out of the Investment Manager's fee. Details of how the Sub-Investment Managers fees will be paid will be disclosed in the Relevant Supplement. In the case of any Sub-Investment Manager paid directly out of the assets of a particular Sub-Fund, information relating to such Sub-Investment Manager will be disclosed in the Relevant Supplement.

## THE DEPOSITARY

The Depositary is a limited liability company incorporated in Ireland on 22 May 1991 with registered number IE174330 and is ultimately owned by the State Street Corporation. The Depositary is regulated by the Central Bank. As at 31 January 2021, the Depositary had assets in excess of US\$1,084 billion under custody. The Depositary's principal business is the provision of custodial and depositary services for collective investment schemes and other portfolios.

The Depositary has been entrusted with the following main functions:

- (i) ensuring that each Sub-Fund's cash flows are properly monitored, and that all payments made by or on behalf of investors upon the subscription of Shares of the Sub-Funds have been received;
- (ii) safekeeping the assets of the Sub-Funds, which includes (a) holding in custody all financial instruments that can be registered in a financial instrument account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary ("**financial instruments held in custody**"); and (b) for other assets, verifying the ownership of the relevant Sub-Fund or the Manager acting on behalf of that Sub-Fund of such assets and maintain a record accordingly (collectively the "**Safekeeping Function**");
- (iii) ensuring that the sale, issue, re-purchase, redemption and cancellation of Shares of each Sub-Fund are carried out in accordance with applicable Irish law and the Articles;
- (iv) ensuring that the value of the Shares of each Sub-Fund is calculated in accordance with the applicable laws and the Articles;
- (v) carrying out the instructions of the Company and the Manager, unless they conflict with the applicable Irish law or the Articles;
- (vi) ensuring that in transactions involving each Sub-Fund's assets any consideration is remitted to the relevant Sub-Fund within the usual time limits; and
- (vii) ensuring that the Sub-Funds' income is applied in accordance with the applicable Irish law and the Articles.

## Terms of Appointment

The Depositary Agreement contains provisions governing the responsibilities of the Depositary, including its functions referred to above. The Depositary is obliged to enquire into the conduct of the Company and each Sub-Fund in each annual accounting period and to report thereon to the Shareholders. Such report should state whether, in the Depositary's opinion, the Company and each Sub-Fund has been managed in that period in accordance with the limitations imposed on the investment and borrowing powers of the Company and each Sub-Fund and the Depositary by the Memorandum and Articles of Association of the Company and the Act and otherwise in accordance with the Memorandum and Articles of Association of the Company and the Act.

Pursuant to the Depositary Agreement, the Depositary shall exercise due care and diligence in the discharge of its duties. Other than in respect of the loss of financial instruments held in custody, in respect of which the Depositary is liable to return to the relevant Sub-Fund a financial instrument of identical type or the corresponding amount, the Depositary shall be liable to the Company and the Shareholders for any loss arising from the Depositary's negligence or its intentional failure to properly fulfil its obligations pursuant to the AIFMD, the AIFMD Regulations and the Depositary Agreement. The Depositary shall not, however, be liable to the Company or to any other person if it can provide that the loss of financial instruments held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, in accordance with the AIFMD.

The Depositary may, in the future and with the prior written consent of the Company and the Manager, discharge itself of liability for loss of financial instruments held in custody in certain circumstances. The Depositary has not to date contractually discharged itself of liability but in time may. The Company or the Manager will inform investors before they invest, of any arrangement made by the Depositary to contractually discharge itself of any liability. The Company or the Manager will also inform Shareholders of any changes with respect to the Depositary's liability without delay.

Under the terms of the Depositary Agreement, the Depositary may appoint sub-custodians in respect of the Safekeeping Function. Save as provided in the Depositary Agreement, the Depositary's liability shall not be affected by any delegation of its Safekeeping Function to any third party. In order for the Depositary to meet its responsibility in respect of delegation to third parties, the delegation must not be with the intention of avoiding the requirements of the AIFMD and the Depositary must be able to demonstrate that there is an objective reason for the delegation. The Depositary must exercise all due skill, care and diligence in the selection and the appointment of a third party, must continue to exercise all due skill, care and diligence in the periodic review and on-going monitoring of a third party and of the arrangements of that third party in respect of the matters delegated to it, and must ensure that the third party at all times complies with the conditions set down in the Depositary Agreement.

The Depositary has entered into a written agreement with State Street Bank and Trust Company (the "**Sub-Custodian**") under which it has delegated the performance of its Safekeeping Function in respect of certain investments (the "**Sub-Custodian Agreement**"). Details of any written agreements entered into by the Sub-Custodian with its own sub-custodians (which shall be entities within the State Street group), under which the Sub-Custodian has delegated the performance of any of its obligations under the Sub-Custodian Agreement, shall be available to Shareholders and prospective investors on request.

Pursuant to the Depositary Agreement, the Company undertakes to hold harmless and indemnify the Depositary against all direct third party actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the investments of the Company) and against all reasonable costs, demands and reasonable expenses (including reasonable legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Depositary by reason of the performance of the Depositary's duties under the terms of the Depositary Agreement, save where any such direct third party actions, proceedings, claims, reasonable costs, demands or reasonable expenses arise as a result of the Depositary's negligence, intentional failure to perform its obligations, wilful default, fraud, bad faith or recklessness.

The Depositary Agreement may be terminated by any of the parties on giving ninety (90) days' prior written notice to the other parties. Any party may also terminate the Depositary Agreement by notice in writing to the other parties if at any time: (a) the party notified is unable to pay its debts as they fall due or goes into liquidation or receivership or an examiner shall be appointed; (b) the party notified commits any material breach of the provisions of the Depositary Agreement if it has not remedied that breach within thirty (30) days after the service of written notice requiring it to be remedied; or (c) if any of the representations, warranties, covenants or undertakings contained in the Depositary Agreement cease to be true or accurate in any material respect in relation to the party notified. The Depositary Agreement may also be terminated by the Company if the Depositary is no longer permitted to act as a depositary or trustee by the Central Bank.

Pursuant to the Depositary Agreement, the Company may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor depositary has

been appointed in accordance with the Memorandum and Articles of Association provided such appointment and successor depositary is approved in advance by the Central Bank.

If the Depositary shall have given to the Company notice of its desire to retire from its appointment or the appointment of the Depositary is terminated pursuant to the terms of the Depositary Agreement and no successor shall have been appointed in accordance with the Articles within ninety (90) days' from the giving of such notice, an extraordinary general meeting shall be convened at which an Ordinary Resolution to wind up the Company shall be considered, so that Shares in the Company may be repurchased or to appoint a liquidator who shall wind up the Company and thereafter the Company shall apply to the Central Bank to revoke the Company's authorisation whereupon the Depositary's appointment shall terminate.

The Depositary will comply with applicable laws, including the provisions of the AIFMD that relate to depositary roles and responsibilities in relation to each Sub-Fund.

## **THE ADMINISTRATOR**

The Manager has appointed State Street Fund Services (Ireland) Limited to act as administrator and registrar and transfer agent to the Company with responsibility for performing the day-to-day administration of the Company and for providing accounting services for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Class of Shares.

The principal activity of the Administrator is to act as administrator for collective investment schemes. The Administrator is regulated by the Central Bank. The Administrator is a private limited company incorporated in Ireland on 23 March 1992 and is ultimately owned by State Street Corporation. As at 31 January 2021, the Administrator had assets in excess of \$1,534 billion under administration.

The Administrator has been appointed pursuant to the Administration Agreement. The Administration Agreement will continue in full force and effect unless and until terminated by either party by giving the other party ninety (90) days' prior written notice of termination. Either party may terminate the Administration Agreement by giving notice in writing to the other party if at any time: (i) the party notified shall go into liquidation or receivership or an examiner shall be appointed pursuant to the Act (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due; (ii) the party notified shall commit any material breach of the provisions of the Administration Agreement and shall not have remedied that within 30 days after the service of written notice requiring it to be remedied; or (iii) the party notified shall no longer be permitted by the Central Bank to perform its duties and obligations under the Administration Agreement.

The Administrator shall exercise reasonable care in the performance of its duties under the Administration Agreement and shall not be liable for any loss of any nature whatsoever suffered by the Manager or the Shareholders in connection with the performance of its obligations under the Administration Agreement, except where that loss results directly from negligence, fraud, bad faith, wilful misconduct, recklessness or wilful default on the part of the Administrator. The Administrator shall not be liable for any indirect, special or consequential loss howsoever arising out of or in connection with the Administration Agreement.

Pursuant to the Administration Agreement, the Manager undertakes to hold harmless and indemnify the Administrator out of the assets of the Company on its own behalf and on behalf of its permitted delegates, servants and agents against all direct third party actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the investments of the Company or Shares) and against all reasonable costs, demands and expenses (including reasonable legal and professional expenses) (properly vouched) arising therefrom which may be brought against, suffered or incurred by the Administrator, its permitted delegates, servants or agents in the proper performance of its obligations and duties under the Administration Agreement and from and against all taxes on profits or gains of the Company which may be assessed upon or become payable by the Administrator or its permitted delegates, servants or agents provided that such indemnity shall not be given in the case of the Administrator's, its delegates', servants' or agents' negligence, fraud, bad faith, wilful misconduct, recklessness or wilful default in the proper performance or non-performance of its duties under the Administration Agreement.

Subject to the requirements of the Central Bank, the Administrator shall have full power to delegate or sub-contract any administrative functions it deems necessary to perform its obligations under the

Administration Agreement, including, without limitation, the valuation of Shares provided, however, that the Administrator shall not delegate or sub-contract any such functions to any person without the prior written consent of the Manager. Except in the case of affiliated delegates or sub-contractors, the Administrator shall not be liable to the Manager for any loss of whatsoever nature occasioned by any act or omission of any delegate appointed pursuant to the Administration Agreement provided that the Administrator has taken all reasonable steps to satisfy itself as to the ability and competence of the delegate or sub-contractor to discharge the duties delegated to it. The Administrator shall remain liable to the Manager for the performance of any duties or functions so delegated or sub-contracted by the Administrator to any affiliated delegates or sub-contractors and shall be liable for the acts and omissions of such affiliated delegates or sub-contractors as if such acts or omissions were those of the Administrator.

## **PAYING AGENTS**

Local regulations in certain countries may require the appointment of paying agents or representatives and the maintenance of accounts by such agents through which subscriptions and redemption monies may be paid. Shareholders who choose or are obliged under local regulations to pay/receive subscription/redemption monies via an intermediary entity rather than directly to or from the Depositary bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary and (b) redemption monies payable by such intermediate entity to the relevant investor. Fees of paying agents and representatives will be borne by the Company and will be at normal commercial rates.

## **CONFLICTS OF INTEREST**

The Directors, the Depositary, the Manager, the Administrator, the Investment Manager, the Sub-Investment Managers and the Distributor and their delegates may from time to time act as manager, registrar, administrator, transfer agent, trustee, depositary, investment manager, alternative investment fund manager or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company or any Sub-Fund. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company or any Sub-Fund. Each will at all times have regard in such event to its obligations under the Articles and / or any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund and, in particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly and, in particular, the Investment Manager (and its delegates) has agreed to act in a manner which it in good faith considers fair and equitable in allocating investment opportunities to the Company or the Sub-Funds as appropriate.

Each of the Manager, Investment Manager, Depositary, Administrator and Distributor also acts as manager, investment manager, depositary, administrator and distributor respectively of MGI Funds plc. The terms upon which each of the Investment Manager, the Administrator and Distributor act for MGI Funds plc are materially similar to the terms on which they act in respect of the Company, save that the fees payable in respect of MGI Funds plc are disclosed in each Relevant Supplement. The terms upon which each of the Manager and the Depositary act for MGI Funds plc are different insofar as required by the UCITS Regulations.

The Articles provide that the Administrator may accept the estimate of a competent person, approved by the Depositary, when determining the probable realisation value of unlisted securities. The Administrator may accept an estimate provided by the Investment Manager (or its delegate), or any other affiliate of the Manager for these purposes and investors should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated probable realisation value of the security, the higher the fees payable to the Manager and the Investment Manager (or its delegate).

There is no prohibition on dealing in the assets of the Company by entities related to the Depositary, the Manager, the Investment Manager, the Sub-Investment Managers and the Administrator, and / or any of their delegates or associated or group companies, provided that such transactions are negotiated at arm's length and in the best interests of the Shareholders. Transactions permitted are subject to: (a) a certified valuation by a person approved by the Depositary (or by the Directors in the case of transactions involving the Depositary) as independent and competent; or (b) execution on best terms on organised investment

exchanges under their rules; or (c) where (a) and (b) are not practical, transactions executed on terms which the Depositary is satisfied (or by the Directors in the case of transactions involving the Depositary) conform to the principles set out above.

In placing orders with brokers and dealers, who may in some cases be an affiliate of the Investment Manager (or its delegate), to make purchases and sales for the Sub-Funds, the Sub-Investment Managers will make all reasonable efforts to obtain best execution for the Sub-Funds. In determining what constitutes best execution, each such Sub-Investment Manager may consider factors it deems relevant, including, but not limited to, the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer and the reasonableness of the commission, if any, for the specific transaction, on a continuing basis. When consistent with the objectives of best price and execution, business may be placed with broker-dealers who furnish investment research or services to the Sub-Investment Managers. The commissions on such brokerage transactions with investment research or services may be higher than another broker might have charged for the same transaction in recognition of the value of research or services provided. Such research or services include advice, both orally and in writing, as to the value of securities; the advisability of investing in, purchasing, or selling securities; the availability of securities, or purchasers or sellers of securities; as well as analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. In addition, for the Investment Manager, such research or services may include advice concerning the allocation of assets among Sub-Investment Managers and the suitability of Sub-Investment Managers. To the extent portfolio transactions are effected with broker-dealers who furnish research and/or other services to the Investment Manager (or its delegate), the Investment Manager (or its delegate) receives a benefit, not capable of evaluation in dollar amounts, without providing any direct monetary benefit to the Company from these transactions. Such research or services provided by a broker-dealer through whom the Investment Manager (or its delegate) effects securities transactions for a Sub-Fund may be used by the Investment Manager (or its delegate) in servicing all of its accounts. In addition, the Investment Manager (or its delegate) may not use all of the research and services provided by such broker-dealer in connection with a Sub-Fund. The Sub-Investment Managers may pay any amount of commission for effecting a securities transaction in excess of the amount of commission another member of an exchange, broker, or dealer would have charged for effecting that transaction, if they determine in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such member, broker, or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Sub-Fund and/or other accounts over which the Sub-Investment Managers or their affiliates exercise investment discretion. The benefits provided under any soft commission arrangements must assist in the provision of investment services to the relevant Sub-Fund. Any soft commission arrangements will be disclosed in the periodic reports of the relevant Sub-Fund.

A Director may be a party to, or otherwise interested in, any transaction or arrangement in which the Company is interested. At the date of this Prospectus other than as disclosed under the heading "Management Information - The Directors and Secretary" above, no Director nor any connected person of a Director has any interest, beneficial or non-beneficial, in the Company or any material interest in any agreement or arrangement relating to the Company. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

## **REMUNERATION POLICIES AND PRACTICES**

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

## DECISION-MAKING PROCESS

### Decision-Making Process of the Manager

The board of Directors of the Company, as a whole, is responsible for the management of the Company. The board of the Company has appointed the Manager to act as the Company's AIFM.

The board of directors of the Manager (the "**Board**"), as a whole, is responsible for the management of the Sub-Funds as set out in the Manager's programme of activities. The Board has delegated responsibility for each of the managerial functions to a particular designated person, as set out in the programme of activities. The designated persons identified in the programme of activities are responsible for ensuring that issues arising within the scope of their areas of responsibility are escalated to the full Board as required.

The Board will exercise its functions by considering relevant reports from appropriate service providers or delegates on a regular basis.

Any Board member may convene a Board meeting to consider any of the matters raised in the reports. The Board may address material matters by, among other things, (i) permitting the relevant delegate to attend to the issue and to conduct a "watching brief," or (ii) nominating one or more directors to become directly involved with the delegate to pro-actively pursue and resolve the issue.

The Board will not fetter its discretion by pre-determining its response to any particular matter. Moreover, the Board will pay close attention to any matter that may have material financial consequences for investors, reputational issues for the Mercer Group or a significant regulatory impact.

Decisions of the Board will be recorded in the minutes of the Board meetings or by way of written resolution of the Board. The Board will ensure that any decisions taken by it are implemented, inter alia, by requiring from the Company's delegates ad hoc written reports, or verbal reports at Board meetings, as necessary. These action items are followed up at subsequent board meetings to ensure that all decisions have been implemented.

There are, at a minimum, quarterly board meetings held in Ireland. Delegates and others are invited to attend these board meetings. Delegates are required to attend board meetings where material issues have arisen with respect to the functions delegated to them.

The company secretary will liaise with the Board and the delegates with regard to the agenda and preparation of the board papers for meetings and will ensure that they are sent out on a timely basis in advance of each board meeting.

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## INVESTING IN SHARES

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The Directors have authority to effect the issue of Shares in any Series or Class in respect of a Sub-Fund and to create new Series or Classes of Shares on such terms as they may from time to time determine in relation to any Sub-Fund. The creation of further Share Classes must be notified in advance to, and cleared in advance by the Central Bank. The creation of further Sub-Funds requires the prior approval of the Central Bank. Issues of Shares will be made with effect from a Dealing Day in accordance with the subscription and settlement details and procedures below, unless otherwise specified in a Relevant Supplement. The Net Asset Value per Share will be calculated separately for each Class of Shares. The Net Asset Value per Share is available to Shareholders on request from the Administrator. The historical performance of each of the Sub-Funds shall be available on request from the Administrator.

The Directors offer various Classes of Shares for investment in the Sub-Funds. Certain information regarding the Classes of Shares available for each Sub-Fund and how to buy, sell and exchange such Shares is contained in the Relevant Supplement. The minimum subscription amount is €100,000. Knowledgeable Investors will not be subject to the minimum subscription amount. In addition, at the discretion of the Directors, trustees of pension plans who commit on initial subscription to invest an amount which equals or exceeds €100,000 within 12 months of the date of initial subscription, may invest

in the Company in an initial subscription amount which does not equal or exceed €100,000 provided that if the aggregate subscription for Shares by the trustee on behalf of the pension plan does not equal or exceed €100,000 within 12 months of the date of initial subscription for Shares by the trustee on behalf of the pension plan, the Company shall, as soon as possible thereafter and without notice, redeem all outstanding Shares held by the trustee on behalf of the pension plan. The Company shall not accept subscriptions from persons that group amounts of less than €100,000 for individual investors.

Subscriptions for Shares must be in the relevant Class Currency or such other currency as may be specified in a Relevant Supplement, unless the Directors otherwise agree to accept subscriptions in any freely convertible currency approved by the Manager, in which case such subscriptions will be converted into the relevant Class Currency or such other currency as will be specified in a Relevant Supplement at the rate of exchange available to the Manager or the Administrator as its delegate and the cost of conversion will be deducted from the subscription monies. Payment for Shares should be made to the account specified in the original subscription form.

The Sub-Funds, in which the different Classes of Shares are available, as of the date of this Prospectus, are set out below:

<b>Sub-Funds</b>
MGI Europe (ex UK) Equity Fund
MGI Global (ex UK) Equity Fund
MGI Balanced Managed Fund
MGI Diversified Equity Fund
MGI U.S. Equity Fund
MGI UK Moderate Growth Fund
MGI UK Growth Fund
MGI UK High Growth Fund
MGI UK Defensive Fund
Mercer Medium Term Inflation Linked Bond Fund
Mercer Passive Global Equity Fund
Mercer Passive UK Equity Fund
Mercer UK Credit Fund
Mercer Sterling Inflation Linked LDI Bond Fund
Mercer Sterling Nominal LDI Bond Fund
Mercer Enhanced Yield Fund
Mercer Euro Inflation Linked Bond Fund

The Investment Manager (or its delegate) may hedge the foreign currency exposure of Classes denominated in a currency other than the Base Currency of a Sub-Fund in order that investors in that Class receive a return in the currency of that Class substantially in line with the investment objective of the Sub-Fund. As foreign exchange hedging may be utilised for the benefit of a particular Class, transactions will be clearly attributable to that Class and the cost and related liabilities and/or benefits shall be for the account of that Class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for shares of any such Class.

Unless otherwise specified in a Relevant Supplement in relation to any Class, all Shares issued will be in registered form and written confirmation of ownership will be sent to Shareholders within ten days of registration (such confirmation may be sent or otherwise made available electronically). Share certificates will not be issued. The number of Shares issued will be rounded to two decimal places and any surplus amounts will be retained for the benefit of the relevant Sub-Fund.

### **Subscriptions for Shares**

Applications for Shares may be made on any Dealing Day in writing by completing the attached Application Form and submitting the completed signed Application Form to the Distributor or a sub-distributor for onward transmission to the Administrator, or directly to the Administrator. In the case of faxed Application Forms, the original Application Form must be received promptly thereafter either by a Distributor who shall forward it to the Administrator or directly by the Administrator. All documentation required in connection with anti-money laundering procedures must be received prior to account opening.

Subject to the minimum initial subscription for Shares in the Company set out in the Prospectus, the Directors may, at their discretion, determine the minimum initial subscription and subsequent subscriptions for Shares in respect of a particular Sub-Fund, and such minimums shall be set forth in the Relevant Supplement for the relevant Sub-Fund. The Directors and/or the Investment Manager, in their discretion, may waive any of the minimum initial or incremental investment requirements, except that the minimum initial subscription for Shares will always equal or exceed €100,000 or the foreign currency equivalent thereof (save in the case of permitted Knowledgeable Investors or at the discretion of the Directors in respect of the trustees of pension plans, in line with the terms outlined above). Under certain circumstances, the Directors may suspend Share transactions, as described more fully below under the heading "Temporary Suspension of Dealings". Applications once received shall be irrevocable provided however that the Company reserves the right to reject in whole or in part any application for Shares.

The initial subscriptions for Shares will not be processed until the original Application Form has been received by the Administrator and all anti-money laundering procedures have been completed. Amendments to an investor's registration details and payment instructions will only be effected on receipt of original documentation. If a subscription request is received after the Dealing Deadline on any Dealing Day, the Shares will be issued at the Net Asset Value per Share calculated as of the Valuation Point on the next Dealing Day.

The Manager may, in its discretion and on an exceptional basis only, waive the Dealing Deadline either generally or in relation to any specific subscription provided that applications are received prior to the time at which the Net Asset Value is calculated for that particular Dealing Day.

### **Subsequent Purchases**

Subsequent purchases may be made in writing or electronically in such form as the Directors may from time to time determine and should be posted or sent by facsimile or by electronic transmission to the address, fax number and electronic transmission address specified in the Application Form and will be deemed effective at the relevant Net Asset Value per Share for that Dealing Day after receipt in proper form by the Administrator. Shareholders are not obliged to submit original subscription documentation on subsequent applications for Shares unless the Application Form has changed since the initial purchase of Shares or if any information relating to an applicant is required to be updated.

### **Payment for Shares**

Payment for Shares must be made as specified in the Relevant Supplement for the relevant Sub-Fund. The Sub-Fund shall not issue Shares, or if issued shall cancel such Shares, if the payment for the Shares is not made within a reasonable time, as determined by the Directors and specified in the Relevant Supplement. Applicants may be required to compensate the Company at the discretion of the Directors for any loss resulting from late settlement or a failure or default in connection with the settlement of a purchase order for Shares. Payment for Shares must be in the relevant Class Currency or such other currency as may be specified in a Relevant Supplement, unless the Directors otherwise agree to accept subscriptions in any freely convertible currency approved by the Manager, in which case such subscriptions will be converted into the relevant Class Currency or such other currency as will be specified in a Relevant Supplement at the rate of exchange available to the Manager or the Administrator as its delegate and the cost of conversion will be deducted from the subscription monies. Payment for Shares should be made to the account specified in the original subscription form.

Fractional Shares may be issued where any part of the subscription monies for Shares represents less than the offer price of a Share, provided however, that fractions shall not be less than .0001 of a Share. Subscription monies representing less than .0001 of a Share will not be returned to a Shareholder, but will be retained for the benefit of the relevant class of the Sub-Fund.

Certain distributors or other financial intermediaries may impose certain conditions or charges on their clients which are in addition to those described in this Prospectus. Any such conditions or charges shall be imposed only after written agreement with respect thereto has been reached between the distributor or financial intermediary and its client. The Company will not be responsible for any such charges or conditions imposed.



In circumstances where an applicant does not provide subscription monies in accordance with the timelines set out in the Relevant Supplement and the applicant is or becomes a Shareholder, the Company may redeem or sell all or part of that Shareholder's Shares and use the proceeds to satisfy and make good any loss, cost, expense or fees suffered by the Company or any Sub-Fund as a result of the applicant's failure to transmit the subscription monies in a timely fashion.

Subscription into a Sub-Fund must be paid into the relevant Umbrella Cash Collection Account or the relevant IMR Account (both as defined in the section of the Prospectus headed "General"), and applicants should note the information in relation to the operation of the IMR Accounts and to the operation and risks associated with the Umbrella Cash Collection Accounts set out in the section headed "General". The Manager will arrange for an applicant to be notified in advance as to which bank account to direct their subscription monies.

### **Anti-Money Laundering Provisions**

Due to anti-money laundering and prevention of terrorist financing requirements operating within various jurisdictions and within Ireland, the Administrator, the Distributor or the Company (as the case may be) will require identification and verification of underlying investors and may require further information as to source of wealth and beneficial ownership before an application may be processed. Depending on the circumstances of each application, a detailed verification might not be required where (i) the applicant is a regulated credit or financial institution or (ii) the application is made through a regulated financial intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering and prevention of terrorist financing regulations and are made at the sole discretion of the Company's money laundering reporting officer. The Company and the Manager reserve the right in their sole discretion to refuse any application for Shares where the applicant is or is an immediate family member or close associate of a politically exposed person ("PEP") namely an individual who is, or has at any time in the preceding 12 month period been, entrusted with a prominent public function.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with two items of evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors.

On an ongoing basis during any period during which Shares are held, the Company, the Manager or the Administrator may require further identification and verification of the Shareholder, any underlying investor and/or beneficial owners.

Shares cannot be applied to an account unless full details of registration and anti-money laundering formalities have been completed. Shares cannot be sold from an account unless they have been previously applied to such account. No redemption payment may be made until the original signed Application Form has been received and all documentation required by the Company or the Administrator (including any documents in connection with anti-money laundering and prevention of terrorist financing procedures) and the relevant anti-money laundering and prevention of terrorist financing procedures (including those relating to ongoing monitoring) have been completed.

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering and prevention of terrorist financing programmes, including, without limitation, representations that such applicant is not a prohibited individual or entity or resident in a prohibited country or territory listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene applicable laws and regulations, including anti-money laundering and prevention of terrorist financing laws and regulations.

The Company, the Manager, the Distributor and the Administrator each shall be held harmless and indemnified by the applicant against any loss arising as a result of a failure to process a subscription or

application if such information as has been requested by the Company, the Manager, the Distributor or the Administrator has not been provided by any sub distributor or the applicant.

The Company, the Manager or the Administrator on its or their behalf reserves the right to refuse to accept any application for Shares or to make any redemption payment or distribution to a Shareholder if any of the Directors, the Manager or the Administrator suspects or is advised that the source of subscription monies or the payment of any redemption or distribution monies to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Company, its Directors, the Manager or the Administrator with any such laws or regulations in any relevant jurisdiction.

### **Limitations on Purchases**

The Company, the Manager, the Distributor and the Administrator reserve the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will be returned to the applicant (without interest) by transfer to the applicant's designated account or by post at the applicant's risk.

The Directors will not knowingly issue, or approve the transfer of any Shares to any U.S. Person. Each applicant for Shares will be required to provide such representations, warranties or documentation as may be required by the Directors and/or the Manager to ensure that these requirements are met prior to the issue of Shares.

The Directors or the Manager or the Administrator as their delegate, may issue Shares in exchange for assets in which the Company may invest in accordance with the particular investment objective and policies of the relevant Sub-Fund. No Shares may be issued in exchange for such assets unless the Directors are satisfied that (i) the number of Shares issued in the relevant Sub-Fund will not be more than the number which would have been issued for settlement in cash having valued the assets to be exchanged in accordance with the valuation provisions set out in the Articles and summarised herein; (ii) all fiscal duties and charges arising in connection with the vesting of such assets in the Depositary for the account of the relevant Sub-Fund are paid by the person to whom the Shares in such Sub-Fund are to be issued or, at the discretion of the Directors, partly by such person and partly out of the assets of such Sub-Fund; (iii) the terms of such exchange shall not materially prejudice the Shareholders in the relevant Sub-Fund; and (iv) the assets have been vested in the Depositary or its nominees or agents.

### **Privacy Information**

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

Any information furnished in the Application Form or in connection with the investment in the Company shall be held and processed by the Company. The Company will use this information for the purposes of processing the Application Form and managing and administering any of the services provided in relation to the investment in the Company (including any statutory reporting obligations). Such information may be processed on behalf of the Company by the Manager and the Administrator. This information may also be disclosed to the Manager, the Investment Manager, a Sub-Investment Manager, the Distributor and the Depositary for the purposes of them providing services to the Company in relation to the investment pursuant to their contracts with the Company. The information may also be processed and disclosed as necessary to meet legal and regulatory requirements which may include disclosure to the Central Bank, foreign regulators and auditors.

### **REDEEMING SHARES**

Shareholders may redeem their Shares in one of three ways - by mail, by facsimile or electronically. Redemption requests once received shall be irrevocable. Shareholders may request the Company to redeem their Shares on and with effect from any Dealing Day at a price based on the relevant Net Asset Value per Share on such Dealing Day less any applicable duties and charges. Redemption requests

received by facsimile or electronically will only be processed if the redemption proceeds are to be paid to the account of record of the redeeming Shareholder. Please consult “How to Redeem Shares” of the Relevant Supplement for further information regarding redeeming Shares. The Directors may compulsorily redeem all of the outstanding Shares in any Sub-Fund at the then prevailing Net Asset Value per Share, if the Depositary has served notice of its intention to retire under the terms of the Depositary Agreement (and has not revoked such notice) and no new depositary has been appointed by the Company with the approval of the Central Bank within 90 days of the date of service of such notice.

All outstanding Shares in any Sub-Fund may be redeemed by the Company by not less than four weeks’ notice in writing to the appropriate Shareholders if at any time following the first issue of Shares in the Sub-Fund, the Net Asset Value of the Sub-Fund on any Dealing Day falls below an amount which the Directors, on the advice of the Investment Manager or the Administrator or other service providers at the Directors’ discretion, believe is economically viable for the relevant Sub-Fund. The amount in respect of each Sub-Fund below which a total redemption of Shares may take place is currently set at twenty-five (25) million Euro (or its equivalent in the Base Currency of the Sub-Fund) or such other amount as may be specified in the Relevant Supplement or notified to Shareholders from time to time. In such circumstances, the Administrator will issue a redemption notice (“**Redemption Notice**”) and the Shares will be redeemed as of the Dealing Day specified in the Redemption Notice. In order to receive the redemption proceeds, Shareholders will be required to acknowledge to the Administrator receipt of the Redemption Notice describing their shareholdings.

The Manager maintains a liquidity risk management policy to monitor the liquidity risk of the Sub-Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions. The liquidity management systems and procedures employed by the Manager allow the Manager to apply various tools and arrangements necessary to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in this section.

Other arrangements may also be used in response to redemption requests (as set out below) which, if activated, will restrict the redemption rights from which Shareholders benefit in the ordinary course. The Company may also temporarily suspend redemptions in certain circumstances as set out below under the section headed “Temporary Suspension of Dealings”.

In addition, at the discretion of the Directors, trustees of pension plans who commit on initial subscription to invest an amount which equals or exceeds €100,000 within 12 months of the date of initial subscription, may invest in the Company in an initial subscription amount which does not equal or exceed €100,000 provided that if the aggregate subscription for Shares by the trustee of the pension plan does not equal or exceed €100,000 within 12 months of the date of initial subscription for Shares by the trustee on behalf of the pension plan, the Company shall, as soon as possible thereafter and without notice, redeem all outstanding Shares held by the trustee on behalf of the pension plan.

Unless otherwise specified in a Relevant Supplement in relation to any Class, redemption proceeds will be paid within a maximum period of ten Business Days of the Dealing Deadline on the Dealing Day on which redemptions are effected by electronic transfer (at the Shareholder’s risk and expense) to the account designated by the Shareholder in the Application Form or, in the discretion of the Directors, by a distribution in specie of assets of the Company to the Shareholder, provided that the Depositary is satisfied that the terms of the exchange will not be such as are likely to result in any material prejudice the remaining or redeeming Shareholders and provided the Shareholder consents to the distribution in specie. The nature and type of assets to be transferred shall be determined by the Directors on such basis as they and the Depositary deem equitable and not prejudicial to the interests of the remaining Shareholders. Any such asset allocation is subject to the approval of the Depositary. Shareholders who receive redemption proceeds *in specie* will be responsible for liquidating any securities received, including bearing any transaction costs involved in the sale of such securities. A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of Shares that represent 5% or more of the Net Asset Value and in such case the Company will, if requested by the Shareholder, facilitate the redemption in specie on behalf of the Shareholder with the cost of sale being charged to the Shareholder.

Notwithstanding the foregoing, pursuant to the Articles if the outstanding redemption requests from Shareholders of a particular Sub-Fund on any Dealing Day total in aggregate of 10% or more of the Net

Asset Value of the Sub-Fund on any Dealing Day, the Directors may, in their discretion, elect to restrict the total number of Shares repurchased to 10% or more of the Net Asset Value, in which case, redemption requests will be scaled down pro rata and the balance of outstanding 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 provided the Company shall not be obliged to redeem more than 10% of the total Net Asset Value of the particular Sub-Fund outstanding on any Dealing Day. Such deferred repurchase requests will have priority over repurchase requests received on subsequent Dealing Days.

Investors may apply to withdraw the whole of their investment at any time. Unless a Redemption Notice specifies a particular number of Shares to be redeemed it will be deemed to apply in respect of the total holding of the Shareholder.

Shareholders are required to notify the Company immediately in the event that they become U.S. Persons or hold Shares for the account or benefit of U.S. Persons, they become Irish Residents or cease to be Exempt Investors, or the Declaration made by or on their behalf is no longer valid. Shareholders are also required to notify the Company immediately in the event that they hold Shares for the account or benefit of Irish Residents or Irish Residents who cease to be Exempt Investors and in respect of which the Declaration made on their behalf is no longer valid or if they otherwise hold Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, pecuniary tax or material administrative disadvantage for the Company or the Shareholders as a whole.

Where the Directors become aware that a Shareholder (a) is a U.S. Person or is holding Shares for the account or benefit of a U.S. Person in contravention of the relevant provisions of the Articles; or (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, pecuniary, tax or fiscal consequences for the Company or the Shareholders; the Directors shall either (i) direct the Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares or (ii) redeem the relevant Shares at the Net Asset Value per Share as at the Valuation Point immediately following the date of notification of such mandatory redemption to the Shareholder.

Under the Articles, any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer his Shares, or who fails to make the appropriate notification to the Company, shall indemnify and hold harmless each of the Directors, the Company, the Manager, the Depositary, the Administrator, the Investment Manager, the Sub-Investment Managers and the other Shareholders (each an “**Indemnified Party**”) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

All redemption and dividend proceeds shall be paid through the Umbrella Cash Collection Accounts, and applicants should note the information in relation to the operation of and risks associated with the Umbrella Cash Collection Accounts set out in the section headed “General”

## **HOW TO EXCHANGE OR TRANSFER SHARES**

### **Exchanges within the Company**

Generally, Shareholders may exchange Shares in a Sub-Fund for Shares of such Class or Classes in another Sub-Fund of the Company as may be determined by the Directors from time to time. An exchange request will be treated as an order to redeem the Shares held prior to the exchange and a purchase order for new Shares with the redemption proceeds. The original Shares will be redeemed at their Net Asset Value per Share and the new Shares will be issued at the Net Asset Value per Share of the corresponding Class of the applicable Sub-Fund. Exchange requests for Shares must be made through the Distributor in accordance with such detailed instructions regarding exchange procedures as are furnished by the Distributor.

No exchange fee will be charged by the Company or the Manager.

## **Other Exchanges**

Shareholders may request a switch of Shares from one Sub-Fund or class of Shares of the Company to another sub-fund or class of shares of any other funds in Mercer's Irish fund range, which as of the date hereof includes the Mercer Funds. Such switch request will be treated as a redemption of Shares and a simultaneous purchase of shares in the other Mercer Fund. Consequently, any Shareholder requesting such switch must comply with the procedures of redemption and subscription as well as all other requirements, notably relating to investor qualifications and minimum investment and holding thresholds applicable to each of the funds or classes of shares concerned in the other Mercer Fund.

Switches must be effected by request in writing (in a medium acceptable to the Company and the relevant Mercer Fund). Unless otherwise requested in writing, redemption proceeds will not be paid to the Shareholder's bank account outlined on the Application Form and will instead be paid to the appropriate bank account for the Mercer Fund in which the Shareholder wishes to subscribe. The Directors or their delegates may decline to register any switch of Shares unless the request in writing is deposited at the registered office of the Company, or such other place as the Directors or their delegates may reasonably require, accompanied by such other evidence as the Directors, the Manager (or the Administrator on their behalf) may reasonably require.

Shareholders should note that while receipt of verification documents are pending, transactions may be rejected or delayed.

A Shareholder must satisfy the eligibility requirements applicable to the classes of shares or units of the relevant Mercer Fund (for example, a Shareholder seeking to switch into Mercer QIF Fund plc must satisfy the eligibility criteria of a qualified investor). All costs (including potential tax liability which might be applicable because of the country of citizenship, residence or domicile of the relevant Shareholder) associated with such switch will be borne by the relevant Shareholder.

No exchange fee will be charged by the Company or the Manager.

## **Transfers**

Transfers of Shares must be effected by submission of a Stock Transfer Form. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Directors (or the Administrator on their behalf) may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Company, or such other place as the Directors may reasonably require, accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed an Application Form (and has provided any documents in connection with anti-money laundering procedures) to the satisfaction of the Directors or their delegates and the anti-money laundering procedures have been completed.

For additional information concerning exchanges and restrictions thereon, please consult the section under the heading "Investing in Shares" in this Prospectus.

Shares are freely transferable and may not be subject to any transfer restrictions or compulsory redemption save where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole. To avoid such regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole, transfers of Shares are subject to the prior approval of the Directors or the Administrator on their behalf. A proposed transferee may be required to provide such representations, warranties or documentation as the Directors may require in relation to the above matters. In the event that the Company does not receive a Declaration in respect of a transferee, the Company will be required to deduct appropriate tax in respect of any payment to the transferee or any sale, transfer, cancellation, redemption, repurchase, cancellation or other payment in respect of the Shares as described in the section headed "Taxation" in this Prospectus.

## **SIDE POCKETS**

From time to time, a portion of the Company's assets may consist of one or more illiquid investments (including investments that are illiquid at the time of purchase) that the Directors determine, in their sole discretion, to be subject to practical, regulatory, contractual or legal restrictions on disposition (each such investment or portfolio of investments is referred to herein as a "**Side Pocket Investment**"). Upon identifying an investment or portfolio of investments as a Side Pocket Investment, a pro-rata portion of each existing Shareholder's shares (and, if such Shareholder holds more than one class of shares, pro-rata according to such Shareholder's holdings of such shares) will be converted to Shares of a new side pocket, without any obligation on the Shareholders or the Company to take any other action and without the requirement for any notice to be served on such Shareholder. This may include the conversion of Shares in respect of which a suspension or a partial suspension of redemptions is in effect on the date on which such redemption and re-issue occurs and the entire holding of any relevant Shareholders on the Dealing Day prior to the implementation of the suspension or partial suspension of redemptions may be taken into account in calculating the pro rata portion of shares held by such Shareholder which are to be redeemed and re-issued. Each separate class of side pocket Shares will represent a separate Sub-Fund. Shareholders who purchase shares after a Sub-Fund acquires a Side Pocket Investment are not entitled to receive any Shares or to participate in the gain, loss or income relating to such Side Pocket Investment.

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## **DIVIDEND POLICY**

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The distribution policy of each Sub-Fund will be specified in the Relevant Supplement.

Where applicable, the Company shall distribute and / or accrue capital gains / losses and income to each Shareholder in a distributing Class relative to their participation in the relevant Class as set out in the Relevant Supplement for the relevant Sub-Fund.

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## **FEES AND EXPENSES**

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Information regarding the fees and expenses of each Sub-Fund are primarily described in "Fees and Expenses" in the Relevant Supplement.

The aggregate fees and expenses of the Manager, Administrator, Depositary, Distributor and Investment Manager (and its delegates) will not exceed such amount as may be specified in the Relevant Supplement.

The Manager shall be responsible for the payment of the Investment Manager's fee and the Distributor's fee (including reasonable out of pocket expenses) out of its fees. The Manager will also be entitled to be reimbursed out of the assets of the Sub-Funds for reasonable out-of-pocket expenses incurred by it or any of its delegates in respect of the Sub-Funds. The Sub-Investment Manager's fees shall be paid out of the assets of the relevant Sub-Fund or by the Investment Manager out of its fees as specified in the Relevant Supplement. The fees and expenses of the Administrator and the Depositary (including reasonable out of pocket expenses) shall be paid by the Company out of the assets of the relevant Sub-Fund. The Company shall also reimburse the Depositary out of the assets of the relevant Sub-Fund for the reasonable fees and customary agents charges paid by the Depositary to any sub-custodian (which shall be charged at normal commercial rates) together with value added tax, if any, thereon.

Any commission received by the Manager or Investment Manager in respect of an investment by one Sub-Fund in another Sub-Fund will be paid into the assets of the Sub-Fund making the investment.

## **DIRECTORS' FEES**

Under the Articles, the Directors are entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed €100,000 unless otherwise notified to Shareholders. The Directors and any alternate Directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or Shareholders or any other meetings with

regulatory authorities or professional advisers or otherwise in connection with the business of the Company.

## **ESTABLISHMENT AND OPERATING EXPENSES**

Certain costs and expenses incurred in the operation of a Sub-Fund, other than those expressly assumed by the Manager, will be borne out of the assets of the relevant Sub-Fund, including without limitation, registration fees and other expenses relating to regulatory, supervisory or fiscal authorities in various jurisdictions, management, investment management, sub-investment management (as may be specified in the Relevant Supplement), administrative and custodial services; and the fees of any other person, firm or corporation providing professional advisory services to or for the benefit of the Sub-Fund; Directors' fees and expenses; client service fees; investor reporting fees including expenses incurred in connection with publication and supply of information to Shareholders; writing, translating, typesetting and printing the Prospectus and Relevant Supplement, sales, literature and other documents for Shareholders including the financial statements and any other reports to the Central Bank or to any other regulatory authority or to the Shareholders and the cost of all stationery and postage costs in connection with the preparation and distribution of information to Shareholders; taxes and commissions; issuing, purchasing, repurchasing and redeeming Shares; transfer agents, dividend dispersing agents, Shareholder servicing agents and registrars; auditing, accounting and legal expenses; reports to Shareholders and governmental agencies; meetings of Shareholders and proxy solicitations therefore (if any); insurance premiums; association and membership dues; and such non-recurring and extraordinary items as may arise.

Any index licensing and related fees payable for the use of a Benchmark Index will be borne out of the assets of the relevant Sub-Fund.

Any costs associated with ESG factors (including but not limited to screening, voting, monitoring and reporting costs) will be borne out of the assets of the relevant Sub-Fund.

Expenses of the Company will be allocated to the Sub-Fund or Sub-Funds to which, in the opinion of the Directors (or their delegates), they relate. If an expense is not readily attributable to any particular Sub-Fund, the expense will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund.

The Manager may, at its discretion, contribute directly towards the expenses attributable to the establishment and/or operation of the Company or any particular Sub-Fund and/or the marketing, distribution and/or sale of Shares and may from time to time at its sole discretion waive or rebate any or all of the Management Fees in respect of any particular payment period.

## **VOLUNTARY CAP**

The Manager may undertake to limit the Annual Expenses (as defined below) attributable to certain Classes within certain Sub-Funds (the "**Voluntary Cap**"). If the Voluntary Cap applies in respect of a Sub-Fund, this will be set out in the Relevant Supplement, indicating the particular Classes to which the Voluntary Cap is attributable. The Voluntary Cap in respect of the affected Classes is the sum of its management fee plus an additional percentage per annum, based on the average daily net assets of the relevant Class, as set out in the Relevant Supplement.

To achieve this Voluntary Cap, the Manager will absorb, either directly by waiving a portion of its fees or by reimbursement to the account of the relevant Class of the Sub-Fund, any Annual Expenses (as defined below) over the applicable Voluntary Cap that may arise. As the Voluntary Cap has been agreed to by the Manager on a voluntary basis, the Manager may withdraw the Voluntary Cap at any time or increase or decrease the Voluntary Cap in respect of any particular Class from time to time. Where the Manager withdraws, increases or decreases the Voluntary Cap, the Company will notify the Shareholders of the relevant Class or Classes.

Where the Voluntary Cap applies to a Class in a Sub-Fund, all Annual Expenses (as defined below) are covered by the Voluntary Cap, which shall equal the relevant management fee plus a percentage amount as disclosed in the Relevant Supplement. For the purposes of the affected Sub-Funds, unless otherwise stated in the Relevant Supplement, "Annual Expenses" means all costs and expenses of the Sub-Fund, excluding brokerage and spreads costs, commitment fees and any other fees and costs associated with

any credit facility implemented on behalf of the Sub-Fund, custody and sub-custody transaction charges, extraordinary expenses (such as material litigation in relation to the Sub-Fund or the Company), fees payable in relation to hedging services provided to the Sub-Fund, Sub-Investment Manager fees, performance fees payable to the Investment Manager (or its delegate), taxes and pooled fund investment fees.

## **ANTI-DILUTION LEVY**

In calculating the subscription and redemption price for the Sub-Funds the Directors may in their discretion, on a Sub-Fund by Sub-Fund basis and on any Dealing Day when there are net subscriptions or redemptions, adjust the subscription or redemption price by adding or deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the respective Sub-Funds.

Each Shareholder may be subject to an anti-dilution levy of up to 3% of the subscription proceeds or redemption proceeds, as applicable. The anti-dilution levy will be paid to the Sub-Fund for the benefit of all Shareholders and will not be paid to the Manager or Investment Manager. The anti-dilution levy will be deducted from subscription proceeds and will correspondingly reduce the number of Shares purchased by the investor or will be deducted from redemption proceeds and will correspondingly reduce the amounts received by a Shareholder upon redeeming its Shares from the Sub-Fund. Investors should note that the anti-dilution levy will only be paid on net subscriptions and redemptions on any Dealing Day. Details of any such anti-dilution levy (where applicable) will be notified to relevant Shareholders in advance of such levy being charged. In addition, while relevant Shareholders will be notified of the details of any such anti-dilution levy prior to settlement of their subscription or redemption (as applicable), notification will be provided after the point where such Shareholders can cancel their trade.

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## **DETERMINATION OF NET ASSET VALUE**

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The Net Asset Value per Share in any Sub-Fund shall be calculated by the Administrator in the Base Currency of that Sub-Fund (which shall be so specified in the Relevant Supplement) to the nearest two decimal places as at each Valuation Point in accordance with the valuation provisions set out in the Articles and summarised below. The Net Asset Value of a Sub-Fund shall be calculated by ascertaining the value of the assets of the relevant Sub-Fund and deducting from such amount the liabilities of the Sub-Fund, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Sub-Fund as specified in the Relevant Supplement. The Net Asset Value per Share of a Class of Shares in a Sub-Fund shall be calculated by establishing the number of Shares issued in the Class on the relevant Valuation Day and allocating the relevant fees and Class expenses to the Class and making appropriate adjustments to take account of distributions, if any, paid out of the Sub-Fund and apportioning the Net Asset Value of the Sub-Fund accordingly.

The Net Asset Value per Share in respect of any Dealing Day with respect to each Sub-Fund will be calculated at the time set out in the Relevant Supplement. The Net Asset Value per Share will be available promptly on request from the office of the Administrator. The Manager shall be responsible for the valuation of the assets of the Company and the publication of the Net Asset Value. For the avoidance of doubt, the time at which the Net Asset Value is calculated will always be after the Dealing Deadline.

The "Valuation Point" as at which prices shall be used when valuing the assets of a Sub-Fund shall be as defined in the Relevant Supplement or such other time as the Directors may determine from time to time and notify to Shareholders.

## **DETERMINATION OF NET ASSET VALUE**

The Manager is responsible for the valuation function in respect of the Company. A valuation policy in respect of the Company has been agreed between the Investment Manager, the Administrator and the Manager in accordance with the Articles and this Prospectus and the requirements of the AIFMD Regulations and has been adopted by the Manager in respect of the Company (the "**Valuation Policy**"). The purpose of the Valuation Policy is to ensure: (a) a consistent framework and methodology for the determination, validation, approval, regular monitoring and review of pricing; (b) that fair, correct and transparent pricing models and valuation systems are utilised; (c) that the calculation of the Net Asset Value of the Company is accurately effected, on the basis of the accounting and that subscription and redemption orders can be properly executed at the Net Asset Value; and (d) the proper and accurate



valuation of the assets and liabilities of the Company in accordance with the valuation rules as set out in the AIFMD Regulations.

The Manager shall undertake the valuation function impartially and will exercise due skill, care and diligence in its discharge. In carrying out this function, the Manager shall make use of safeguards set out in its Valuation Policy in order to ensure that the valuation function is functionally independent from the portfolio management function.

The Investment Manager has responsibility for the on-going monitoring of investments within each of the Sub-Funds. This includes, but is not limited to, reviewing information on stale and static prices, suspended securities and securities in liquidation and securities valued at cost. If the Investment Manager has reasonable belief that a particular security's valuation may not reflect fair market value, the fair value pricing committee of the Investment Manager will consider the security in question and its appropriate value. The Investment Manager may then make recommendations to the Manager, which may take this recommendation into account in determining fair value pricing.

In accordance with the Valuation Policy, the Manager may further develop the Valuation Policy and fair value assets in conjunction with the Investment Manager, and is responsible for the development, implementation and oversight of the Valuation Policy. The Manager's Remuneration Policy and other measures shall also ensure that conflicts of interest are mitigated and that undue influence upon employees is prevented.

The Manager has appointed the Administrator with responsibility for calculating the Net Asset Value and for each class of Shares as of each relevant Dealing Day. The calculation and publication of the Net Asset Value shall be undertaken by the Administrator in accordance with the Administration Agreement and the Valuation Policy.

The Manager is permitted to delegate the performance of certain valuation functions to an External Valuer in accordance with the requirements of the AIFMD. The Manager does not currently intend on delegating the performance of its valuation functions to any such External Valuer. In the event that the Manager delegates any of its valuation functions to an External Valuer in the future, Shareholders shall be notified.

The Manager shall be responsible for the proper valuation of the Company's assets and the Manager's liability towards to the Company and its Shareholders will not be affected by the appointment of an External Valuer. The appointment of an External Valuer (if any) by the Manager shall be notified to the Central Bank. Any External Valuer appointed by the Manager shall not be permitted to delegate the valuation function to a third party, and shall, irrespective of any contractual arrangements providing otherwise, be liable to the Manager for any losses suffered by the Manager as a result of the External Valuer's negligence or intentional failure to perform its tasks.

The assets of a Sub-Fund will be valued to the nearest two decimal places as at the Valuation Point as follows:

- (i) equity, fixed income and money market assets listed or traded on a Recognised Market (other than those referred to at (v) and (ix) below) for which market quotations are readily available shall be valued at the last traded price on the principal exchange or market for such investment provided that the value of any investment listed on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant Recognised Market may be valued taking into account the level of premium or discount as at the date of valuation of the investment and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. If for specific assets the last traded prices do not, in the opinion of the Manager or the External Valuer (as relevant), reflect their fair value, or are not available the value shall be estimated with care and in good faith by the Manager in consultation with the relevant Sub-Investment Manager or by an External Valuer with a view to establishing the probable realisation value for such assets as at the Valuation Point;
- (ii) if the assets are listed or traded on several Recognised Markets, the last traded price (in the case of equity assets) or the latest mid-market price (in the case of fixed income and money market assets) on the Recognised Market which, in the opinion of the Manager or an External Valuer, constitutes the main market for such assets, will be used;

- (iii) in the event that any of the investments are not listed or traded on any Recognised Market, such securities shall be valued at their probable realisation value as at the Valuation Point estimated with care and in good faith by the Manager in consultation with the relevant Sub-Investment Manager or by an External Valuer;
- (iv) cash and other liquid assets will be valued at their face value with interest accrued, where applicable, up to the Valuation Point;
- (v) units or shares in open-ended and closed-ended collective investment schemes not valued in accordance with (i) above will be valued at the latest available net asset value as published by the collective investment schemes as at the Valuation Point, or, if unavailable at the probable realisation value, as estimated with care and in good faith and as may be recommended by the Manager or an External Valuer;
- (vi) the Manager or an External Valuer (as relevant) may adjust the value of any investment if it considers such adjustment is required to reflect the fair value thereof in the context of currency, marketability and/or such other consideration which are deemed relevant with the approval of the Depositary;
- (vii) any value expressed otherwise than in the Base Currency of the relevant Sub-Fund (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate (whether official or otherwise) which the Manager or an External Valuer deems appropriate in the circumstances;
- (viii) exchange traded derivative instruments will be valued at the settlement price for such instruments on such market as at the Valuation Point; if such price is not available such value shall be the probable realisation value estimated with care and in good faith by the Manager or an External Valuer. OTC derivative instruments will be valued on each Dealing Day at the settlement price as at the Valuation Point as provided by the counterparty on a weekly basis and verified on a monthly basis by the Manager or an External Valuer (being independent from the counterparty). Forward foreign exchange contracts shall be valued with reference to the prevailing market maker quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken; and
- (ix) money market instruments held by a Sub-Fund with a remaining maturity or interest rate reset of 6 months or less will be valued, where possible, by the amortised cost method, which approximates market value. The Directors ( or their delegate) shall review each week any discrepancies between the market value of the assets and the value as determined by the amortised cost method of valuation. If at any time, however, the market value of any of the assets of any Sub-Fund deviates by more than 0.5% from its value determined on an amortised cost basis, the pricing of such security will be reviewed. If the deviation is greater than 0.3% the Directors (or their delegate) will review the discrepancies on each Business Day until the deviation is less than 0.3%. The Directors will monitor the use of the amortised cost method of valuation in order to ensure that this method continues to be in the best interests of the Shareholders and to provide a fair valuation of the investments of the Sub-Fund. There may be periods during which the stated value of an instrument determined under the amortised cost method of valuation is higher or lower than the price which the Sub-Fund would receive if the instrument were sold, and the accuracy of the amortised cost method of valuation can be affected by changes in interest rates and the credit standing of issuers of the Sub-Fund's investments.

In the event of it being impossible, impractical or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (i) to (ix) above, or if such valuation is not representative of the securities fair market value, the Manager or an External Valuer, if it deems it necessary, is entitled to adopt an alternative valuation method which has been approved by the Depositary in order to reach a proper valuation of that specific investment and the rationale or methodologies used shall be clearly documented.

Where a Class is designated in a currency other than the Base Currency, the Net Asset Value of Shares in that Class shall be calculated in the Base Currency and converted into the currency of designation of that Class at the rate (whether official or otherwise), which the Administrator deems appropriate in the

circumstances. Changes in the exchange rate between the Base Currency of a Sub-Fund and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency.

Dividends, interest and capital gains (if any) which the Company receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company 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 Company, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### **Swing Pricing**

Notwithstanding the above provisions, on any Dealing Day on which there are net subscriptions into or net redemptions out of a Sub-Fund, the actual cost of acquiring or disposing of assets on behalf of the relevant Sub-Fund, due to dealing charges, taxes, and any spread between acquisition and disposal prices of assets, may be such as to affect the Net Asset Value of the Sub-Fund to the detriment of Shareholders in the Sub-Fund as a whole. The adverse effect that these costs could have on the Net Asset Value is known as “dilution”.

In order to seek to mitigate the effect of dilution the Directors may determine, at their discretion, to “swing” the Net Asset Value to counter the possible negative effects of dilution. Where they so determine, the Administrator will calculate the Net Asset Value for the relevant Sub-Fund, as described above, and then adjust (“**swing**”) the Net Asset Value by a pre-determined amount. The direction of the swing will depend on whether there are net subscriptions or redemptions in the relevant Sub-Fund on the relevant Dealing Day, while the magnitude of the swing will be based on pre-determined estimates of the average trading costs in the relevant asset class(es) in which the Sub-Fund is invested. For example, if the relevant Sub-Fund is experiencing net inflows, its Net Asset Value will be swung upwards, so that the incoming Shareholders are effectively bearing the costs of the dealing that their subscriptions generate by paying a higher Net Asset Value per Share than they would otherwise be charged. Conversely, where there are net redemptions in the Sub-Fund, the Net Asset Value will be swung downwards, so that the outgoing investors are effectively bearing the costs of the dealing that their redemptions generate by receiving a lower Net Asset Value per Share than they would otherwise receive. These swings are intended to protect non-dealing Shareholders from the impact of trading costs triggered by dealing investors.

The determination to swing the Net Asset Value in respect of a Sub-Fund will be made following a consideration of the dealing activity (i.e. level of subscriptions and redemptions) in the relevant Sub-Fund on a Dealing Day, in accordance with criteria set by the Directors from time to time. These criteria will include whether the costs of investing or divesting the net inflows into or outflows from a Sub-Fund on a Dealing Day will create, in the Directors’ opinion, a material dilutive impact. Swing pricing will only be exercised for the purpose of reducing dilution in the interests of the Shareholders in a Sub-Fund as a whole and will be applied consistently in respect of a Sub-Fund and in respect of all assets of that Sub-Fund.

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## **TEMPORARY SUSPENSION OF DEALINGS**

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The Directors may at any time, with the approval of the Depositary, temporarily suspend the issue, valuation, sale, purchase, redemption, repurchase and exchange of Shares in any Sub-Fund during:

- (i) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the relevant Sub-Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such Recognised Market are restricted or suspended;
- (ii) any period where, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Company, the disposal or valuation of investments for the time being comprised in the relevant Sub-Fund cannot, in the

opinion of the Directors, be effected or completed normally or without prejudicing the interest of Shareholders;

- (iii) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the relevant Sub-Fund or during any period when for any other reason the value of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- (iv) any period when the Company is unable to repatriate funds for the purposes of making redemption or purchase payments or during which the realisation of investments for the time being comprised in the relevant Sub-Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (v) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Sub-Fund or the remaining shareholders in such Sub-Fund;
- (vi) any period following the service of a notice convening a meeting of the Shareholders at which a resolution is proposed to terminate a Sub-Fund or the Company; or
- (vii) any period when the issue, valuation, sale, purchase, redemption, repurchase and exchange of Shares in any Underlying Fund in which a Sub-Fund has invested a substantial portion of its assets is suspended.

Notice of any such suspension shall be notified within the same Dealing Day on which the suspension took effect, to the Central Bank. Shareholders who have requested issue, purchase or redemption of Shares in any Sub-Fund will have their request dealt with on the first Dealing Day after the suspension has been lifted unless such requests have been withdrawn prior to the lifting of the suspension. All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. If in the opinion of the Directors the suspension is likely to exceed thirty days, it shall be notified as soon as practicable thereafter to any Shareholders affected by such suspension.

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#### **TERMINATION OF FUNDS**

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The Company may terminate the Company, or any Sub-Fund, or Class in its absolute discretion, and redeem all of the Shares of such Sub-Fund or Class, if:

1. the Shareholders of the Sub-Fund pass a special resolution to approve the redemption of all the Shares in the Sub-Fund; or
2. at any time following the first issue of Shares in a Sub-Fund, if the Net Asset Value of the relevant Sub-Fund on any Dealing Day falls below EUR25,000,000 or such other amount as the Directors may determine and notify to Shareholders as described herein or as set out in the Relevant Supplement; or
3. the Directors determine that it is in the best interests of Shareholders in the relevant Sub-Fund or Class; or
4. the Depositary has served notice of its intention to retire under the terms of the Depositary Agreement (and has not revoked such notice) and no new depositary has been appointed by the Company with the approval of the Central Bank within six months of the date of service of such notice.

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## TAXATION

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### IRELAND

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

The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Shareholders who are not Irish residents may be taxed in accordance with the laws of other jurisdictions. This Prospectus does not make any statement regarding those jurisdictions. Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares.

#### Taxation of the Company

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

The Company will be obliged to account for Irish income tax to the Irish Revenue Commissioners if Shares are held by non-exempt Irish resident Shareholders (and in certain other circumstances), as described below. Explanations of the terms "*resident*" and "*ordinarily resident*" are set out at the end of this summary.

#### Taxation of Non-Irish Shareholders

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Company will not deduct any Irish tax in respect of the Shareholder's Shares once the appropriate declaration as set out in Schedule 2B TCA and in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's non-resident status and where the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct. This Declaration may be provided by an Intermediary who holds Shares on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term 'Intermediary' is set out at the end of this summary.

If this declaration is not received by the Company and where the Company has not received approval from the Irish Revenue Commissioners to operate "equivalent measures", the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). The Company will also deduct Irish tax if the Company has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances including where:

- i. The appropriate tax has been correctly returned by the Company and within one year of making of the return the Company can prove to the satisfaction of the Revenue Commissioners that it is just and reasonable for such tax which has been paid to be repaid to the Company.
- ii. Where a claim is made for a refund of Irish tax under Section 189, 189A, 192 and 205A of the Taxes Act (relieving provisions relating to incapacitated persons, trusts in relation thereto, persons incapacitated as a result of drugs containing thalidomide and Magdalen Laundry payments) the income received will be treated as net income chargeable to tax under Case III of Schedule D from which tax has been deducted.

Shareholders must inform the Company on becoming Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

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

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and falls within any of the categories listed in section 739D(6) TCA (an “**Exempt Investor**”), the Company will not deduct Irish tax in respect of the Shareholder’s Shares once the declaration as set out in Schedule 2B TCA and in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder’s exempt status.

The categories listed in section 739D(6) TCA can be summarised as follows:

1. Pension schemes (within the meaning of section 774, section 784 or section 785 TCA).
2. Companies carrying on life assurance business (within the meaning of section 706 TCA).
3. Investment undertakings (within the meaning of section 739B TCA).
4. Investment limited partnerships (within the meaning of section 739J TCA).
5. Special investment schemes (within the meaning of section 737 TCA).
6. Unauthorised unit trust schemes (to which section 731(5)(a) TCA applies).
7. Charities (within the meaning of section 739D(6)(f)(i) TCA).
8. A qualifying management company (within the meaning of section 734(1) TCA).
9. Specified companies (within the meaning of section 734(1) TCA).
10. Qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA).
11. A person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund.
12. A person who is entitled to exemption from income tax and capital gains tax by virtue of Section 7871 of the Taxes Act and the Shares are assets of a Personal Retirement Savings Account (as defined under the TCA).
13. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
14. An Irish Resident company investing in a money market fund being a person referred to in Section 739D(6)(k) TCA.
15. The National Asset Management Agency.

16. 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 Ireland acting through the National Treasury Management Agency.
17. The Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018).
18. Qualifying companies (within the meaning of section 110 TCA).
19. Any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Shares in the Company without requiring the Company to deduct or account for Irish tax.

Irish resident Shareholders who claim exempt status will be obliged to account for any Irish tax due in respect of Shares on a self-assessment basis.

If this declaration is not received by the Company in respect of a Shareholder and where the Company has not received approval from the Irish Revenue Commissioners to operate equivalent measures, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

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

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an Exempt Investor (see above), the Company will deduct Irish tax on the happening of a chargeable event which includes distributions, redemptions, transfers and, additionally, on 'eighth anniversary' events, as described below.

A chargeable event does not include:

- an exchange by a Shareholder, effected by way of an arm's length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- 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 a Share where the transfer is between spouses, former spouses, civil partners or former civil partners, subject to certain conditions;
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H TCA) of the Company with another investment undertaking; or
- any transaction in relation to, or in respect of, relevant Shares in the Company which transaction arises only by virtue of a change of court funds manager for the Company.

#### *Distributions by the Company*

If the Company pays a distribution to a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Shareholder will have no further Irish tax liability in respect of the distribution. However, if the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

#### *Redemptions and Transfers of Shares*

If the Company redeems Shares held by a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if such an Irish resident Shareholder transfers (by sale or otherwise) an entitlement to Shares, the Company will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Shares, to fund this Irish tax liability the Company may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due.

Generally, a Shareholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Shareholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### *'Eighth Anniversary' Events*

If a non-exempt Irish resident Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Company will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the increase in value, in all other cases.

The Company will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Company may appropriate or cancel Shares held by the Shareholder.

However, if less than 10% of the Shares (by value) in the relevant Sub-Fund are held by non-exempt Irish resident Shareholders, the Company may elect not to account for Irish tax on this deemed disposal. To claim this election, the Company must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Shareholders (including the value of their Shares and their Irish tax reference numbers); and



2. notify any non-exempt Irish resident Shareholders that the Company is electing to claim this exemption.

If the exemption is claimed by the Company, any non-exempt Irish resident Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Company on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

Where the chargeable event is the ending of an eight year period, the Company has the option of electing to value the Shares at certain dates other than at the date of the deemed eight year disposal itself.

### **Stamp Duty**

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

No Irish stamp duty will be payable by the Company 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 TCA) which is registered in Ireland.

No Stamp Duty will arise on reconstructions or amalgamations of investment undertakings under Section 739H of the Taxes Act, provided the reconstructions or amalgamations are undertaken for bona fide commercial purposes and not for the avoidance of tax.

### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish domiciled, resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the "valuation date" (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

### **Meaning of Terms**

#### *Meaning of "Residence" for Companies*

A company which is incorporated in Ireland is automatically considered tax resident in Ireland, unless it is considered resident in a jurisdiction with which Ireland has a double tax agreement.

A company incorporated in a foreign jurisdiction that is centrally managed and controlled in Ireland will be treated as resident in Ireland for tax purposes, unless otherwise resident by virtue of a double tax agreement.

### *Meaning of “Residence” for Individuals*

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

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

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

### *Meaning of “Ordinary Residence” for Individuals*

The term “ordinary residence” (as distinct from ‘residence’) relates to a person’s normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2021 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2024.

### *Meaning of “Intermediary”*

An ‘intermediary’ means a person who:

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

## **OECD COMMON REPORTING STANDARD**

The automatic exchange of information regime known as the “Common Reporting Standard” developed by the Organisation for Economic Co-operation and Development applies in Ireland. Under this regime, the Company is required to report information to the Irish Revenue Commissioners relating to all Shareholders, including the identity, residence and tax identification number of Shareholders and details as to the amount of income and sale or redemption proceeds received by Shareholders in respect of the Shares. This information may then be shared by the Irish Revenue Commissioners with tax authorities in other EU Member States and other jurisdictions which implement the OECD Common Reporting Standard, including the U.K.

## **FATCA**

Ireland has an intergovernmental agreement with the United States of America (the “IGA”) in relation to FATCA, of a type commonly known as a ‘model 1’ agreement. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law. The Company intends to carry on its business in such a way as to ensure that it is treated as complying with FATCA, pursuant to the terms of the IGA. Unless an exemption applies, the Company shall be required to register with the US Internal Revenue Service as a ‘reporting financial institution’ for FATCA purposes and report information to the Irish Revenue Commissioners relating to Shareholders who, for FATCA purposes, are specified US persons, non-participating financial institutions or passive non-financial foreign entities that are controlled by specified US persons. Exemptions from the obligation to register for FATCA purposes and from the obligation to report information for FATCA purposes are available only in limited circumstances. Any information reported by the Company to the Irish Revenue Commissioners will be communicated to the US Internal Revenue Service pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also

communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

The Company should generally not be subject to FATCA withholding tax in respect of its US source income for so long as it complies with its FATCA obligations. FATCA withholding tax would only be envisaged to arise on US source payments to the Company if the Company did not comply with its FATCA registration and reporting obligations and the US Internal Revenue Service specifically identified the Company as being a 'non-participating financial institution' for FATCA purposes.

## **INVESTOR TAX FILINGS AND RECORD RETENTION**

The U.S. Treasury Department has adopted regulations designed to assist the IRS in identifying abusive tax shelter transactions. In general, these regulations require investors in specified transactions (including certain shareholders in non-U.S. corporations and partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties may be imposed as a result of a failure to comply with these tax filing and record retention rules.

The regulations are broad in scope and it is conceivable that the Company may enter into transactions that will subject the Company and certain Shareholders to the special tax filing and record retention rules. The Directors intend to use reasonable efforts to provide information to the Shareholders necessary to enable the Shareholders to satisfy any tax filing and record retention requirements that may arise as a result of any transactions entered into by the Company. Prospective investors should consult their own tax advisors about their obligation to report or disclose to the IRS information about their investment in the Company with respect to transactions or investments subject to these rules.

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## **GENERAL**

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### **SERIES OF SHARES REQUIREMENTS**

Under the Articles, the Directors are required to establish a separate Sub-Fund, with separate records, for each Series of Shares in the following manner:

- (i) the Company will keep separate books and records of account for each Sub-Fund. The proceeds from the issue of each Series of Shares will be applied to the Sub-Fund established for that Series of Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Sub-Fund;
- (ii) any asset derived from another asset comprised in a Sub-Fund, will be applied to the same Sub-Fund as the asset from which it was derived and any increase or diminution in value of such an asset will be applied to the relevant Sub-Fund;
- (iii) in the case of any asset which the Directors do not consider as readily attributable to a particular Sub-Fund or Sub-Funds, the asset will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund;
- (iv) any liability will be allocated to the Sub-Fund or Sub-Funds to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Sub-Fund, the liability will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund;
- (v) where the assets of the Company (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Sub-Fund or Sub-Funds as they may deem appropriate.

Shares of any particular Series may be divided into different Classes to accommodate different subscription and/or redemption charges and/or charges and/or dividend and/or fee arrangements.

## THE SHARE CAPITAL

The authorised share capital of the Company is 500,000,000,002 Shares of no par value divided into 2 Subscriber Shares of no par value and 500,000,000,000 unclassified Shares of no par value.

Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different Classes of Shares) in the profits and assets of the Company on the terms and conditions set out in the Relevant Supplement. Subject to any special rights or restrictions for the time being attached to any Class of Shares with the prior approval of the Central Bank, each Shareholder shall be entitled to such number of votes as shall be produced by dividing the aggregate Net Asset Value of that Shareholder's shareholding (expressed or converted into Euro and calculated as of the relevant record date) by one. The Subscriber Shareholders shall have one vote for each Subscriber Share held. The "relevant record date" for these purposes shall be a date being not more than thirty days prior to the date of the relevant general meeting or written resolution as determined by the Directors. There are no pre-emption rights attaching to Shares.

The Company may from time to time by ordinary resolution increase its capital, consolidate its Shares or any of them into a smaller number of Shares, sub-divide Shares or any of them into a larger number of Shares or cancel any Shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

## INVESTOR MONEY ACCOUNTS AND UMBRELLA CASH COLLECTION ACCOUNTS

### Investor Money Account – Subscriptions

The Manager has established a number of investor money collection accounts (designated by currency) in the name of the Manager (the "**IMR Account(s)**") for the benefit of the Company. Subscription monies which are received into the relevant IMR Account will thereafter be moved to the relevant Umbrella Cash Collection Account (as defined below) upon reconciliation by the Administrator of the monies received against the related subscription instruction.

Subscription monies held in the IMR Accounts to which investors are beneficially entitled will qualify for the protections afforded by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, are kept separate from assets of the Manager and of the Company and the Sub-Funds, and will be protected from the insolvency of the Manager and the Sub-Fund.

### Umbrella Cash Collection Account – Subscriptions, Redemptions and Distributions

The Company has also established a number of collection accounts (designated by currency) at umbrella level in the name of the Company (the "**Umbrella Cash Collection Account(s)**"). Subscriptions into Sub-Funds and all redemptions and distributions due from the Sub-Funds will be paid into the relevant Umbrella Cash Collection Account, except for those subscriptions that are required to be routed first to an IMR Account.

Monies in the Umbrella Cash Collection Accounts, including early subscription monies received in respect of a Sub-Fund, do not qualify for the protections afforded by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers. Pending the issue of Shares, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Sub-Fund in respect of amounts paid by or due to it.

Subscriptions (including subscriptions received in advance of the issue of Shares) attributable to a Sub-Fund will be channelled and managed through either the relevant IMR Account and / or the relevant Umbrella Cash Collection Account. All redemptions, dividends or cash distributions payable from the Sub-Funds will be channelled and managed through the relevant Umbrella Cash Collection Account.

Subscription amounts entering an Umbrella Cash Collection Account (including those routed through an IMR Account and then transferred to an Umbrella Cash Collection Account) will be paid into the relevant Sub-Fund account in the name of the Manager on behalf of the relevant Sub-Fund on the contractual settlement date. Where subscription monies are received in an IMR Account and/or an Umbrella Cash Collection Account without sufficient documentation to identify the applicant or the relevant Sub-Fund, such monies shall be returned to the applicant within 5 business days. Investors should note that the return of monies in such circumstances may be subject to an administrative charge imposed by the relevant credit institutions.

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

Failure to provide the necessary complete and accurate documentation in respect of subscriptions, redemptions or dividends is at the applicant's risk.

The Umbrella Cash Collection Accounts have been opened in the name of the Company. The Depositary will be responsible for safe-keeping and oversight of the monies in the Umbrella Cash Collection Accounts, and for ensuring that relevant amounts in the Umbrella Cash Collection Accounts are attributable to the appropriate Sub-Funds.

The Company and the Depositary have agreed operating procedures in respect of the Umbrella Cash Collection Accounts and the IMR Accounts, which identify the participating Sub-Funds of the Company, the procedures and protocols to be followed in order to transfer monies from and between both the Umbrella Cash Collection Accounts and the IMR Accounts, the daily reconciliation processes, and the procedures to be followed where there are shortfalls in respect of a Sub-Fund due to late payment of subscriptions, and / or transfers to a Sub-Fund of monies attributable to another Sub-Fund due to timing differences.

### **Risk Disclosures - Umbrella Cash Collection Accounts and IMR Accounts**

Subscription monies received in respect of a Sub-Fund in advance of the issue of Shares will be held in either an IMR Account or an Umbrella Cash Collection Account in the name of the Company. Investors whose monies are in an Umbrella Cash Collection Account will be unsecured creditors of such Sub-Fund with respect to the amount subscribed until such Shares are issued. In the event of an insolvency of the Sub-Fund or the Company, there is no guarantee that the Sub-Fund or Company will have sufficient funds to pay unsecured creditors in full.

Investors in either an IMR Account or an Umbrella Cash Collection Account will not benefit from any appreciation in the Net Asset Value of the Sub-Fund or any other Shareholder rights (including dividend entitlement) until such time as Shares are issued.

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

In the event of the insolvency of another Sub-Fund of the Company, recovery of any amounts to which a Sub-Fund is entitled, but which may have transferred to such other Sub-Fund as a result of the operation of the Umbrella Cash Collection Accounts, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Collection Accounts. There may be delays in effecting and / or disputes as to the recovery of such amounts, and the insolvent Sub-Fund may have

insufficient funds to repay amounts due to the relevant Sub-Fund. Accordingly, there is no guarantee that such Sub-Fund or the Company will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Sub-Fund or the Company would have sufficient funds to repay any unsecured creditors.

## **VOTING RIGHTS**

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or upon the declaration of the result of the show of hands a poll is demanded by the chairman or by at least five Shareholders present in person or by proxy or any Shareholders present representing at least one tenth of the Shares in issue having the right to vote at the meeting. In the case of a show of hands, each Shareholder present in person or by proxy shall have one vote. In the case of a poll, each Shareholder shall be entitled to such number of votes at any general meeting as shall be produced by dividing the aggregate Net Asset Value of that Shareholder's shareholding (expressed or converted into the relevant Base Currency and calculated as of the relevant record date) by one. The "relevant record date" for these purposes shall be a date being not more than thirty days prior to the date of the relevant general meeting or written resolution as determined by the Directors. Where a separate written resolution or general meeting of a particular Series or Class is held, in such circumstances, the Shareholders' votes shall be calculated by reference only to the aggregate Net Asset Value per Share of each Shareholder's shareholding in that particular Series or Class. In relation to a resolution which in the opinion of the Directors gives or may give rise to a conflict of interest between the Shareholders of any Series or Class, such resolution shall be deemed to have been duly passed only if, in lieu of being passed through a single meeting of the Shareholders of such Series or Class, such resolution shall have been passed at a separate meeting of the Shareholders of each such Series or Classes. All votes shall be cast by Shareholders present in person or by proxy at the relevant Shareholder meeting or by unanimous written resolution of the Shareholders.

## **VARIATION OF SHAREHOLDERS RIGHTS**

Under the Articles, the rights attached to each Series or Class of Share may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that Series or Class or with the sanction of a special resolution passed at a separate general meeting of the holders of Shares of that Series or Class. The rights attaching to any Series or Class of Shares shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at such a meeting shall be two persons present in person or by proxy holding Shares of the Series or Class in question or, at an adjourned meeting, one person holding Shares, of the Series or Class in question or his proxy.

## **FAIR TREATMENT OF INVESTORS**

The Company will at all times seek the fair treatment of Shareholders. The Relevant Supplement for the Sub-Funds shall describe any instance where a Shareholder may receive preferential treatment, a description of that preferential treatment, the type of Shareholders who may obtain such preferential treatment and where relevant their legal and economic links with the Company.

Such preferential treatment may include rebate arrangements between the Manager and a particular investor or investors and arrangements for the provision of additional information or reporting to a particular investor or to investors, including, by way of example where such information or reporting is required by the investor or investors for the purpose of complying with a specific regulatory or legal obligation. Further details of any such arrangement for the provision of preferential treatment will be disclosed in the Relevant Supplement.

## **SHAREHOLDER RIGHTS**

In order to subscribe for Shares, Shareholders must complete an Application Form in accordance with the section titled "Investing in Shares - Subscriptions for Shares" above. By doing so, Shareholders agree to subscribe for Shares and to be bound by the terms of this Prospectus and the Articles (the Application Form, Prospectus and Articles, together, the "**Subscription Documents**"). The Subscription Documents

are governed by Irish law and the courts of Ireland shall have such jurisdiction in relation to them as is determined in accordance with Council Regulation (EC) No 44/2001 as set out below in the section titled "Governing Law and Recognition and Enforcement of Judgments in Ireland" below.

## **RIGHTS AGAINST SERVICE PROVIDERS**

Shareholders have generally no direct rights against the Company's service providers. As set out in the Depositary Agreement, the Depositary will be liable to the Company and the Shareholders for any loss arising from the Depositary's negligence or its intentional failure to properly fulfil its obligations pursuant to the AIFMD, and for any loss of financial instruments held in custody unless the Depositary can establish that such loss was due to an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Company is reliant on the performance of third party service providers, including the Investment Manager, the Depositary, the Administrator and the Auditors, whose details are set out above. No Shareholder will have any direct contractual claim against any service provider with respect to such service provider's default. Any Shareholder who believes they may have a claim against any service provider in connection with their investment in a Sub-Fund, should consult their legal adviser

## **GOVERNING LAW AND RECOGNITION AND ENFORCEMENT OF JUDGMENTS IN IRELAND**

The 1980 Rome Convention on the Law Applicable to Contractual Obligations (other than Article 7(1)), Regulation (EC) 593/2008 (Rome I) and Regulation (EC) 864/2007 (Rome II), all have force of law in Ireland (together the "**Rome Regulations**"). Accordingly, the choice of a governing law in any given agreement is subject to the provisions of the Rome Regulations. Under the Rome Regulations, the courts of Ireland may apply any rule of Irish law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of Ireland. The courts of Ireland determine what the public policy of Ireland is on a case by case basis. The fact that contractual parties choose a foreign law, whether or not accompanied by the choice of a foreign tribunal, shall not, where all the other elements relevant to the situation at the time of the choice are connected with one country only, prejudice the application of rules of the law of that country, which cannot be derogated from by agreement.

Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters has force of law in Ireland. In accordance with its provisions, a judgment obtained in the courts of a foreign jurisdiction will in general be recognised and enforced in Ireland without review as to its substance, save in certain exceptional circumstances

## **MEETINGS**

All general meetings of the Company shall be held in Ireland and at least one general meeting of the Company shall be held in each year as the Company's annual general meeting. At least twenty one days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) shall be given to Shareholders. The notice shall specify the place, day and hour of the meeting and the terms of the resolutions to be proposed. A proxy may attend on behalf of any Shareholder. The voting rights attached to the Shares are set out under the "Voting Rights" section of this Prospectus.

## **REPORTS AND ACCOUNTS**

The Company's financial statements will be prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The Company will prepare an annual report and audited accounts as of 30 June in each year and, unaudited half-yearly accounts (in accordance with the requirements of the Central Bank), as of 31 December in each year. Copies of the audited annual report and accounts of the Company will be made available to the Shareholders via the following website address <https://www.delegated-solutions.mercer.com/our-funds-general-information.html> within the timeframes prescribed by the Central Bank after the end of the relevant financial period. Copies of the annual report will be provided to the

Shareholders on request and will be available to the public at the registered office of the Company in Ireland.

The following information will be made available to Shareholders as part of each Sub-Fund's periodic reporting process (but will not be in audited form unless required under the Act and relevant regulations):

- (i) the percentage of each Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature (including Side Pocket Investments);
- (ii) the current risk profile of each Sub-Fund and the risk management systems employed by the Manager to manage those risks; and
- (iii) the total amount of leverage employed by each Sub-Fund.

The above information will be provided to Shareholders at the same time as the annual report produced in the Sub-Fund's periodic reporting cycle.

Shareholders will also be provided with information regarding changes to (i) the maximum level of leverage which the Manager may employ on behalf of a Sub-Fund; or (ii) the rights for reuse of collateral or any guarantee granted under a Sub-Fund's leveraging arrangements; or (iii) any guarantee granted under a Sub-Fund's leveraging arrangements.

This information will be made available to Shareholders, without undue delay following the occurrence of that change, by way of update to this Prospectus or the Relevant Supplement. Where required, such change will be preceded by notification to Shareholders.

It is intended that Shareholders will be notified if a Sub-Fund activates gates or similar arrangements or if the Manager decides to suspend redemptions. Shareholders will also be notified whenever the Manager makes material changes to liquidity risk management systems and procedures employed in respect of a Sub-Fund.

## **WINDING UP**

The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (ii) The assets available for distribution among the members shall then be applied in the following priority:
  - (a) First, in the payment to the holders of Shares of each Sub-Fund of a sum in the currency in which that Series is designated 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 aggregate Net Asset Value per Share of the Shares of such Series held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Sub-Fund to enable such payment to be made.
  - (b) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Sub-Funds remaining after any recourse thereto under sub-paragraph (ii)(a) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Sub-Funds.
  - (c) Thirdly, in the payment to the holders of each Series of Shares of any balance then remaining in the relevant Sub-Fund, such payment being made in proportion to the number of Shares of that Series held.



- (d) Fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Sub-Funds, such payment being made in proportion to the number of Shares held.
- (iii) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Irish High Court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more Class or Classes of property, and may determine how such division shall be carried out as between the members or different Classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability.

### **MGI FUNDS PLC**

The provisions of the Articles of Association of MGI Funds plc relating to voting rights, variation of shareholders rights, conflicts of interest, meetings and winding up are similar to those described above in relation to the Company.

### **MATERIAL CONTRACTS**

The following contracts, which are summarised in the “The Company” and “Fees and Expenses” section of this Prospectus, have been entered into and are, or may be, material:

1. Management Agreement;
2. Administration Agreement;
3. Depositary Agreement;
4. Investment Management Agreement; and
5. Distribution Agreement.

Details of other material contracts may be provided in the Relevant Supplement.

### **DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Administrator at 78 Sir John Rogerson’s Quay, Dublin 2 during normal business hours on any Business Day:

- (a) the material contracts referred to above;
- (b) the Memorandum and Articles of Association; and/or
- (c) the Memorandum and Articles of Association of MGI Funds plc.

Copies of the Prospectus, the Memorandum and Articles of Association and of any audited annual accounts and unaudited half-yearly accounts of the Company and MGI Funds plc may be obtained from the Administrator free of charge at the registered office of the Administrator during normal business hours on any Business Day.

The Manager will, on request provide supplementary information to Shareholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

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## DEFINITIONS

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

<b>“Act”</b>	means the Companies Act 2014, as may be amended, and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder;
<b>“Administrator”</b>	means State Street Fund Services (Ireland) Limited or such other company in Ireland as may from time to time be appointed as administrator of the Company in accordance with the requirements of the Central Bank;
<b>“Administration Agreement”</b>	means the administration agreement dated 30 November 2009 (as amended) between the Manager and the Administrator pursuant to which the Administrator was appointed to provide administration, accounting, Shareholder registration and transfer agency services to the Company;
<b>“AIF”</b>	means an alternative investment fund as defined in the AIFMD Regulations;
<b>“AIF Rulebook”</b>	means the rulebook issued by the Central Bank as may be amended from time to time which sets out the Central Bank’s regulatory regime for AIFs and other relevant entities that fall to be regulated under the AIFMD Regulations;
<b>“AIFM”</b>	means an alternative investment manager under the AIFMD Regulations which may be the Company itself, the Manager or a third party;
<b>“AIFMD”</b>	means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as amended and includes as appropriate Commission Delegated Regulation (EU) 231/2013 of 19 December 2012;
<b>“AIFMD Regulations”</b>	means the European Communities (Alternative Investment Funds Managers Directive) Regulations 2013;
<b>“Application Form”</b>	means the shareholder account application form for each Sub-Fund, as attached to each Relevant Supplement and as may be amended by the Manager from time to time;
<b>“Approved Credit Institution”</b>	means (i) a credit institution authorised in the European Economic Area (EEA) (i.e. European Union Member States, Norway, Iceland or Liechtenstein); (ii) a credit institution authorised within a signatory state, other than a EU Member State or a Member of EEA, to the Basle Capital Convergence Agreement of July 1988; or (iii) a credit institution authorised in Australia, Guernsey, Isle of Man Jersey or New Zealand;
<b>“Article 8”</b>	means Article 8 of the SFDR in respect of the transparency of the promotion of environmental or social characteristics in pre-contractual disclosures;
<b>“Article 9”</b>	means Article 9 of the SFDR in respect of the transparency of Sustainable Investments in pre-contractual disclosures;

<b>“Articles”</b>	means the articles of association of the Company, as may be amended from time to time with the prior approval of the Central Bank;
<b>“Auditors”</b>	means Deloitte or such other firm of chartered accountants as may from time to time be appointed as auditors to the Company;
<b>“Base Currency”</b>	means the currency in which the Shares in each Sub-Fund are denominated and specified in the Relevant Supplement or such other currency as the Directors may determine from time to time and notify to Shareholders of that Sub-Fund;
<b>“Business Day”</b>	means, unless otherwise specified in the Relevant Supplement, a day on which the banks in Ireland or the U.K. are open for normal business or days as may be determined by the Directors;
<b>“Central Bank”</b>	means the Central Bank of Ireland or any successor entity;
<b>“Central Bank UCITS Regulations”</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 as may be amended from time to time, and any guidance issued by the Central Bank in respect of same;
<b>“CFTC”</b>	means the U.S. Commodity Futures Trading Commission;
<b>“Class”</b>	means Shares of a particular Series representing an interest in the Company maintained in respect of such Series but designated as a class of Shares within such Series for the purposes of attributing different proportions of the Net Asset Value of the relevant Series to such Shares to accommodate different subscription, conversion and redemption charges, dividend arrangements, base currencies and/or fee arrangements specific to such Shares;
<b>“Class Currency”</b>	means, in relation to each Class in each Sub-Fund, the currency in which the Shares of such Class are designated as specified herein or in a Relevant Supplement;
<b>“Data Protection Legislation”</b>	means (i) the Data Protection Acts 1988 and 2003 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board;
<b>“Dealing Day”</b>	means, unless otherwise specified in the Relevant Supplement, such Business Day or Business Days as the Directors may from time to time determine in relation to any Sub-Fund or any Class of Shares and notify to Shareholders in advance, provided that there shall be at least two such days in every calendar month. In the case of the Sub-Funds each Business Day will be a Dealing Day unless the Directors otherwise determine and notify to Shareholders in advance;
<b>“Dealing Deadline”</b>	means such time as the Directors may from time to time determine in relation to any Sub-Fund provided that such time shall be before the Valuation Point, and notify to Shareholders as may be specified in a Relevant Supplement;

<b>“Declaration”</b>	means a valid declaration regarding an investor’s non residence for tax purposes or Exempt Investor status as contained in the Application Form which is in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA (as may be amended from time to time) and in the case of a person not resident in Ireland the Company is not in possession of information which would reasonably suggest the information contained in the declaration is no longer materially correct, or the investor has failed to comply with the undertaking to the Company to notify the Company if they become Irish Resident or immediately before the chargeable event the Shareholder is Irish Resident;
<b>“Depositary”</b>	means State Street Custodial Services (Ireland) Limited or such other company in Ireland as may from time to time be appointed as depositary of all the assets of the Company with the prior approval of the Central Bank;
<b>“Depositary Agreement”</b>	means the amended and restated depositary agreement dated 10 October 2014 (as may be amended from time to time) between the Depositary, the Company and the Manager pursuant to which the Depositary was appointed as depositary of the Company’s assets;
<b>“Developed Market”</b>	means a jurisdiction included in the Morgan Stanley Capital International, or other reputable global index provider, indices, a free-float-adjusted market capitalisation-weighted index designed to measure global developed markets, and/or such other markets as the Directors may from time to time determine;
<b>“Direct Investments”</b>	means any securities, instruments or obligations of whatsoever nature in which a Sub-Fund may invest;
<b>“Distributor”</b>	means with respect to each Class of Shares in the Sub-Funds, the Investment Manager and/or such other company or companies as may from time to time be appointed by the Manager as a distributor of any Class of Shares in any Sub-Fund with prior notification to the Central Bank;
<b>“Distribution Agreement”</b>	means the distribution agreement dated 18 August 2006 (as may be amended from time to time) between the Manager and the Distributor pursuant to which the Distributor was appointed to provide distribution and placing services to the Company;
<b>“Emerging Markets”</b>	means those countries set out in the Morgan Stanley Capital International or other reputable global index provider, Emerging Markets indices and/or such other markets as the Directors may from time to time determine;
<b>“Engagement Policy”</b>	means the shareholder engagement policy maintained by the Investment Manager;
<b>“ESG”</b>	means environmental, social and governance;
<b>“ESG Integration”</b>	means the framework for the integration of ESG factors and Sustainability Risks into the investment process;
<b>“EU Climate Benchmarks Regulation”</b>	means Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU climate transition benchmarks, EU Paris-aligned benchmarks and sustainability-related disclosures for

	benchmarks;
<b>“EU Member State”</b>	means a member state of the European Union from time to time;
<b>“Euro”</b>	means the single currency of participating EU Member States of the European Monetary Union introduced on 1 January 1999;
<b>“Eurozone”</b>	means those EU Member States from time to time participating in European economic and monetary union as contemplated by the Treaty of Rome, comprising, as of the date of this Prospectus, Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain;
<b>“External Valuer”</b>	means a legal or natural person independent from the Company, the Manager and from any other person with close links to the Company or the Manager to whom the Manager has delegated the performance of certain valuation functions in accordance with the requirements of the AIFMD;
<b>“Financial Conduct Authority”</b>	means the U.K. Financial Conduct Authority or any successor or replacement body as shall for the time being carry out and perform the functions and responsibilities of the Financial Conduct Authority in respect of the prudential and/or conduct of business regulation or supervision of any party to this Agreement and/or any of its products or services;
<b>“FSMA”</b>	means the U.K. Financial Services and Markets Act, 2000;
<b>“Intermediary”</b>	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;
<b>“Investment Manager”</b>	means Mercer Global Investments Europe Limited;
<b>“Investment Management Agreement”</b>	means the investment management agreement dated 18 August 2006, (as amended) between the Manager and the Investment Manager, pursuant to which the Investment Manager was appointed to provide portfolio management services to the Company with respect to the Sub-Funds;
<b>“Irish Resident”</b>	means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the <b>“Taxation”</b> section above for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
<b>“Irish Revenue Commissioners”</b>	means the Irish authority responsible for taxation;
<b>“Knowledgeable Investor”</b>	means an investor who: <ul style="list-style-type: none"> <li>(a) is Mercer Global Investments Management Limited;</li> <li>(b) is Mercer Global Investments Europe Limited, or any other entity appointed to provide investment management services to the Company;</li> <li>(c) is a director of Mercer Global Investments Management</li> </ul>

Limited or Mercer Global Investments Europe Limited;

- (d) is a senior employee of Mercer Global Investments Management Limited or Mercer Global Investments Europe Limited who has experience in the provision of investment management services; or
- (e) is an employee of a Sub-Investment Manager, or any other entity appointed to provide investment management services to a Sub-Fund and is directly involved in the investment activities of the Company; and

who certifies in writing to the Company that:

- (i) he is availing of the exemption from the minimum subscription requirement of €100,000 on the basis that he is a **“Knowledgeable Investor”** as defined above;
- (ii) he is aware that the Company is usually marketed to Professional Investors who are normally subject to a minimum subscription requirement of €100,000,

and provided further that the Directors are satisfied that the investor satisfies the conditions at (a), (b), (c) or (d) above;

<b>“Manager”</b>	means Mercer Global Investments Management Limited, who is the alternative investment fund manager, or AIFM, of the Company pursuant to the AIFMD Regulations, or such other entity as may for the time being be appointed as AIFM of the Company in accordance with the requirements of the Central Bank;
<b>“Management Agreement”</b>	means the management agreement dated 18 August 2006 (as amended) between the Company and the Manager, pursuant to which the Manager was appointed as AIFM to provide management, administration and distribution services to the Company;
<b>“Memorandum and Articles of Association”</b>	means the memorandum and articles of association of the Company as may be amended from time to time with the prior approval of the Central Bank;
<b>“Net Asset Value”</b>	means the Net Asset Value of a Sub-Fund calculated as described or referred to herein;
<b>“Net Asset Value per Share”</b>	means, in relation to any Series or Class of Shares, the Net Asset Value divided by the number of Shares in the relevant Series or Class of Shares in issue or deemed to be in issue in respect of that Sub-Fund at the relevant Valuation Point subject to such adjustments, if any, as may be required in relation to any Series or Class of Shares in the relevant Sub-Fund;
<b>“OECD Member State”</b>	means a member state of the Organisation for Economic Co-operation and Development from time to time;
<b>“Ordinary Resolution”</b>	means a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the Company or on matters affecting the relevant Class of Shares, as the case may be; means a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the Company or on matters affecting the

relevant Class of Shares, as the case may be;

<b>“Paris Agreement”</b>	means an agreement among the leaders of over 180 countries to reduce greenhouse gas emissions and limit the global temperature increase to below 2 degrees Celsius (3.6 F) above pre-industrial levels by the year 2100;
<b>“Privacy Statement”</b>	means the privacy statement adopted by the Company and Manager in respect of the Company, as amended from time to time. The current version is available via the website <a href="https://www.delegated-solutions.mercer.com/corporate-policies.html">https://www.delegated-solutions.mercer.com/corporate-policies.html</a> ;
<b>“Professional Investor”</b>	means a client that is considered to be a professional client within the meaning of Annex II of Directive 2014/65/EU (Markets in Financial Instruments Directive) (“ <b>MiFID</b> ”), which includes but is not limited to:  (a) entities which are required to be authorised or regulated to operate in the financial markets;  (b) other institutional investors whose main activity is to invest in financial markets;  or a client who may, on request, be treated as a professional client within the meaning of Annex II of MiFID;
<b>“Prospectus”</b>	means this document, any Relevant Supplement designed to be read and construed together with and to form part of this document and the Company’s most recent annual report and accounts (if issued) or, if more recent, its interim report and accounts;
<b>“Recognised Market”</b>	means any recognised exchange or market listed or referred to in the Articles in accordance with the requirements of the Central Bank. The Central Bank does not issue a list of approved markets. The recognised markets are listed in Appendix I hereto;
<b>“Relevant Supplement” or “Supplement”</b>	a document which contains specific information supplemental to this document in relation to a particular Sub-Fund and any addenda thereto;
<b>“Section 739B”</b>	means Section 739B of TCA;
<b>“Series”</b>	means Shares designated as a particular series of Shares representing an interest in a particular Sub-Fund which shall be maintained and kept separate in respect of such series of Shares and which may be further sub-divided into Classes;
<b>“SFDR”</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector;
<b>“Share” or “Shares”</b>	means a share or shares in the capital of the Company;
<b>“Shareholder”</b>	means a person registered as a holder of Shares;
<b>“Sterling” or “STG£”</b>	means pounds Sterling, the lawful currency of the U.K.;
<b>“Stock Transfer Form”</b>	means such form as may be approved by the Directors and the Administrator from time to time to transfer the Shares;
<b>“Sub-Fund(s)”</b>	means such portfolio or portfolios of assets as the Directors may from

time to time establish with the prior approval of the Depositary and the Central Bank, constituting in each case a separate fund with segregated liability and represented by a separate Series of Shares and invested in accordance with the investment objective and policies applicable to such sub-fund and described in this Prospectus or in the Relevant Supplement;

<b>“Sub-Investment Manager”</b>	means a Sub-Investment Manager or Sub-Investment Managers appointed by the Investment Manager in accordance with the requirements of the Central Bank in respect of a Sub-Fund;
<b>“Subscriber Shareholders”</b>	has the meaning in the Articles;
<b>“Subscriber Shares”</b>	has the meaning in the Articles;
<b>“Sustainability Policy”</b>	means the sustainability policy maintained by the Investment Manager in respect of ESG Integration;
<b>“Sustainability Risk”</b>	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of a Sub-Fund’s investment(s);
<b>“Sustainable Investment”</b>	means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, as defined in the SFDR and as may be amended from time to time;
<b>“Sustainable Sub-Funds”</b>	means Sub-Funds which meet the requirements of Article 8 or Article 9 of the SFDR, as applicable;
<b>“Taxonomy Regulation”</b>	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended);
<b>“TCA”</b>	means the Taxes Consolidation Act, 1997;
<b>“Tranched Securitisation”</b>	means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranced, and having the following characteristics:  (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and  (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;
<b>“UCITS Regulations”</b>	means the European Communities (Undertakings for Collective



Investment in Transferable Securities) Regulations 2011, as amended, and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder, as may be amended from time to time;

**“United Nations Sustainable Development Goals” or “SDGs”**

means a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. They address global challenges including poverty, inequality, climate change, environmental degradation, peace and justice;

**“U.K.”**

means the United Kingdom of Great Britain and Northern Ireland;

**“U.S.” or “United States”**

means the United States of America, its territories and possessions including the States and the District of Columbia;

**“U.S.\$” or “U.S. Dollars”**

means the lawful currency of the United States;

**“U.S. Benefit Plan Investor”**

**“U.S. Benefit Plan Investor”** is used as defined in U.S. Department of Labor Regulation 29 C.F.R. §2510.3-101 and Section 3(42) of ERISA (collectively, the “Plan Asset Rule”), and includes (i) any employee benefit plan subject to Part 4, Subtitle B of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended; (ii) any plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by U.S. Benefit Plan Investors. U.S. Benefit Plan Investors also include that portion of any insurance company’s general account assets that are considered “plan assets” and (except if the entity is an investment company registered under the U.S Investment Company Act of 1940) also include assets of any insurance company separate account or bank common or collective trust in which plans invest;

**“U.S. Person”**

means a person who is in either of the following two categories: (a) a person included in the definition of “**U.S. person**” under Rule 902 of Regulation S under the U.S. Securities Act of 1933 (“**1933 Act**”) or (b) a person excluded from the definition of a “Non- United States person” as used in Rule 4.7 of the U.S. Commodity Futures Trading Commission (“**CFTC**”). For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of “U.S. person” in Rule 902 and qualifies as a “Non-United States person” under CFTC Rule 4.7.

U.S. person under Rule 902 of Regulation S under the 1933 Act includes the following:

- (i) any natural person resident in the United States;

- (ii) any partnership or corporation organised or incorporated under the laws of the United States;
- (iii) any estate of which any executor or administrator is a U.S. person;
- (iv) any trust of which any trustee is a U.S. person;
- (v) any agency or branch of a non-U.S. entity located in the United States;
- (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; or
- (viii) any partnership or corporation if:
  - (a) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (b) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts;

Notwithstanding the preceding paragraph, “**U.S. person**” under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-U.S. law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if (a) the agency or branch operates for valid business reasons, and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered “**Non-United States persons**”:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (iii) estate or trust, the income of which is not subject to U.S. income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons;
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

**“Valuation Point”**

means such time as the Directors may from time to time determine in relation to any particular Sub-Fund and disclosed in the Relevant Supplement.

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## APPENDIX I RECOGNISED MARKETS

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The following exchanges and markets constitute Recognised Markets for the purposes of this Prospectus:

- (i) Any stock exchange in any EU Member State (except for Malta) or in any of the following members countries of the OECD:

Australia, Canada, Japan, New Zealand, Norway, Switzerland, the U.K. and the United States of America.

- (ii) Any of the following stock exchanges:

-	Argentina	Buenos Aires Stock Exchange Cordoba Stock Exchange La Plata Stock Exchange Mendoza Stock Exchange Rosario Stock Exchange
-	Bangladesh	Dhaka Stock Exchange
-	Bulgaria	The Bulgaria Stock Exchange Sofia Ltd
-	Brazil	Rio de Janeiro Stock Exchange Sao Paulo Stock Exchange
-	Chile	Santiago Stock Exchange Valparaiso Stock Exchange
-	China	Shanghai Securities Exchange Shenzhen Stock Exchange
-	Colombia	Bogota Stock Exchange Medellin Stock Exchange
-	Croatia	Zagreb Stock Exchange
-	Egypt	Cairo and Alexandria Stock Exchange
-	Hong Kong	The Stock Exchange of Hong Kong Limited
-	Iceland	Iceland Stock Exchange
-	India	The National Stock Exchange of India The Stock Exchange, Mumbai Delhi Stock Exchange Ahmedabad Stock Exchange Bangalore Stock Exchange Cochin Stock Exchange Guwahati Stock Exchange Magadh Stock Exchange Pune Stock Exchange Hyderabad Stock Exchange Ludhiana Stock Exchange Uttar Pradesh Stock Exchange Calcutta Stock Exchange
-	Indonesia	Jakarta Stock Exchange Surabaya Stock Exchange
-	Israel	Tel Aviv Stock Exchange Limited
-	Jordan	Amman Stock Exchange
-	Kenya	Nairobi Stock Exchange
-	Korea	Korea Stock Exchange
-	Malaysia	Kuala Lumpur Stock Exchange
-	Mauritius	Stock Exchange of Mauritius
-	Mexico	Mexico Stock Exchange
-	Morocco	Casablanca Stock Exchange
-	Namibia	Namibian Stock Exchange
-	Nigeria	Nigerian Stock Exchange
-	Pakistan	Karachi Stock Exchange

	Lahore Stock Exchange
- Peru	Lima Stock Exchange
- Philippines	Philippines Stock Exchange
- Romania	Bucharest Stock Exchange
- Russia	Moscow Exchange Level 1
	Moscow Exchange Level 2
- Singapore	Singapore Stock Exchange
- South Africa	Johannesburg Stock Exchange
- Sri Lanka	Colombo Stock Exchange
- Taiwan	Taiwan Stock Exchange
- Thailand	Stock Exchange of Thailand
- Turkey	Istanbul Stock Exchange
- Uruguay	Montevideo Stock Exchange
- Zimbabwe	Zimbabwe Stock Exchange

(iii) The following exchanges or markets:

- the market organised by the International Capital Market Association;
- The U.K. market (i) conducted by banks and other institutions regulated by the Financial Services Authority and subject to the Inter-Professional Conduct provisions of the Financial Service Authority'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 Financial Service Authority and the Bank of England (formerly known as "**The Grey Paper**");
- (a) NASDAQ in the United States, (b) the market in the US government securities conducted by the primary dealers regulated by the Federal Reserve Bank of New York; and (c) the over-the-counter market in the United States conducted by primary dealers and secondary dealers regulated by the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA) and by banking institutions regulated by the US Comptroller of Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;
- the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- AIM – the alternative investment market in the U.K. regulated and operated by the London Stock Exchange;
- the French market for "Titres de Creance Negotiable" (over-the-counter market in negotiable instruments); and
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

## DERIVATIVES MARKETS

In the case of an investment in financial derivative instruments, in any derivative market approved in a member state of the European Economic Area (except Malta), any member country of the OECD outlined above in (i), and the following exchanges or markets: American Stock Exchange, Chicago Mercantile Exchange, Chicago Board of Options Exchange, Chicago Board of Trade, Kansas City Board of Trade, Mid-American Commodity Exchange, Minneapolis Grain Exchange, New York Board of Trade and New York Mercantile Exchange.

These exchanges and markets are listed above in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

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## APPENDIX II EFFICIENT PORTFOLIO MANAGEMENT

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**This section of the Prospectus clarifies the instruments and/or strategies which the Company may use for efficient portfolio management purposes or for short term investment purposes.**

Each of the Sub-Funds may use the techniques and instruments for efficient portfolio management which are set out below. If this is intended, this will be indicated in the Relevant Supplement, which shall cross refer to this Appendix II. Investors should note that the Company shall comply with the conditions and limits set out below.

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of the Company or of any Sub-Fund and for short term investment purposes under the conditions and within the limits described below. The Company may, for the purposes of hedging (whether against currency exchange or interest rate risks or otherwise), enter into put and call options, spot and forward contracts, financial futures, stock and bond index futures contracts, Repo Contracts and securities lending agreements. In particular, a Sub-Fund may seek to hedge its investments against currency fluctuations which are adverse to its Base Currency by utilising currency options, futures contracts and forward foreign exchange contracts.

A Sub-Fund may also from time to time make use of exchange traded stock index and other futures contracts for the purpose of efficient portfolio management to enable it to maintain the appropriate exposure to stock markets in accordance with the relevant Sub-Investment Manager's recommended overall asset allocation.

### **Use of Repurchase/Reverse Repurchase Agreements**

A Sub-Fund may enter into repurchase agreements subject to the conditions and limits set out in the below under which it acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the security at a mutually agreed-upon date (usually not more than seven days from the date of purchase) and price, thereby determining the yield to the relevant Sub-Fund during the term of the repurchase agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. A Sub-Fund may enter into reverse repurchase agreements under which it sells a security and agrees to repurchase it at a mutually agreed upon date and price.

A Sub-Fund may enter into Repo Contract only in accordance with normal market practice and provided that collateral obtained under the Repo Contract is in the form of cash, government or other public securities, certificates of deposit issued by an Approved Credit Institution, bonds/commercial paper issued by Approved Credit Institutions or by non-bank issuers where the issue and issuer are rated A1 or equivalent; equity securities traded on a stock exchange in the EEA, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia, New Zealand or the U.K. or letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Approved Credit Institutions. A Sub-Fund may only enter into Repo Contract with counterparties which have a minimum credit rating of A/2 or equivalent or which, if unrated, have in the opinion of the Investment Manager an implied rating of A2 or better. Alternatively, an unrated counterparty is acceptable where the relevant Sub-Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which maintains a rating of A2 or equivalent.

Until the expiry of a Repo Contract, collateral obtained must: (a) equal or exceed, in value, at all times, the value of the amount invested or securities loaned; (b) be transferred to the Depository, or its agent; (c) be marked to market daily; and (d) be immediately available to the relevant Sub-Fund, without recourse to the counterparty, in the event of default by the counterparty. Non-cash collateral (i) cannot be sold or pledged by the Company; (ii) must be issued by an entity independent of the counterparty; and (iii) must be held at the credit risk of the counterparty. Cash received as collateral may only be invested in the following:

- deposits with Approved Credit Institutions;

- government or other public securities;
- certificates of deposit as set out above;
- letters of credit as set out above;
- repurchase agreements subject to the provisions herein; and
- daily dealing money market funds which have and maintain a rating of AAA or equivalent. If investment is made in a linked fund, as described in paragraph ii.9 of Part 1 of Section 1 of Chapter 2 of the AIF Rulebook, no subscription, conversion or redemption charge can be made by the underlying money market fund.

Invested cash collateral held at the credit risk of the Company, other than cash collateral invested in government or other public securities or money market funds, must be invested in a diversified manner. A Sub-Fund must be satisfied, at all times, that any investment of cash collateral will enable it to meet with its repayment obligations. Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

Where appropriate the credit quality of non-cash collateral may be consistent with the investment objective and policies of the relevant Sub-Fund.

### **Securities Lending Agreements**

A Sub-Fund may lend its securities to brokers, dealers and other financial organisations in accordance with normal market practice subject to the conditions and limits set out below. Any gain or loss in the market price of the securities loaned that might occur during the term of the loan would be for the account of the relevant Sub-Fund.

Collateral obtained under such contracts or transactions must comply with the restrictions outlined under the heading “Use of Repurchase/Reverse Repurchase Agreements” above. That notwithstanding, a Sub-Fund may enter into stock lending programmes organised by generally recognised international central securities depositories systems provided that the programme is subject to a guarantee from the system operator.

A Sub-Fund may only enter into securities lending agreements with counterparties with a minimum credit rating of A/2 or equivalent or which, if unrated have in the opinion of the relevant Sub-Investment Manager an implied rating of A2 or better. Alternatively, an unrated counterparty is acceptable where the relevant Sub-Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which maintains a rating of A2 or equivalent.

In addition, the relevant Sub-Fund must have the right at any time to terminate any securities lending agreement entered into by it, and to demand the return of any or all securities lent within five Dealing Days or such other period observed as normal market practice. Any interest or dividends paid on securities which are the subject of such securities lending agreements shall accrue to the benefit of the relevant Sub-Fund.

Where appropriate the credit quality of non-cash collateral must be consistent with the investment objective and policies of the relevant Sub-Fund. Any interest or dividends paid on securities which are the subject of such securities lending agreements shall accrue to the benefit of the relevant Sub-Fund.

### **Use of Options, Futures and Swaps**

Uncovered call options may be purchased by the Company for the account of the relevant Sub-Fund. Generally, call options may be written on condition that the Company at all times maintains ownership of the security which is the subject of the call option. Index call options may be written provided that all of the assets of the Sub-Fund, or a proportion which may not be less in value than the exercise value of the call option written, can reasonably be expected to behave in terms of price movement in the same manner as the options contract. However, uncovered call options may be written on the condition that the aggregate

exercise value of all call options sold in this way does not exceed 10% of the Net Asset Value of the relevant Sub-Fund.

Put options may be purchased on condition that the security which is the subject of the put option remains at all times in the ownership of the Company. This requirement does not apply where the options are cash settled. Index put options may be purchased provided that all of the assets held by the Company for the account of the relevant Sub-Fund, or a proportion of such assets, which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract. Uncovered put options may be purchased on the condition that the exercise price of the put options purchased in this way does not exceed 10% of the Net Asset Value of the relevant Sub-Fund. Put options may be sold on condition that the exercise value of the option is at all times held by the Company for the account of the relevant Sub-Fund in liquid assets.

Futures contracts may be sold on condition that either the security which is the subject of the contract remains at all times in the ownership of the Company for the account of the relevant Sub-Fund, or on condition that all of the assets of the relevant Sub-Fund or a proportion, which may not be less in value than the exercise value of the futures contract sold, can reasonably be expected to behave in terms of price movement, in the same manner as the futures contract. Futures contracts may be purchased on condition that the exercise value of the contract is at all times held by the Company for the account of the relevant Sub-Fund, in liquid assets or readily marketable securities. However, a Sub-Fund which invests directly in both fixed income and equity markets may purchase futures contracts on condition that the aggregate net exposure of the Sub-Fund is not greater than that which would be achieved through direct investment of all of the Sub-Fund's assets in the underlying securities. In such cases the Sub-Fund must clearly provide for such an active asset allocation strategy in its investment objectives.

The total amount of premium paid or received for an option along with the amount of initial margin paid for futures contracts may not exceed 10% of the Net Asset Value of the relevant Sub-Fund.

The conditions referred to above do not apply to a transaction which is being effected to close out an existing position.

A Sub-Fund may enter into a total return swap in order to exchange the exposure of an asset, a basket of assets or an index for an exposure or cashflow generally referring commonly observed cash rates (e.g. SONIA, EURIBOR etc), or vice versa. The terms of the cashflows to be exchanged (paid or received) by a Sub-Fund will be negotiated prior to entering the total return swap and will remain fixed throughout the term of the swap. A Sub-Fund may enter into total return swaps in order to manage market exposure in circumstances where it is not practical or economical to use direct investments or other forms of derivatives such as futures. The counterparties to the total return swaps will be institutions subject to prudential supervision and within categories approved by the Central Bank, and will not have discretion over the assets of the relevant Sub-Fund.

Options and swaps may be bought or sold on an organised exchange or off-exchange on an OTC market ("**OTC Contracts**"). OTC Contracts are permitted provide that: (i) the OTC Contracts must not expose the Sub-Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer to which the Sub-Fund cannot have a direct exposure or subject the Sub-Fund to a potential loss greater than that which it could obtain in the cash market); (ii) the obligations of the Sub-Fund under the OTC Contracts must, at all times, be held in liquid assets; (iii) the counterparty must have a minimum credit rating of A2 or equivalent or, have, in the opinion of the Investment Manager, an implied rating of A2 or better. Alternatively, an unrated counterparty is acceptable where the Sub-Fund is indemnified against losses suffered, as a result of a failure by the counterparty, by an entity which maintains a rating of A2; (iv) exposure to the counterparty (which must take account of all exposure which the relevant Sub-Fund might have to the counterparty) must not exceed 20% of the net assets of the relevant Sub-Fund (or 30% in the case of an Approved Credit Institution); (v) the Investment Manager must be satisfied that the counterparty has agreed to value the transaction as necessary and will close out the transaction at the request of the Investment Manager at a fair value; (vi) the periodic reports of the Company must provide information on the OTC Contracts entered into during the reporting period, the names of the counterparties and the resulting amount of commitments.

Where the Sub-Fund acts as protection seller and the swap instrument is a credit default swap ("**CDS**"), the following additional conditions apply:



- (i) the contract must be subject to daily valuations by the Company and be independently valued at least once a month; and
- (ii) the risks attached to the contract must be independently assessed (i.e. by a party independent to the counterparty) on a semi-annual basis and the independent report must be submitted to the Company for review. Our assessment may be carried out by a party related to the management of the Company, provided that the party is independent of the counterparty.

### **“Delayed Delivery” and “When Issued” Securities**

Subject to the investment restrictions, a Sub-Fund may purchase debt obligations on a “delayed delivery” or “when-issued” basis, that is, for delivery to the Sub-Fund later than the normal settlement date for such securities, at a stated price and yield. Such securities are termed “delayed delivery” when traded in the secondary market, or “when-issued” in the case of an initial issue of securities. The Sub-Fund generally would not pay for such securities or start earning interest on them until they are received. However, when the Sub-Fund undertakes a delayed delivery or when-issued purchase obligation, it immediately assumes the risk of ownership, including the risk of price fluctuation. Failure by the issuer to deliver the securities may result in a loss or missed opportunity for the Sub-Fund to make an alternative investment.

### **Currency Transactions**

A Sub-Fund is permitted to invest in securities denominated in a currency other than the Base Currency of the Sub-Fund and may purchase currencies to meet settlement requirements. In addition, a Sub-Fund may enter into various currency transactions, i.e. forward foreign currency contracts, currency swaps, foreign currency or currency index futures contracts and put and call options on such contracts or on currencies, to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into.

Currency transactions undertaken by a Sub-Fund to alter the currency exposure characteristics of transferable securities held by that Sub-Fund through the purchase or sale of currencies other than the currency of denomination of that Sub-Fund or the relevant transferable securities must not be speculative in nature i.e. they must not constitute an investment in their own right and must be fully covered by the cash flows of the transferable securities held by that Sub-Fund, including any income therefrom.

Currency transactions which alter currency exposure characteristics of transferable securities held by a Sub-Fund may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to that Sub-Fund. Any such currency transactions must be used in accordance with the investment objective of a Sub-Fund (i.e. the currencies to which the Sub-Fund is exposed must be currencies in which it can invest directly) and must be deemed by the Investment Manager to be economically appropriate. The performance of a Sub-Fund may be strongly influenced by movements in currency rates because currency positions held by the Sub-Fund may not correspond with the securities positions held. Details of transactions entered into during the reporting period and the resulting amounts of commitments must be disclosed in the periodic reports of the Sub-Fund.

A Sub-Fund may “cross-hedge” one foreign currency exposure by selling a related foreign currency into the Base Currency of the Sub-Fund. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the U.S. Dollar, Euro, Sterling or Japanese Yen; a Sub-Fund may hedge the exposure to currencies other than its Base Currency in the basket by selling a weighted average of those currencies forward into the Base Currency.

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### APPENDIX III INVESTMENT RESTRICTIONS

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As the minimum initial subscription to the Company will not be less than €100,000, the Company qualifies as a professional investor scheme. The Central Bank has granted to the Company a derogation from certain of the restrictions on investment and borrowing which would otherwise apply to a professional investor scheme, including in respect of fund of fund schemes. Each Sub-Fund will, however, be subject to the following investment restrictions:

1. no more than 20% of the Net Asset Value of a Sub-Fund will be invested in or allocated to securities which are not traded in or dealt on a Recognised Market;
2. where a Sub-Fund is deemed to be a fund of funds, having regard to the Central Bank's Guidance Note 1/01 and subject to 3 and 4 below, no more than 10% of the Net Asset Value of that Sub-Fund will be invested in or allocated to fund of funds;
3. where a Sub-Fund is deemed to be a fund of funds, having regard to the Central Bank's Guidance Note 1/01, no more than 60% of the Net Asset Value of that Sub-Fund will be invested in or allocated to funds of MGI Funds plc which are deemed to be fund of funds provided that the ability to invest up to 60% is conditional upon (i) each of the Company and MGI Funds plc being managed by the same management company and (ii) any management fees payable in respect of such an investment being charged and paid only at the level of the Sub-Fund;
4. there is no restriction on the percentage of the Net Asset Value of a Sub-Fund which is a feeder fund (ie, a collective investment scheme the principal object of which is investment in a single collective scheme ((the underlying scheme)) which can be invested in or allocated to fund of funds;
5. where a Sub-Fund is not specified in the Relevant Supplement to be a fund of funds or a feeder fund, no more than 40% of the Net Asset Value of that Sub-Fund may be invested in or allocated to regulated collective investment schemes as defined in the Central Bank's Guidance Note 1/01;
6. subject to 3 above, where a Sub-Fund is specified in the Relevant Supplement to be a fund of funds, no more than 40% of the Net Asset Value of that Sub-Fund may be invested in or allocated to any one collective investment scheme but up to 100% of the Net Assets of that Sub-Fund may be invested in aggregate in collective investment schemes. A Sub-Fund will not invest more than 20% of its Net Asset Value in any unregulated collective investment scheme as defined in the Central Bank's Guidance Note 1/01;
7. no more than 20% of the Net Asset Value of a Sub-Fund will be invested in or allocated to investment funds which provide less than quarterly redemption facilities or have minimum holding periods of greater than twelve months. For the avoidance of doubt, where the minimum holding period applicable to all or a portion of a Sub-Fund's investment in an investment fund has expired, such investment shall no longer be included for the purposes of these restrictions;
8. where a Sub-Fund invests in a fund managed by an associated or related company the manager of the fund in which investments are being made must waive the preliminary/initial charge which it is entitled to charge for its own account in relation to the acquisition of those units. Where a commission is received by an associate or related company of the Manager by virtue of investment of the Sub-Fund in the units of such other fund this commission must be paid into the property of the relevant Sub-Fund;
9. no more than 10% of the Net Asset Value of a Sub-Fund may be kept on deposit or in securities issued or guaranteed by any one institution. This limit is increased to 30% for deposits or securities evidencing deposits issued by or securities guaranteed by an Approved Credit Institution. For the purposes of this paragraph related companies/institutions within the meaning of section 2(10) of the Act are regarded as a single institution;

10. a Sub-Fund may not acquire shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body nor will it take legal or management control of an issuing body;
11. a Sub-Fund must hold liquid assets with a total minimum value, at all times, at least equal to the sum of all margin deposited and all premiums paid in respect of transactions which have not been closed out;
12. a Sub-Fund may not hold an open position in any one futures or options contract or in contracts concerning a single commodity or single financial instrument for which the margin or premium requirement represents 10% or more of the Net Asset Value of a Sub-Fund;
13. a Sub-Fund may not hold more than 20% of any class of security issued by an single issuer (this requirement does not apply to investment in other collective investment schemes);
14. a Sub-Fund will not invest more than 20% of its net assets in unregulated collective investment schemes as defined in the Central Bank's Guidance Note 1/01;
15. a Sub-Fund may not be leveraged in excess of 100% of the Net Asset Value of that Sub-Fund through the use of techniques and instruments permitted for the purposes of efficient portfolio management or short term investment purposes;
16. futures must be bought or sold on an organised exchange. Options may be bought or sold on an organised exchange. Forward, option, interest rate swap, total return swap and exchange rate swap contracts transacted on as OTC Contracts are permitted provided that (a) the OTC Contracts must not expose a Sub-Fund to risks which it could not otherwise assume (e.g. gain exposure to an instruments/issuers to which a Sub-Fund cannot have a direct exposure); (b) the counterparty must have a credit rating of A-2 or better, or if unrated, have, in the opinion of the Investment Manager, an implied rating of A2. Alternatively, an unrated counterparty is acceptable if a Sub-Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2; (c) the net exposure of a Sub-Fund to a single institution (being a counterparty with which an OTC Contract has been executed with respect to a Sub-Fund and not being an exchange, clearing house or clearing broker in respect of exchange-traded derivative contracts) may not exceed 30% of its Net Asset Value, provided that the institution is an Approved Credit Institution. In the event that the institution is not an Approved Credit Institution, this limit shall be reduced to 20% of its Net Asset Value. In addition, the net exposure of a Sub-Fund to a single counterparty is calculated by adding (a) the value of securities issued by the counterparty held by the Sub-Fund; (b) the outstanding indebtedness of the counterparty to the Sub-Fund (including any deposits with the counterparty); and (c) any collateral passed by the Sub-Fund to the counterparty, and deducting (i) any outstanding indebtedness of the Sub-Fund to the counterparty; and (ii) any collateral passed to the Sub-Fund by the counterparty; (d) the Investment Manager must be satisfied that the counterparty has agreed to value the transaction at least weekly and to close out the transaction at its request at a fair value; and (e) the periodic reports of the Sub-Fund must provide information on the OTC Contracts entered into during the reporting period, the names of the counterparties and the resulting amount of commitments.

The Directors may at their absolute discretion from time to time impose such further investment restrictions as shall be compatible with or in the interests of Shareholders including, without limitation, in order to comply with the laws and regulations of the countries where Shareholders are located.

The investment limits and restrictions for each Sub-Fund referred to above and in the Relevant Supplement are deemed to apply at the time of the relevant Sub-Fund making an investment. If these investment limits and restrictions are subsequently exceeded for reasons beyond the control of the relevant Sub-Fund or as a result of the exercise of subscription rights by Shareholders, the relevant Sub-Fund will record such matters and adopt as a priority objective, the remedying of that situation, taking due account of the interests of Shareholders.

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**APPENDIX IV  
MGI FUNDS PLC -  
INVESTMENT RESTRICTIONS**

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The assets of each sub-fund in MGI Funds plc (each a “UCITS Sub-Fund”) must be invested in accordance with the restrictions on investments set out in the UCITS Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors in respect of any UCITS Sub-Fund and specified in the Relevant Supplement. The principal investment restrictions applying to each UCITS Sub-Fund under the UCITS Regulations are described as follows:

(i) **Permitted Investments**

A UCITS Sub-Fund may invest in:

- (a) transferable securities and money market instruments which are either admitted to official listing on a Recognised Market in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State;
- (b) recently issued transferable securities which will be admitted to official listing on a Recognised Market (as described above) within a year;
- (c) money market instruments other than those dealt on a Recognised Market;
- (d) units of UCITS;
- (e) units of alternative investment funds;
- (f) deposits with credit institutions; and
- (g) financial derivative instruments (“FDI”).

(ii) **Investment Restrictions**

- (a) A UCITS Sub-Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph (i).
- (b) (1) Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply. (2) Paragraph (1) does not apply to an investment by a responsible person in U.S. securities known as “Rule 144A securities” provided that:
  - the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the UCITS Sub-Fund within seven days at the price, or approximately at the price, which they are valued by the UCITS Sub-Fund.
- (c) A UCITS Sub-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%.
- (d) Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) may be raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds

issued by one issuer, the total value of these investments across all issuers may not exceed 80% of the Net Asset Value of the UCITS.

- (e) The limit of 10% (in (ii)(c)) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.
- (f) The transferable securities and money market instruments referred to in (ii)(d) and (e) shall not be taken into account for the purpose of applying the limit of 40% referred to in (ii)(c).
- (g) Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of a UCITS Sub-Fund.
- (h) The risk exposure of a UCITS Sub-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 (i) a credit institution authorised in the EEA, (ii) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- (i) Notwithstanding paragraphs (ii)(c), (ii)(g) and (ii)(h) 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.
- (j) The limits referred to in (ii)(c), (ii)(d), (ii)(e), (ii)(g), (ii)(h) and (ii)(i) above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- (k) Group companies are regarded as a single issuer for the purposes of (ii)(c), (ii)(d), (ii)(e), (ii)(g), (ii)(h) and (ii)(i). However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- (l) A UCITS Sub-Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, non-EU Member States or public international body of which one or more EU 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 the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC, Export-Import Bank.

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

(iii) **Investment in Collective Investment Schemes (“CIS”)**

- (a) A UCITS Sub-Fund may not invest more than 20% of net assets in any one CIS.
- (b) Investment by a UCITS Sub-Fund in alternative investment funds may not, in aggregate, exceed 30% of net assets.
- (c) The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- (d) When a UCITS Sub-Fund invests in the units of other CIS that are managed, directly or by delegation, by the Manager or by any other company with which the Manager is linked by common management or control, or by a substantial direct or indirect holding, the Manager or other company will not charge subscription, conversion or redemption fees on account of the UCITS Sub-Fund’s investment in the units of such other CIS.
- (e) 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 Sub-Fund (including a rebated commission), the Manager shall ensure that the relevant commission is paid into the property of the UCITS Sub-Fund.

(iv) **Index Tracking UCITS**

- (a) A UCITS Sub-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 UCITS Regulations and is recognised by the Central Bank.
- (b) The limit in (iv)(a) may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

(v) **General Provisions**

- (a) MGI Funds plc or the Manager, acting in connection with all of the collective investment schemes which it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (b) A UCITS Sub-Fund may acquire no more than:
  - (1) 10% of the non-voting shares of any single issuing body;
  - (2) 10% of the debt securities of any single issuing body;
  - (3) 25% of the units of any single CIS; or
  - (4) 10% of the money market instruments of any single body.

The limits laid down in (iv)(b)(2), (3) and (4) 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.

- (c) (v)(a) and (v)(b) shall not be applicable to:
  - (1) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;

- (2) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - (3) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - (4) shares held by a UCITS Sub-Fund in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS Sub-Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in (ii)(c) to (ii)(k), (iii)(a), (iii)(b), (v)(a), (v)(b), (v)(d), (v)(e) and (v)(f) and provided that where these limits are exceeded, paragraphs (v)(e) and (v)(f) below are observed.
  - (5) Shares held by an investment company or investment companies or ICAV or ICAVs 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.
- (d) A UCITS Sub-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.
  - (e) The Central Bank may allow a recently authorised UCITS Sub-Fund to derogate from the provisions of (ii)(c) to (ii)(l), (iii)(a), (iii)(b), (iv)(a) and (iv)(b) for six months following the date of its authorisation, provided it observes the principle of risk spreading.
  - (f) If the limits laid down herein are exceeded for reasons beyond the control of the UCITS, or as a result of the exercise of subscription rights, the UCITS Sub-Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.
  - (g) 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<sup>2</sup>;
    - units of investment funds; or
    - financial derivative instruments.
  - (h) A UCITS Sub-Fund may hold ancillary liquid assets.

**(vi) Financial Derivative Instruments**

- (a) a UCITS Sub-Fund's global exposure relating to FDI must not exceed its total net asset value.
- (b) Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with

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<sup>2</sup> Any short selling of money market instruments by UCITS is prohibited

positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations/Guidance. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)

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

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

The Directors may, without limitation, adopt additional investment restrictions with respect to any UCITS Sub-Fund to facilitate the distribution of Shares in the relevant UCITS Sub-Fund to the public in a particular jurisdiction. In addition, the investment restrictions set out above may be changed from time to time by the Directors in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares in the UCITS Sub-Funds are currently offered provided that the assets of each UCITS Sub-Fund will at all times be invested in accordance with the restrictions on investments set out in the UCITS Regulations. In the event of any such addition to, or change in, the investment restrictions applicable to any UCITS Sub-Fund, a reasonable notification period will be provided by MGI Funds plc to enable Shareholders in the relevant UCITS Sub-Fund to redeem their Shares prior to implementation of these changes.

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