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The directors of Mercer QIF Fund plc (the “**Directors**”) listed in this Prospectus under the heading “THE COMPANY” accept responsibility for the information contained in this Prospectus and the 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 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 QIF FUND PLC**

(a collective investment scheme incorporated as a limited liability variable capital company in Ireland with registered number 452760, 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 1 OCTOBER 2018**

## **MANAGER**

**MERCER GLOBAL INVESTMENTS  
MANAGEMENT LIMITED**

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## DIRECTORY

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

**Directors:**

Tom Finlay  
Paul Sullivan  
Michael Dempsey  
Tom Geraghty

**Distributor:**

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

**Manager:**

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

**Depository:**

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

**Investment Manager:**

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

**Administrator:**

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

**Secretary:**

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

**Auditors:**

KPMG  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**Legal Advisers:**

Matheson  
70 Sir John Rogerson's Quay  
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 QIF 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 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 Supplements may be translated into other languages and such translations shall contain only the same information as this Prospectus and the 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 Qualifying Investors and has been established as an umbrella fund with segregated liability between Sub-Funds. The Central Bank shall not be liable by virtue of its authorisation of the Company as a QIAIF 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 (save in the case of permitted Knowledgeable Investors) and Shares**

**will be available only to Qualifying Investors, the Company qualifies as a qualifying investor AIF for the purposes of the AIF Rulebook. 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 nor has the Central Bank reviewed this Prospectus. 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 Supplement and the offering or purchase of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or any Supplement in any such jurisdiction may treat this Prospectus or any 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 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 other categories of investors set out in the definition of Qualifying Investor below. 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. Accordingly, investors should be aware that investment in the Company carries with it an above average risk and is only suitable for people who are in a position to take such risks. 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. The potential difference at any one time between the price paid by an investor for Shares and the proceeds realised on a redemption of those shares means that investment in them should be viewed as medium to long term. Investment in the Company should not constitute the sole or main investment of an investor's portfolio. 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 Central Bank's Guidance Note 1/01. 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.**

**Investors' attention is drawn to the section "INVESTMENT OBJECTIVES AND POLICIES" 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 Supplements.

### THE COMPANY

The Company is an umbrella investment company with segregated liability between sub-funds and variable capital incorporated in Ireland on 1 February 2008 under registration number 452760. The Company is authorised by the Central Bank as a designated investment company pursuant to Part XXIV of the Act. The Company is a QIAIF for the purposes of the AIF Rulebook. The object of the Company, as set out in Clause 2 of its Memorandum and Articles of Association, 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 of Company, 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 United Kingdom 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 by the Manager to provide an efficient vehicle for investment. The Manager is a member of the Investments business of Mercer, which is a major global provider of consulting services that employs more than 20,000 professionals with operations in over 140 countries. Mercer's Investments business provides multi-manager investment solutions to institutional and individual investors. Marsh & McLennan Companies, Inc., the ultimate parent of the Manager, is a global professional services firm with annual revenues of c.\$12 billion in 2012 and is quoted on the NYSE under ticker symbol "MMC". Marsh and McLennan companies employ over 53,000 employees worldwide to provide analysis, advice, and transactional capabilities to clients in more than 100 countries.

### MANAGEMENT, ADMINISTRATION AND DISTRIBUTION

The Directors have appointed Mercer Global Investments Management Limited as AIFM of each Sub-Fund. The Manager has delegated portfolio management responsibilities to Mercer Global Investments Europe Limited. The Investment Manager may in turn, appoint Sub-Investment Managers in respect of certain Sub-Funds. Any such Sub-Investment Managers appointed will have responsibility for investing and managing the assets of the relevant Sub-Funds according to their investment objectives. Details of any Sub-Investment Managers are 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 may be paid out of the fees of the Investment Manager or out of the assets of the relevant Sub-Fund, as provided for in the Relevant Supplement.

The Manager has retained State Street Fund Services (Ireland) Limited to prepare and maintain the books and records of the Company and each Sub-Fund and to provide related administration and accounting services. The Directors have appointed State Street Custodial Services (Ireland) Limited 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 Mercer Global Investments Europe Limited as distributor of each Class of Shares in the Sub-Funds. See “THE COMPANY – The 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 is an umbrella investment company and the investment objectives and policies for each Sub-Fund will be formulated by the Company at the time of creation of each Sub-Fund and will be specified in the Relevant Supplement to the Prospectus.

Each Sub-Fund may invest in other collective investment schemes. 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 for which the Manager or the Investment Manager, each in their capacity as such to the cross investing Sub-Fund or the Underlying Fund, will be invested in a share 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. Save as specified in a relevant Supplement, Sub-Funds which are fund of funds (ie, a collective investment scheme, the principal object of which is investment in units of other collective investment schemes) shall not invest in any collective investment scheme which itself invests more than 50% of net assets in another collective investment scheme.

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 Sub-Investment Manager, 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 Sub-Investment Manager. 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 principal investment objective and policies of a Sub-Fund will not be altered without the approval of an Ordinary Resolution of that Sub-Fund or without the prior written approval of all Shareholders of that 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. 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 implementation of these changes if they so wish.

### 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 and / or the Sub-Investment Manager 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 European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended)) (the "**UCITS Regulations**"). The Directors (or their delegate) undertake to monitor the investment objective and policies of the Underlying Funds.

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

### **Securities Financing Transactions**

A Sub-Fund may use total return swaps, repurchase agreements, reverse repurchase agreements, 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 the relevant Supplement.

Under a repurchase agreement, a Sub-Fund acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the securities at a mutually agreed-upon date and price, thereby determining the yield to the 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 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 LIBOR, 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.

A Sub-Fund may lend its securities to brokers, dealers and other financial organisations in accordance with normal market practice. 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. 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.

The counterparties to such SFTR Techniques may, in addition to any related restrictions disclosed in a Supplement of a Sub-Fund, be constituted as companies, trusts, partnerships or their equivalent, and will be institutions subject to prudential supervision located globally. In addition, a credit assessment (which may, but is not obliged to, include a minimum credit rating requirement) will be undertaken with respect to each counterparty.

A Sub-Fund may accept collateral in the context of such SFTR Techniques. Such collateral will be of an appropriate type for the given transaction and the particular counterparty, may be in the form of cash or securities (without restriction as to issuer type or location, maturity or liquidity, provided that the collateral must be of an adequate quality and quantity) and must be marked to market daily. It 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. A Supplement of a Sub-Fund may disclose more restrictive requirements applicable to collateral which a Sub-Fund may accept, in which case such more restrictive requirements shall take apply with respect to that Sub-Fund.

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 collateral received pursuant to SFTR Techniques may be re-used by a Sub-Fund, provided that leverage generated thereby is included in considering compliance with the maximum level of leverage set by the Manager and as further described in the Relevant Supplement.

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 (which will be disclosed in the Supplement for the relevant 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 Depositary. Any operational costs arising from such securities lending activities shall be borne by the securities lending agent out of its fee.

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

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

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

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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. Thus 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 relief 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.

### **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.

### **UNDERLYING FUNDS**

The identification of collective investment schemes in which a Sub-Fund may invest 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 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 Sub-Investment Managers can successfully select suitable Underlying Funds or that the managers of the Underlying Funds selected will be successful in their investment strategies.

### **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.

### **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.

## **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 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 rateably to the Shareholders in the Company at the time of repayment. 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**

On 23 June 2016 the United Kingdom held a referendum and voted to leave the European Union. This has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Company and its investments to execute their respective strategies and to receive attractive returns.

Leaving the European Union may also result in significant changes to law and regulation in the United Kingdom. It is not currently possible to assess the effect of these changes on the Company, its investments or the position of the Shareholders. Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Shares and the Company's performance.

## **EMERGING MARKETS**

Certain of the Sub-Funds or Underlying Funds 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, capital reinvestment, 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. Investors should note that an investment in those Sub-Funds or Underlying Funds which may invest in Emerging Markets should not necessarily constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Certain Emerging Market countries are known to experience long delays between the trade and settlement dates of securities purchased or sold. In addition, with respect to certain Emerging Market countries, there is a possibility of expropriation, nationalisation, confiscatory taxation and

limitations on the use or removal of funds or other assets of a Sub-Funds or Underlying Fund, including the withholding of dividends.

## **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.

## **CREDIT RISK**

A Sub-Fund or Underlying 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 or Underlying 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 or Underlying Fund and will adversely affect the Net Asset Value per Share in a Sub-Fund or Underlying Fund.

A Sub-Fund or Underlying 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 or Underlying 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 or Underlying Fund's foreign exchange, futures and other transactions also involve counterparty credit risk and will expose the Sub-Fund or Underlying 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 Investment Manager 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 and Moody's 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 Investment Manager 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.

## **SHARE CURRENCY DESIGNATION RISK**

A Class of Shares of a Sub-Fund or Underlying Fund may be designated in a currency other than the Base Currency of that Sub-Fund or Underlying 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 or Underlying Fund's Investment Manager or Sub-Investment Manager may or may not 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 of Shares 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 or Underlying Fund are denominated. In such circumstances, Shareholders of the Class of Shares of a Sub-Fund or Underlying 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 or Underlying Fund, the financial instruments used to implement such strategies shall be assets / liabilities of the Sub-Fund or Underlying 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 or Underlying 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 or Underlying Fund. The currency exposures of the assets of the Sub-Fund or Underlying Fund will not be allocated to separate Classes of Shares.

## **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 for the liabilities of each Sub-Fund and there should not be the potential for cross contamination of liabilities between different Sub-Funds. 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.

## **LOAN PARTICIPATIONS**

Participations typically will result in a Sub-Fund or Underlying Fund having a contractual relationship only with the lender, not with the borrower. A Sub-Fund or Underlying 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 or Underlying 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 or Underlying Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, a Sub-Fund or Underlying 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 or Underlying 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 or Underlying 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 or Underlying 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 or Underlying Fund's portfolio and calculating its Net Asset Value.

## 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 will apply to the Manager from 1 January 2019.

When the Securitisation Regulation comes into force and becomes applicable, the Manager (and the Investment Manager on its behalf) will be required to take steps to ensure that they are in compliance with it and any regulatory technical standards that are imposed on the Manager pursuant to it. In particular, the Securitisation Regulation will require 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.

## 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 or Underlying 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 or Underlying 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 or Underlying Fund's investment in illiquid securities is subject to the risk that should the Sub-Fund or Underlying 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 or Underlying Fund could be adversely affected.

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



If real interest rates rise (i.e., if interest rates rise for reasons other than inflation (for example, due to changes in currency exchange rates)), the value of the IPS in the Sub-Fund or Underlying Fund's portfolio will decline. Moreover, because the principal amount of IPS would be adjusted downward during a period of deflation, the Sub-Fund or Underlying 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 the Sub-Fund or Underlying 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, the Sub-Fund or Underlying 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 the Sub-Fund or Underlying Fund purchases U.S. TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund or Underlying Fund may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period the Sub-Fund or Underlying Fund holds a U.S. TIPS, the Sub-Fund or Underlying Fund may earn less on the security than on a conventional bond.

## **MORTGAGE RELATED SECURITIES**

Certain of the Sub-Funds or Underlying Funds 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 or Underlying 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.

## **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, the Sub-Fund or Underlying 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.

## **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 relevant Investment Manager or Sub-Investment Manager, 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 or Underlying 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 or Underlying 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 or Underlying Fund may decline proportionately more than higher rated securities. If a Sub-Fund or Underlying 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 the Sub-Fund or Underlying Fund and increasing the exposure of the Sub-Fund or Underlying Fund to the risks of lower rated securities.

Subsequent to purchase, an issue of securities may cease to be rated or its rating may be reduced below the minimum required for purchase by a Sub-Fund or Underlying Fund. Neither event requires sale of these securities by the relevant Sub-Fund or Underlying Fund, but the relevant Investment Manager or Sub-Investment Manager considers the event in its determination of whether the securities should continue to be held.

A Sub-Fund or Underlying 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.

## **WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES**

Each Sub-Fund or Underlying 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 or Underlying Fund to risk because the securities may experience fluctuations in value prior to their actual delivery. Income is not accrued for a Sub-Fund or Underlying 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 or Underlying Fund may incur a loss.

## **FOREIGN EXCHANGE RISK**

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

The Net Asset Value per Share of a Sub-Fund or Underlying Fund will be computed in its Base Currency whereas the investments held for the account of a Sub-Fund or Underlying Fund may be acquired in other currencies. A Sub-Fund or Underlying Fund's Net Asset Value may change significantly when the currencies other than the Base Currency in which some of the Sub-Fund or Underlying 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 a Sub-Fund or Underlying 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 or Underlying Fund enters into "cross-hedging" transactions (e.g., utilising a currency different than the currency in which the security being hedged is denominated), a Sub-Fund or Underlying 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 a Sub-Fund or Underlying 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.

## **DERIVATIVE INSTRUMENTS**

Derivative instruments (which are instruments that derive their value from another instrument, security, index 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 over-the-counter 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 or Underlying Fund holds. A Sub-Fund or Underlying 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 or Underlying 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 an Investment Manager or 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 Sub-Investment Manager 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 Sub-Investment Manager intends to acquire the security.

## **FUTURES AND OPTIONS CONTRACTS**

A Sub-Fund or Underlying 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 or Sub-Investment Manager'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 or Sub-Investment Manager'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. Over-the-counter ("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.

## **DERIVATIVES ON ECONOMIC INDICES**

A Sub-Fund or Underlying 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.

## **CREDIT DEFAULT SWAPS**

From time to time, a Sub-Fund or Underlying Fund may use credit default swaps to buy or sell credit protection on an individual issuer or a basket of issuers of bonds. The issuer of the bonds underlying a credit default swap may be a corporation, the federal or state government or any of their agencies or instrumentalities, or a foreign government or any of its agencies or instrumentalities. A Sub-Fund or Underlying Fund may also purchase credit linked notes. In a credit default swap, the buyer of credit protection agrees to pay the seller a periodic premium payment in return for the seller paying the amount under par at which a bond is trading if an event occurs that impacts the payment ability of the issuer of the underlying bonds. If such a transaction is to be physically settled, the buyer of the protection delivers to the seller a credit instrument that satisfies the delivery conditions outlined in the trade confirmation. The seller of the credit protection then pays the buyer the par value of the delivered instrument. In a cash settled transaction, the buyer of protection receives from the seller the difference between the market value of the credit instrument and the par value. Credit linked notes are collateralised with a portfolio of securities having an aggregate AAA rating. Credit linked notes are purchased from a trust or other special purpose vehicle that pays a fixed or floating coupon during the life of the note. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The trust enters into a default swap with a counterparty, and in the event of default, the trust pays the counterparty par minus the recovery rate in exchange for an annual fee that is passed on to the investors in the form of a higher yield on the notes. Credit linked notes are collateralised with a portfolio of securities having an aggregate AAA rating. Credit linked notes are purchased from a trust or other special purpose vehicle that pays a fixed or floating coupon during the life of the note. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The trust enters into a default swap with a counterparty, and in the event of default, the trust pays the counterparty par minus the recovery rate in exchange for an annual fee that is passed on to the investors in the form of a higher yield on the notes. These transactions involve certain risks, including the risk that the seller may be unable to fulfil the transaction.

A Sub-Fund or Underlying Fund may engage in options, futures contracts and options on futures contracts on high yield corporate bond indices, as well as stock indices, in order to hedge exposure to the high yield bond market. The Company may enter into stock index futures and options only when a Sub-Investment Manager believes there is a correlation between the composition of part of the Company and the underlying index. Hedging transactions may not be effective because of imperfect correlation and other factors. These transactions also involve a risk of loss or depreciation due to counterparty risk, unexpected market, interest rate or security price movements, and tax and regulatory constraints.

## **COLLATERAL RE-USE AND REINVESTMENT RISK**

A Sub-Fund may be 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 causes losses to the Company and the relevant Sub-Fund because it is obliged to return collateral to the counterparty.

## **PORTFOLIO TURNOVER**

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

## **NO INVESTMENT GUARANTEE EQUIVALENT TO DEPOSIT PROTECTION**

An investment in a Sub-Fund or Underlying Fund 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.

## **CONVERTIBLE SECURITIES**

An Underlying 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 an Investment Manager or Sub-Investment Manager believes that they have appreciation potential on the basis that the relevant Investment Manager or 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.

## **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 over-the-counter and may not be traded in the volumes typical of trading on national securities exchange. As a result, in order to sell this type of holding, an Underlying 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.

## **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 Market 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.

## **REITs**

A Sub-Fund may invest in Real Estate Investment Trust securities ("**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 1940 Act.

## **ECONOMIC AND POLITICAL RISKS**

The economies of individual Emerging Market countries may differ favourably or unfavourably from the economy in industrialised countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, accounting standards and balance of payments position. Further, 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.

## **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 or 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.

## **CUSTODIAL RISK**

Those assets of the Company which are required to be held in custody by the Depository and identified as belonging to the Company in the Depository's books are segregated from assets of the Depository. This mitigates but does not prevent the risk of non-return in the event of bankruptcy of the Depository. On the other hand, cash deposits placed with the Depository are no different in legal characteristics than any other bank deposit and are therefore exposed to increased risk in the event of bankruptcy with the Company being a general creditor of the Depository.

The Depository may appoint sub-custodians to hold the assets in countries where the Company invests and, notwithstanding compliance by the Depository with its legal obligations, such assets are therefore exposed to the risk of bankruptcy of those sub-custodians. In jurisdictions where legal and regulatory protections covering the holding of assets may be weaker, there may be a risk that the Depository may not have an established sub-custodian in such market and therefore impact the Company's ability to invest in that market. Whilst the Depository's liability for return of those assets will generally be unaffected by investment in such markets, in certain circumstances (and subject to certain conditions), the Depository's liability for return of those assets may be transferred to the sub-custodian.

Where the Company or the Depository entrusts all or part of the assets of the Company to a sub-custodian and assets are held by the sub-custodian, in an omnibus account, a number of considerations must be taken into account in addition to the requirement that the property is identified as that of the Company including the operating model of the sub-custodian, settlement efficiencies, cost aspects for the Depository and/or the Company, complexity of account set-ups, instruction flows, reconciliation aspects and subject to local laws, regulations and market practice.

## **ENHANCED REGULATION OF THE OTC DERIVATIVES MARKETS**

The European Market Infrastructure Regulation ("EMIR") seeks comprehensively to regulate the OTC derivatives market in Europe for the first time including, in particular, imposing mandatory central clearing, trade reporting and, for non-centrally cleared trades, risk management obligations on counterparties. Similarly, the Dodd-Frank Act includes provisions that comprehensively regulate the

OTC derivatives markets for the first time. The Dodd-Frank Act will require that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, the Company may not be able to rely on such exemptions. In addition, the OTC derivative dealers with which the Company executes the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether the Company is subject to such requirements. Taken together, these regulatory developments will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favourable trade pricing, and possible new or increased fees. The US Securities and Exchange Commission (the “SEC”) or the US Commodity Futures Trading Commission (the “CFTC”) may also require a substantial portion of derivatives transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Similarly, under EMIR, European regulators may require a substantial proportion of such derivatives transactions to be brought on exchange and / or centrally cleared. Such requirements may make it more difficult and costly for investment funds, including the Company, to enter into highly tailored or customised transactions. They may also render certain strategies in which the Company might otherwise engage impossible or so costly that they will no longer be economical to implement. They may also increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. The overall impact of EMIR and the Dodd-Frank Act on the Company is highly uncertain and it is unclear how the OTC derivatives markets will adapt to these new regulatory regimes.

## **RUSSIAN MARKETS 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 the Sub-Fund’s purchases may be settled with such forged or fraudulent securities.

## **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 the Sub-Fund, thereby reducing the 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 relevant Sub-Investment Manager 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.

## **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 Sub-Funds or Underlying Funds 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.

## **SOVEREIGN DEBT**

Investments in sovereign debt securities of Emerging Market nations 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 Market nations 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 Market nations 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 Market nations 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 Market nations 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 Sub-Investment Managers anticipate that such securities could be sold only to a limited number of dealers or institutional investors.

## **HEDGING TRANSACTIONS**

Hedging techniques involve a variety of derivative transactions, including futures contracts, exchange-listed and over-the-counter 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 minimize 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.

## **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 "*Redemption Requests*" below) and a subscription application may be rejected by the Manager (see "*Subscriptions*" below). Investors are advised to notify the Investment Manager in advance of substantial redemptions or subscriptions.

## **PROVISIONAL ALLOTMENTS**

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

## **TAXATION**

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

## **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.

## **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.

## **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.

## **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.

## **CYBER SECURITY**

The Sub-Funds, the Manager and the service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized 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 Sub-Fund, the Manager and the service providers use to service; or operational disruption or failures in the physical infrastructure or operating systems that support the Sub-Fund, the Manager and the service providers. Cyber-attacks against or security breakdowns may adversely impact a Sub-Fund and its shareholders. The Sub-Funds, 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 a Sub-Fund, the Manager and the service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

**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 Supplements 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, subject to any limitations under the Act, and to charge the assets of the Company as security for any such borrowings. Leverage is any method by which a Sub-Fund's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Any additional 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. 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.

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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 and investments of a Sub-Fund to a Sub-Investment Manager. 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. None of the Directors has entered into an employment or service contract with the Company nor is any such contract proposed. Consequently, the Directors are all non-executive Directors. 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.

**Paul Sullivan** has been a non-executive director of several Irish based UCITS and professional investor investment funds since 2005. Between 2002 and 2005 he acted as an independent financial adviser specialising in treasury, financial risk management and the management of sovereign debt. He has over thirty years international and domestic professional experience in finance. Before becoming a non-executive director and an independent adviser in 2002, he spent over ten years as an executive director of the Irish sovereign debt management office, the National Treasury Management Agency ("**NTMA**"), which he helped to establish in 1991. His responsibilities as a director at NTMA included strategy, risk management and financial management. Before joining NTMA in 1991, he was for over ten years a Vice President at Chase Manhattan Bank, primarily in London and New York; during this period he held a number of senior positions in the management of the Bank's Treasury, Asset-Liability and Capital Markets businesses in Europe. He is an economist by professional background, with post-graduate degrees in both economics and in finance.

**Michael Dempsey** is a Senior Partner and European Head of Mercer's Delegated Solutions & Specialist Segments for Mercer, including Insurance and Wealth Management. Under Michael's leadership, Mercer's business has grown to \$100bn+ in AUM and to a market leading position across Europe. In his role, Michael operates as CEO of Mercer's investment management business and sits on the Board of Mercer's regulated investment entities, based in Ireland. Since joining Mercer in 1999, Michael has held a number of senior positions across Mercer, including EMEA Head of Investment Management, has developed a number of high growth business/client solutions and has led a number of key Mercer relationships as a senior consultant. He has extensive market and client experience across the full breadth of wealth and investment related issues. Michael is a CFA charterholder, holds a Business and Finance degree from Dublin City University and a Masters degree in Business from the Michael Smurfit, UCD Business School.

**Tom Geraghty** is CEO of Mercer Ireland and Marsh & McLennan's Country Corporate Officer in Ireland. Tom joined Mercer in 2000 and has held a number of positions including Head of Mercer's Investments business in Ireland as well as leading both Mercer's European Investments and Retirement businesses. Tom resumed the role of CEO in Ireland in January 2017 having previously held the position from July 2013 – June 2015. Tom also serves on the Boards of the Irish Mercer entities as a Director. In October 2017 he was appointed President of the Marsh & McLennan Companies Innovation Centre, Tom has been involved with the Centre since its inception and currently serves on its Board, as both Director and Chairman. Prior to Mercer, Tom was a VP within Mellon Financial Corporation in the US. Tom has a BA and Masters in Business from Dublin City University, Ireland.

The Company Secretary is Matsack Trust Limited.

## **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, Companies Inc. and part of Mercer's Investments business. 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 PIF Fund plc and Mercer QIF CCF. 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 €87 billion in assets under management at 31 August 2018. The company secretary of the Manager is Matsack Trust Limited. The directors of the Manager are Tom Finlay, Paul Sullivan, Michael Dempsey and Tom Geraghty, 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 Taxes Consolidation Act, 1997 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**

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 is part 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 U.S.\$103 billion in assets under management at 31 August 2018.

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 SUB-INVESTMENT MANAGERS**

A Sub-Investment Manager or Sub-Investment Managers may be appointed by the Investment Manager to manage the assets of a Sub-Fund. Information relating to any such Sub-Investment Manager 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.

## THE DEPOSITARY

The Company and the Manager have appointed State Street Custodial Services (Ireland) Limited to act as depositary of all of the assets of the Company and each Sub-Fund and to provide trustee services to each Sub-Fund in accordance with the AIF Rulebook, pursuant to the Depositary Agreement. The Depositary Agreement is governed by the laws of Ireland.

The Depositary is a limited liability company incorporated in Ireland on 22 May 1991 and is ultimately owned by the State Street Corporation. The Depositary is regulated by the Central Bank. The Depositary is a limited liability company incorporated in Ireland on 22 May 1991 with registered number IE174330. Its authorised share capital is GBP 5,000,000, and it has an issued and paid-up capital of GBP 200,000. As at 31 August 2018, the Depositary held funds under custody in excess of \$100 billion. The Depositary's principal business is the provision of custodial and depositary services for collective investment schemes and other portfolios.

The Depositary Agreement contains provisions governing the responsibilities of the Depositary, including its primary responsibilities which are acting as depositary and ensuring the safekeeping of the cash and assets of the Company. 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.

The Depositary's duties include, amongst others, the following:

- (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.

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 Manager shall inform the Shareholders without delay of any changes with respect to the Depositary's liability.

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 shall continue for an initial term of six (6) months. After the expiration of the initial term, either party may terminate the Depositary Agreement on ninety (90) days' prior written notice to the other party. Either party may also terminate the Depositary Agreement by notice in writing to the other party 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 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 Company has appointed State Street Fund Services (Ireland) Limited to act as administrator, registrar and transfer agent of the Company with responsibility for performing the day to day administration of the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Sub-Fund. The Administrator is a limited liability company incorporated in Ireland on 23 March 1992 and, like the Depositary, is ultimately a wholly owned subsidiary of the State Street Corporation. The authorised share capital of the Administrator is GBP 5,000,000, and it has an issued and paid-up capital of GBP 350,000. The Administrator's principal business is the provision of administration and transfer agency to collective investment schemes such as the Company. State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street Corporation is headquartered in Boston, Massachusetts and trades on the NYSE under the symbol "STT".

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.

## **THE DISTRIBUTOR**

The Manager has appointed Mercer Global Investments Europe Limited 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 for an initial three year period and thereafter may be terminated by either party by 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 Agreements. The Distributor shall pay the fees of any such sub-distributor out of its own fees.

## **PAYING AGENTS**

Local regulations in EEA 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 sub-distributors and paying agents 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 may from time to time act as manager, registrar, administrator, transfer agent, trustee, custodian, depositary, investment manager, alternative investment fund manager or advisor 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 each Sub-Investment Manager 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, custodian, 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 Sub-Investment Manager, 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 Sub-Investment Manager.

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 carried out as if 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 to make purchases and sales for the Sub-Funds, the Investment Manager or Sub-Investment Manager will obtain best execution for the Sub-Funds. In determining what constitutes best execution, the Investment Manager or 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 Investment Manager or Sub-Investment Manager. 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 or Sub-Investment Manager, such research or services may include advice concerning the allocation of assets among any underlying investment funds the relevant Sub-Funds may invest in. To the extent portfolio transactions are effected with broker-dealers who furnish research and/or other services to the Investment Manager or Sub-Investment Manager, the Investment Manager 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 Sub-Investment Manager effects securities transactions for a Sub-Fund may be used by the Investment Manager or Sub-Investment Manager in servicing all of its accounts. In addition, the Investment Manager or Sub-Investment Manager may not use all of the research and services provided by such broker-dealer in connection with a Sub-Fund. The Investment Manager or Sub-Investment Manager 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 Investment Manager or Sub-Investment Manager 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 of the Company 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 of the Company 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 staff whose professional activities have a material impact on the risk profile of the Manager 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 director, as set out in the programme of activities, with each director being the "designated person" for that particular managerial function. 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 minimum, quarterly board meetings held in Ireland. Delegates and others are invited to attend these physical 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.

### **Decision-Making Process for Determining Remuneration Policy**

The Manager is a wholly owned subsidiary of Mercer Ireland Holdings Limited which in turn is a subsidiary Marsh & McLennan Companies Inc. and therefore is subject to the Mercer Ireland Holdings Limited and Marsh & McLennan Companies Inc. remuneration policy.

The Mercer Group Remuneration Committee (the "**Remuneration Committee**") oversees the Manager's remuneration process. The Remuneration Committee meets annually or as required throughout the year and, inter alia, is responsible for determining and agreeing with the Manager the Remuneration Policy for the remuneration of the Manager's employees.

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## INVESTING IN SHARES

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The Directors have authority to effect the issue of Shares in any Class in respect of a Sub-Fund and to create new Sub-Funds 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 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.

Investment in Shares is limited to Qualifying Investors. To be entered on the register of Shareholders investors must: (i) apply for or acquire Shares in the Company with an aggregate value not less than €100,000 (or its foreign currency equivalent); and (ii) certify in writing that they are Qualifying Investors and that they are aware of the above average risk involved in investment in the Company and of the fact that inherent in the investment is the potential to lose all of the sum invested. The Company shall not accept subscriptions from persons that group amounts of less than €100,000 for individual investors. In addition, certain Knowledgeable Investors may also invest in the Company. Knowledgeable Investors will not be subject to the minimum subscription requirements or minimum net worth requirements applicable to other investors.

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.

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-Fund</b>
Mercer LDI Fund I
Mercer LS Managed Fund
Mercer QIF Alternatives Fund
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 1
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 2
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 3
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 4
Mercer Flexible LDI £ Fixed Enhanced Matching Fund 5
Mercer Flexible LDI £ Fixed Enhanced Hedging Fund
Mercer Flexible LDI £ Real Enhanced Matching Fund 1
Mercer Flexible LDI £ Real Enhanced Matching Fund 2
Mercer Flexible LDI £ Real Enhanced Matching Fund 3
Mercer Flexible LDI £ Real Enhanced Matching Fund 4
Mercer Flexible LDI £ Real Enhanced Matching Fund 5
Mercer Flexible LDI £ RPI Enhanced Hedging Fund
Mercer Flexible LDI £ Inflation Enhanced Matching Fund 1
Mercer Flexible LDI £ Inflation Enhanced Matching Fund 2
Mercer Option Strategy Fund I
Mercer Option Strategy Fund II

Mercer Option Strategy Fund III
Mercer Option Strategy Fund IV
Mercer Option Strategy Fund V
Mercer Liquid Alternatives Strategies
Mercer Multi-Asset Growth Fund
Mercer Dynamic Asset Allocation Fund
Mercer Tailored Fixed Income Fund
Mercer Tailored Fixed Income Fund B
Mercer Multi Asset Credit Fund
Mercer Investment Fund 1
Mercer Select Alternatives Strategies
Mercer Tailored Credit Fund 1
Mercer Private Markets Portfolio
Mercer Investment Fund 4
Mercer Synthetic Equity-Linked Real Bond Fund
Mercer Synthetic Equity-Linked Nominal Bond Fund
Mercer Investment Fund 7
Mercer Responsible Alternatives Strategies
Mercer Advantage Balanced Growth Fund
Mercer Investment Fund 15
Schroder Secured Finance
Insight Secured Finance

The Investment Manager, or a Sub-Investment Manager, 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 four 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 Application Form directly to the Administrator, or to a Distributor for onward transmission 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 also be received promptly thereafter if such documentation has not already been received. 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 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. 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.

Redemption proceeds will not be paid 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 Directors may, in their 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 Supplement for the relevant Sub-Fund. The Company shall not issue Shares, or if issued shall cancel such Shares, if the payment for 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 conditions or charges 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 the underlying investors and may require information as to the 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 in the sole discretion of the Company's money laundering reporting officer. The Company and the Manager reserve the right in its and 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 twelve 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 on-going 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 on-going 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 of the Company, the Manager or the Administrator suspects or is advised that the source of subscription monies or the payment of any redemption or distribution moneys 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) and the Depositary is also satisfied that, 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 Company's Share 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 disclose 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 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 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, 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".

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 a Shareholder 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 consequences 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, 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 MGI Funds plc, Mercer PIF Fund plc and Mercer QIF CCF (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 submission of a Stock Transfer Form (or such other method and medium acceptable to the Company and the relevant Mercer Fund) in writing. Unless otherwise stated on the Stock Transfer Form, 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 Stock Transfer Form 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 MGI Funds plc should note that this Mercer Fund is a UCITS). 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 an original 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 the 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 the 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 Share Class relative to their participation in the relevant Class as set out in the 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 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. The fees and expenses of the Administrator and 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' remuneration in respect of daily dealing Sub-Funds will accrue daily, and be paid monthly in arrears, and in respect of monthly dealing funds, will accrue monthly and be paid in arrears every two months. 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. The executive Directors have waived their entitlement to receive fees in respect of their directorships.

### **OPERATING EXPENSES**

Certain costs and expenses incurred in the operation of a Sub-Fund will also 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, administrative and custodial services; client service fees; writing, typesetting and printing the Prospectus, sales, literature and other documents for investors; taxes and commissions; issuing, purchasing, repurchasing and redeeming Shares; Directors' fees; transfer agents, dividend dispersing agents, Shareholder servicing agents and registrars; printing, mailing, 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.

Expenses 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 any or all of the Management Fees in respect of any particular payment period.



## **ANTI-DILUTION LEVY**

In calculating the subscriptions 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.

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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.

Unless otherwise stated in the Supplement of a Sub-Fund, the Net Asset Value per Share in respect of any Dealing Day with respect to such Sub-Fund will be calculated at 12.00 midday (Irish time) on the Business Day following the Dealing Day and shall be published promptly on the Business Day on which it is calculated through such media as the Manager may from time to time determine. The Net Asset Value per Share will also be available 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 the 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 such 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 (viii) 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; and
- (viii) exchanged 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. Over-the-counter 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 daily basis and verified on a weekly 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.
- (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 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.

Any value expressed otherwise than in the Base Currency (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 Administrator deems appropriate in the circumstances.

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 by the Directors of the Company shall be notified immediately, and in any event 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 any Sub-Fund, and redeem all of the Shares of such Sub-Fund, 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. after the first anniversary of the Closing Date for the relevant 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
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). 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. On the basis that the Company is Irish tax resident, the Company qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is 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 declaration set out in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's non-resident status. 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, 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. The Company must be informed if a Shareholder becomes 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) Taxes Consolidation Act of Ireland ("**TCA**"), the Company will not deduct Irish tax in respect of the Shareholder's Shares once the declaration set out 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. Qualifying managing companies (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. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA).
12. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
13. The National Asset Management Agency.
14. 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.
15. Qualifying companies (within the meaning of section 110 TCA).
16. 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, 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' Shareholder (see above), the Company will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### *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. If the distributions are paid annually or more frequently, Irish tax at a rate of 27% will be deducted by the Company from the distributions. 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.

### *Share Exchanges*

Where a Shareholder exchanges Shares on arm's length terms for other Shares in the Company or for Shares in another Sub-Fund of the Company and no payment is received by the Shareholder, the Company will not deduct Irish tax in respect of the exchange.

### **Stamp Duty**

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

### **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 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.

### **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.

The OECD Common Reporting Standard replaces the previous European information reporting regime in respect of savings income under Directive 2003/48/EC (commonly known as the EU Savings Directive regime).

## Meaning of Terms

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

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. . A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

A company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU member states or in countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Finally, a company that was incorporated in Ireland before 1 January 2015 will also be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

### *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 2018 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2021.

### *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.

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

### ***Certain Withholding Taxes and Information Reporting Requirements.***

The Hiring Incentives to Restore Employment (HIRE) Act added Sections 1471 through 1474 to the U.S. Internal Revenue Code of 1986 (the "**Code**"). These provisions, known as the Foreign Account Tax Compliance Act ("**FATCA**"), impose a withholding tax of 30% on: (i) U.S. source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce such types of income, which are received by a foreign financial institution, unless such foreign financial institution enters into a FATCA reporting agreement with the Internal Revenue Service (the "**IRS**") and provides certain information pursuant to that FATCA reporting agreement to the IRS as to the identity of the direct and indirect owners of accounts in such institution. In addition, a FATCA withholding tax may be imposed on payments to certain non-financial foreign entities which do not obtain and provide information as to their direct and indirect owners.

Although these FATCA provisions became effective by statute after 31 December 2012, withholding on U.S. source interest, dividends and certain other types of income will not apply until after 30 June 2014 and withholding on gross proceeds will not apply until after 31 December 2016. In addition, the IRS recently released proposed regulations which, if enacted as final, would be used by the IRS in implementing the FATCA provisions and these contain a number of phased-in dates for compliance with their various provisions. It is uncertain when and in what form final regulations regarding FATCA will be promulgated. At this time, IRS guidance is incomplete as to the types of accounts and institutions to which these rules would apply, and as to the form and content of the information which would be required to be obtained in order to avoid the withholding tax. Accordingly, there are substantial uncertainties as to the effect that these rules will have on the Company or its Shareholders. The Directors believe, however, that the Company (and other non-U.S. corporations in which or through which it invests) is likely to be classified as a foreign financial institution and required to comply with the FATCA provisions (in the manner described below).

The IRS has developed an intergovernmental approach to the implementation of FATCA. In this regard, the Irish and U.S. Governments signed an intergovernmental agreement ("**Irish IGA**") on the 21 December 2012 in respect of FATCA. Irish tax law permits FATCA regulations to be made by the Irish Revenue Commissioners to implement the FATCA matters covered by the Irish IGA into Irish tax law. These FATCA regulations have not yet been published in final form and are anticipated to be enacted into Irish tax law during 2014.

The Irish IGA and the anticipated Irish FATCA regulations are intended to reduce the burden for Irish foreign financial institutions of complying with FATCA by simplifying the compliance process and minimising the risk of FATCA withholding tax. Under the Irish IGA and the anticipated Irish FATCA regulations, information about relevant U.S. Shareholders or other reportable accounts will be provided on an annual basis by each Irish foreign financial institution directly to the Irish Revenue Commissioners (unless exempted from the FATCA requirements). The Irish Revenue Commissioners will provide such information to the IRS, without the need for the Irish foreign financial institution to enter into a FATCA reporting agreement with the IRS, although some form of FATCA registration with the IRS may still be necessary.

Under the Irish IGA, Irish foreign financial institutions should generally not be subject to FATCA withholding on payments to them and should generally not be obliged to apply FATCA withholding on payments to any investors, provided such Irish foreign financial institutions comply with their FATCA obligations under Irish tax law. In this regard, it is anticipated that the Company will not be subject to the 30% FATCA withholding tax on U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends paid to the Company, provided it complies with the requirements of the anticipated Irish FATCA regulations and the Irish IGA. The Directors, in their sole discretion, will determine how to comply with these FATCA rules, taking into account the possible burden to Shareholders of collecting and providing information as well as the cost of not providing it.

Among the possible effects of FATCA (including the Irish IGA and anticipated Irish FATCA regulations), depending on how it is interpreted and on how the Directors choose to cause the Company to comply, are the following:

- (a) In order to comply with its FATCA obligations, the Company might require certain of its Shareholders to provide information as to their direct and indirect owners, and to certify such information in such form as may be required;
- (b) In order to comply with its FATCA obligations, the Company will likely be required to register with the IRS and will be required to report information on certain Shareholders to the Irish Revenue Commissioners (who will, in turn, report this information to the IRS);
- (c) If the Company does not comply with its FATCA obligations under Irish tax law by virtue of the Irish IGA and the anticipated Irish FATCA regulations, or cannot comply because Shareholders do not provide the required information as to their direct and indirect owners, it is possible that:
  - (i) a withholding tax might be imposed in respect of certain of the Company's income, to the extent that such income is attributable to such Shareholders; or
  - (ii) in certain circumstances, a withholding tax might be imposed in respect of certain of the Company's income, not limited to the portion attributable to Shareholders who do not provide identifying information. In this case, all Shareholders in the Company could be adversely affected by FATCA withholding tax in certain circumstances.

***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.



## **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 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 will prepare an annual report and audited accounts as of 30 June in each year and a half-yearly report, unaudited accounts (if required, 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.

As at the date of this Prospectus, the Company has not prepared an annual report which complies with the AIFM's obligations under the AIFMD. The first such annual report will be prepared in respect of the financial year ending 30 June 2015 and will be made available no later than 31 October 2015, in accordance with the AIFMD.

## **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.

## **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:

- (i) Management Agreement;
- (ii) Administration Agreement;
- (iii) Depositary Agreement;
- (iv) Investment Management Agreement; and

- (v) 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 of the Company; and
- (c) the Memorandum and Articles of Association of MGI Funds plc.

Copies of the Prospectus, Memorandum and Articles of Association and of any annual audited accounts and half-yearly accounts of the Company and MGI Funds plc may be obtained from the Administrator free of charge or may be inspected 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:**

“Act”	means the Companies Act 2014, as may be amended, and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder;
“Administrator”	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;
“Administration Agreement”	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;
“AIF”	means an alternative investment fund as defined in the AIFMD Regulations;
“AIF Rulebook”	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;
“AIFM”	means an alternative investment manager under the AIFMD Regulations which may be the Company itself, the Manager or a third party;
“AIFMD”	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;
“AIFMD Regulations”	means the European Communities (Alternative Investment Funds Managers Directive) Regulations 2013;
“Application Form”	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;
“Approved Credit Institution”	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 (i.e. Switzerland, Canada, Japan or the United States); or (iii) a credit institution authorised in Australia, Guernsey, Isle of Man Jersey or New Zealand;
“Articles”	means the articles of association of the Company as same may be amended from time to time;
“Auditors”	means KPMG or such other firm of chartered accountants as may from time to time be appointed as auditors to the Company;
“Base Currency”	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;
“Business Day”	means, unless otherwise specified in the Relevant Supplement, a day on which the banks in Ireland or the United Kingdom are open for normal business or days as may be determined by the Directors;
“Central Bank”	means the Central Bank of Ireland or any successor entity;
“CFTC”	means the U.S. Commodity Futures Trading Commission;
“Class”	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;
“Class Currency”	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 Supplement;
“Data Protection Legislation”	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;
“Depositary”	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;
“Depositary Agreement”	means the amended and restated depositary agreement dated 8 August 2014 (as may be amended from time to time) between the Company, the Manager and the Depositary pursuant to which the Depositary has been appointed as depositary of the Company’s assets;
“Dealing Day”	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;
“Dealing Deadline”	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 Supplement;
“Declaration”	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 1997 (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;

“Developed Market”	means a jurisdiction included in the Morgan Stanley Capital International, or other reputable global index provider, a free-float-adjusted market capitalisation-weighted index designed to measure global developed market, and/or such other markets as the Directors may from time to time determine;
“Direct Investments”	means any securities, instruments or obligations of whatsoever nature in which a Sub-Fund may invest;
“Distributor” or “Distributors”	means with respect to each Class of Shares in the Sub-Funds, Mercer Global Investments Europe Limited 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;
“Distribution Agreement”	means the distribution agreement dated 6 February 2008 (as may be amended from time to time) between the Company and the Distributor pursuant to which the Distributor was appointed to provide distribution and placing services to the Company;
“Emerging Markets”	means those countries set out in the Morgan Stanley Capital International Emerging Markets Index and/or such other markets as the Directors may from time to time determine;
“Exempt Investor”	means any of the following Irish Residents: <ul style="list-style-type: none"><li>i. a qualifying management company or a specified company as referred to in Section 739B;</li><li>ii. a specified collective investment undertaking as referred to in Section 739B;</li><li>iii. a company carrying on life business within the meaning of Section 706 TCA;</li><li>iv. a pension scheme as referred to in Section 739B;</li><li>v. an investment limited partnership within the meaning of section 739J;</li><li>vi. any other investment undertaking as referred to in Section 739B;</li><li>vii. a special investment scheme as referred to in Section 739B;</li><li>viii. a unit trust of a type referred to in Section 739D(6)(e) TCA;</li><li>ix. a person who is entitled to exemption from income tax or corporation tax by virtue of Section 207(1)(b) TCA;</li><li>x. a person who is entitled to exemption from income tax and</li></ul>



capital gains tax by virtue of Section 784A(2) TCA or 848E TCA in circumstances where the Shares held are assets of an approved retirement fund, an approved minimum retirement fund or a special savings incentive account;

- xi. a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA and the shares he owns are assets of a PRSA (within the meaning of Chapter 2A of Part 30 TCA);
- xii. a credit union as referred to in Section 739B;
- xiii. the Courts Service as referred to in Section 739B;
- xiv. a qualifying company within the meaning of Section 110 TCA as referred to in Section 739D(6)(m) TCA;
- xv. the National Pensions Reserve Fund Commission;
- xvi. the National Asset Management Agency; and
- xvii. any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the Company to deduct appropriate tax in respect of any payment to a Shareholder or the transfer by a Shareholder of any Shares and in respect of whom the Company is in possession of a Declaration;

“External Valuer”	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;
“EU Member State”	means a Member State of the European Union from time to time;
“Euro”	means the single currency of participating EU Member States of the European Monetary Union introduced on 1 January 1999;
“Eurozone”	means those Member States of the European Union 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, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.
“Financial Conduct Authority”	means the UK 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;
“FSMA”	means the UK Financial Services and Markets Act, 2000;
“Intermediary”	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons;

- “Investment Manager” means Mercer Global Investments Europe Limited;
- “Investment Management Agreement” means the investment management agreement dated 6 February 2008 (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;
- “Irish Resident” means any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the “Taxation” section above for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
- “Irish Revenue Commissioners” means the Irish authority responsible for taxation;
- “Knowledgeable Investor” means an investor who:
- (a) is Mercer Global Investments Management Limited;
  - (b) is Mercer Global Investments Europe Limited, or any other entity appointed to provide investment management services to the Company;
  - (c) is a director of Mercer Global Investments Management 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 Employee” as defined above;
  - (ii) he is aware that each Sub-Fund is usually marketed to Qualifying Investors who are normally subject to a minimum subscription requirement of €100,000 and a high minimum net worth test;
  - (iii) he is aware of the risk involved in the proposed investment; and
  - (iv) he is aware that inherent in such investment is the potential to lose all of the sum invested;
- and provided further that the Directors are satisfied that the investor satisfies the conditions at (a), (b), (c) or (d) above; or
- (f) such alternative or additional categories of investor as may be permitted by the Central Bank from time to time;

“Manager”	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;
“Management Agreement”	means the management agreement dated 6 February 2008 (as amended) between the Company and the Manager pursuant to which the Manager was appointed to provide management, administration and distribution services to the Company;
“Memorandum and Articles of Association”	means the memorandum and articles of association of the Company as same may be amended from time to time with the prior approval of the Central Bank;
“Net Asset Value”	means the Net Asset Value of a Sub-Fund calculated as described or referred to herein;
“Net Asset Value per Share”	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;
“OECD Member State”	means a Member State of the Organisation for Economic Co-operation and Development from time to time. At the date of this Prospectus the OECD Member States are the EU Member States, Australia, Canada, Chile, Iceland, Israel, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey and United States;
“Ordinary Resolution”	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;
“Privacy Statement”	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> ;
“Professional Investor”	<p>means a client that is considered to be a professional client within the meaning of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive) (“MiFID”), which includes but is not limited to:</p> <ul style="list-style-type: none"> <li>(a) entities which are required to be authorised or regulated to operate in the financial markets;</li> <li>(b) other institutional investors whose main activity is to invest in financial markets;</li> </ul> <p>or a client who may, on request, be treated as a professional client within the meaning of Annex II of MiFID;</p>
“Prospectus”	means this document, any 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;

“QIAIF” means a qualifying investor alternative investment fund in accordance with the AIF Rulebook;

“Qualifying Investor” means an investor who:

- (c) is a Professional Investor; or
- (d) receives an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the scheme; or
- (e) certifies that they are an informed investor by providing the following:
  - (i) Confirmation (in writing) that the investor has such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or
  - (ii) Confirmation (in writing) that the investor’s business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the scheme; or
- (f) is a Knowledgeable Investor;
- (g) such alternative or additional categories of investor as may be permitted by the Central Bank from time to time;

and certifies in writing to the Company that he is aware of the risk involved in the proposed investment and that inherent in such investment is the potential to lose all of the sum invested;

“Recognised Market” means any stock exchange, over the counter market or other securities market in any part of the world;

“Relevant Supplement” in relation to a Sub-Fund, the Supplement published in respect of that Sub-Fund and any addendums thereto;

“Section 739B” means Section 739B of TCA;

“Series” means Shares designated as a particular series of Shares representing 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;

“Share” or “Shares” means a share or shares in the capital of the Company;

“Shareholder” means a person registered as a holder of Shares;

“Stock Transfer Form” means such form as may be approved by the Directors and the Administrator from time to time to transfer the Shares;

“Subscriber Shareholders”	has the meaning in the Articles;
“Subscriber Shares”	has the meaning in the Articles;
“Sub-Fund/s”	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;
“Sub-Investment Manager”	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;
“Supplement”	a document which contains specific information supplemental to this document in relation to a particular Sub-Fund;
“Sterling” or “STG£”	means pounds Sterling, the lawful currency of the U.K.;
“TCA”	means the Taxes Consolidation Act, 1997;
“Tranched Securitisation”	means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranced, and having the following characteristics: <ul style="list-style-type: none"> <li>(a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and</li> <li>(b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.</li> </ul>
“UCITS Regulations”	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder, as may be amended from time to time;
“Underlying Fund”	means any collective investment scheme in which any Sub-Fund may from time to time invest having regard to the requirements of the Central Bank including, without limitation, each sub-fund of MGI Funds plc;
“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. 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; and
- (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.

"Valuation Point"

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

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## APPENDIX I INVESTMENT RESTRICTIONS

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As the minimum initial subscription to the Company is €100,000 or such other amount as the Directors may from time to time determine provided that the minimum initial subscription may not be reduced below the foreign currency equivalent of €100,000, the Company qualifies as a qualifying investment scheme for the purposes of the Central Bank's regulations on collective investment schemes established under Part XXIV of the Act. Accordingly, while the Company is authorised by the Central Bank, the Central Bank has not set any limits or other restrictions on the investment and borrowing restrictions which may be employed by the Company. The Company qualifies as a qualifying investor scheme

The Directors may, however, at their absolute discretion from time to time and subject to notifying shareholders, change investment restrictions for each Sub-Fund as they shall determine shall be compatible with or in the interests of the Shareholders, including, in order to comply with the laws and regulations of the countries where Shareholders are located provided that the general principle of diversification in respect of the Company's assets is adhered to.

The Company may not, nor shall it appoint a Manager or AIFM which would, acquire shares carrying voting rights which would enable it to exercise significant influence over the management of the issuing body.

The investment limits and restrictions for each Fund set out in this Prospectus and the Relevant Supplement apply at the time of the relevant 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 subscriptions 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.