

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

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

**LGIM (IRELAND) RISK MANAGEMENT SOLUTIONS PLC**

**An umbrella fund with segregated liability between funds**

(An investment company with variable capital incorporated with limited liability in Ireland under the Companies Act 2014 with registration number 478714, authorised as an investment company pursuant to Part 24 of the Companies Act 2014).

**PROSPECTUS**

**LGIM CORPORATE DIRECTOR LIMITED**

(Alternative Investment Fund Manager)

**LEGAL & GENERAL INVESTMENT MANAGEMENT LIMITED  
(INVESTMENT MANAGER)**

**20 April, 2016**

## IMPORTANT INFORMATION

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

### **The Prospectus**

This Prospectus describes LGIM (Ireland) Risk Management Solutions Plc (**the “Company”**), an umbrella investment company with variable capital and segregated liability between Funds incorporated in Ireland and authorised by the Central Bank of Ireland (**the “Central Bank”**) as an investment company pursuant to Part 24 of the Companies Act 2014 (**the “Act”**). The Company is structured as an umbrella fund and may comprise several portfolios of assets. The share capital of the Company (**“Shares”**) may be divided into different funds (**“Funds”**) each representing a separate portfolio of assets and further sub-divided, to denote differing characteristics attributable to particular Shares, into **“Classes”**.

The latest published annual reports of the Company will be supplied to subscribers free of charge on request and will be available to the public as further described in the section of the Prospectus headed **“GENERAL INFORMATION; Report and Accounts”**.

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

The Company is both authorised and supervised by the Central Bank. Authorisation of the Company by the Central Bank shall not constitute a warranty as to the creditworthiness or the financial standing of the Company and the Central Bank shall not be liable, by virtue of its authorisation of the Company or by reason of its exercise of the functions conferred on it by the Act, for any default of the Company. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus.

The Company is authorised to be marketed solely to Qualifying Investors pursuant to the Central Bank’s Rulebook. The minimum initial subscription for each investor shall not be less than €100,000 or its equivalent in another currency (except in the case of certain investors as further detailed in the section of the Prospectus entitled **“THE SHARES; Application for Shares”**). Accordingly, while the Company is authorised by the Central Bank, the Central Bank has not set any limits or other restrictions on the investment objectives, the investment policies or the degree of leverage which may be employed by the Company, nor has the Central Bank reviewed this Prospectus. The Company must comply with the aim of spreading investment risk in accordance with Section 1386(1) (a) of Part 24 of the Companies Act 2014.

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

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. In particular, since 22 July 2013, subject to certain transitional arrangements, new rules will apply in relation to marketing (including private placement) of AIFs in the EEA.

Within the EU, Qualifying Investor AIFs such as the Company may only be marketed to professional investors as defined in the AIFM Directive unless the Member State in question permits, under the laws of that Member State, the Qualifying Investor AIF to be sold to other categories of investors and this permission encompasses the following types of investors:

- (i) an investor who receives 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 Company; or
- (ii) an investor who certifies that they are an informed investor by providing the following: 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 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 Company.

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

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder or any Fund to incur any liability to taxation or to suffer any pecuniary disadvantage which any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the AIFM, the Investment Manager, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

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

### **Reliance on this Prospectus**

Statements made in this Prospectus and any Supplement are based on the law and practice in force in the Republic of Ireland at the date of the Prospectus and the Supplements as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof. This Prospectus will be updated by the

Company to take into account any material changes from time to time and any such amendments will be notified in advance to the Central Bank. Any information or representation not contained herein or given or made by any broker, salesperson or other person should be regarded as unauthorised and should accordingly not be relied upon.

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

**The attention of investors is drawn to the potential for above average risk associated with an investment in the Company. Accordingly, such investment should only be undertaken by people in a position to take such a risk.**

**The price of the Shares as well as any income in the Company may fall as well as rise. The Directors are empowered to levy a redemption charge not exceeding 5% of the Net Asset Value of Shares being redeemed. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement. The Directors may in their absolute discretion waive such fee in whole or in part and may distinguish between Shareholders as to the application of such fee. The difference at any one time between the sale and repurchase price of Shares means that an investment in the Company should be viewed as medium to long term.**

## **Risk Factors**

Investors should read and **consider the section entitled “RISK FACTORS”** before investing in the Company.

## **Translations**

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

## **UNITED STATES SECURITIES LAW NOTICES**

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the “**1933 Act**”) and none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a U.S. Person. Neither the Company nor any Fund will be registered under the United States Investment Company Act of 1940. None of the Shares may be held by, or for the benefit of, a U.S. Person.

The term **“U.S. Person”** shall have the meaning set forth in Regulation S under the United States Securities Act of 1933, as amended, and the term **“U.S. Person”** shall also include any person that is not a **“Non-United States Person”** within the meaning of the United States Commodity Futures Trading Commission Regulation 4.7.

All parties becoming Shareholders in the Company must warrant to the Company that

- (a) they are not a U.S. Person;
- (b) they will notify the Company immediately if at any time they become a US person or become prohibited from holding Shares in the Company under any applicable law or regulation;
- (c) they will not offer to sell or transfer Shares in the Company to a U.S. Person or any person in violation of any applicable law or regulation; and
- (d) they have not been formed, organised, reorganised, capitalised or recapitalised for the purpose of investing in the Company.

#### **NOTICES TO INVESTORS IN THE REPUBLIC OF IRELAND**

The Company has been authorised by the Central Bank to offer the Shares in the Republic of Ireland solely to Qualifying Investors such authorisation is not an endorsement or guarantee of the Company by the Central Bank and Central Bank has not reviewed the contents of this Prospectus.

## **DIRECTORY**

### **LGIM (Ireland) Risk Management Solutions Plc**

#### **Registered Office**

**33 Sir John Rogerson's Quay**  
Dublin 2  
Ireland

#### **Directors**

Lee Toms  
David Dillon  
Tom Finlay  
Brian Wilkinson

#### **Alternative Investment Fund Manager**

LGIM Corporate Director Limited  
One Coleman Street  
London EC2R 5AA  
United Kingdom

#### **Investment Manager & Distributor**

Legal & General Investment Management  
Limited  
One Coleman Street  
London EC2R 5AA  
United Kingdom

#### **Administrator**

Northern Trust International Fund  
Administration Services (Ireland) Limited  
**George's Court**  
54-62 Townsend Street  
Dublin 2  
Ireland

#### **Depository**

Northern Trust Fiduciary Services (Ireland)  
Limited  
**George's Court**  
54-62 Townsend Street  
Dublin 2  
Ireland

#### **Auditors**

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

#### **Company Secretary**

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

#### **Legal Advisers in Ireland**

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

## TABLE OF CONTENTS

IMPORTANT INFORMATION .....	2
<b>1. DEFINITIONS .....</b>	<b>10</b>
<b>2. PRINCIPAL FEATURES .....</b>	<b>20</b>
Structure .....	20
Alternative Investment Manager .....	20
Investment Manager, Administrator and Depositary .....	20
Investment Objectives and Policies of the Funds .....	20
Risk Factors .....	20
Subscriptions .....	20
Redemptions .....	21
Fees and Expenses .....	21
Report and Accounts .....	21
Taxation .....	21
<b>3. THE COMPANY .....</b>	<b>22</b>
General .....	22
Investment Objective and Policies .....	22
Investment Restrictions .....	22
Borrowing and Leverage .....	23
Margin and Collateral Support .....	23
Changes to Investment and Borrowing Restrictions .....	25
Selection and Appointment of Prime Brokers / Counterparties .....	25
Selection and Appointment .....	25
Derivative Transactions .....	26
Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Transactions and Total Return Swaps .....	26
Distribution Policy .....	27
Liquidity Management Policy and Redemption Rights .....	28
<b>4. RISK FACTORS .....</b>	<b>29</b>
<b>5. MANAGEMENT AND ADMINISTRATION .....</b>	<b>44</b>
Directors .....	44
Directors Biographies .....	44
The AIFM .....	45
Share Capital of the AIFM .....	45
Delegated Functions of the AIFM .....	45
Investment Manager/ Distributor .....	46
Administrator .....	46
No External Valuer .....	47
Depositary .....	47
Duties of the Depositary .....	47

<b>Depository's Liability</b> .....	47
<b>Paying Agents / Representatives / Sub-Distributors</b> .....	48
<b>Fair Treatment of Investors</b> .....	48
<b>Conflicts of Interest</b> .....	48
<b>Soft Commissions</b> .....	50
<b>Cash / Commission Rebates and Fee Sharing</b> .....	50
 <b>6. FEES AND EXPENSES</b> .....	 51
Operating Expenses and Fees .....	51
<b>AIFM's Fee</b> .....	51
Remuneration Policy of the AIFM .....	51
<b>Investment Manager's Fees</b> .....	53
<b>Administrator's Fees</b> .....	53
<b>Depository's Fees</b> .....	53
<b>Paying Agent / Distributor / Sub-Distributor's Fees</b> .....	53
<b>Fees Associated with Investment in Underlying Funds</b> .....	53
Subscription Fee .....	54
Redemption Charge .....	54
Conversion Fee .....	54
Transfer Fee .....	54
Anti-Dilution Levy .....	54
<b>Directors' Fees</b> .....	54
Allocation of Fees .....	55
 <b>7. THE SHARES</b> .....	 56
General .....	56
Subscriptions .....	56
Operation of Cash Accounts in the name of the Company .....	57
Application for Shares .....	57
Fractions .....	57
Method of Payment .....	58
Currency of Payment .....	58
Timing of Payment .....	58
Subscription Monies and the Operation of the Umbrella Cash Account in the name of the Company .....	58
In Specie Subscriptions .....	59
Confirmation of Ownership .....	59
Qualifying Investors and the Knowledgeable Employee Exemption .....	59
United States Persons .....	60
Anti-Money Laundering Measures .....	60
Data Protection Information .....	61
Redemption of Shares .....	61
Redemption Requests .....	62
Method of Payment .....	62
Currency of Payment .....	62
Redemption Proceeds and the Operation of the Umbrella Cash Account in the name of the Company .	
.....	63



Withdrawal of Redemption Requests.....	63
Deferred Redemptions .....	63
In Specie Redemptions .....	63
Compulsory Redemption of Shares / Deduction of Tax.....	64
Total Redemption of Shares .....	64
Conversion of Shares.....	64
Conversion Fee .....	66
Withdrawal of Conversion Requests .....	66
Dilution Levy.....	66
Net Asset Value and Valuation of Assets .....	66
Umbrella Cash Account; Fund Asset Classification.....	70
Availability of Net Asset Value per Share .....	71
Suspension of Valuation of Assets .....	71
Taxation on the occurrence of certain events .....	72
<b>8. TAXATION .....</b>	<b>73</b>
<b>9. GENERAL INFORMATION .....</b>	<b>91</b>
Incorporation, Registered Office and Share Capital .....	91
Variation of Share Rights and Pre-Emption Rights.....	91
Voting Rights .....	91
Meetings.....	92
Report and Accounts.....	93
Communications and Notices to Shareholders .....	93
Transfer of Shares .....	94
Directors .....	94
Directors' Interests .....	96
Periodic Disclosure to Investors.....	97
The Application Form and Side Letters.....	97
Termination of a Fund and compulsory repurchase of all Shares .....	98
Winding Up.....	98
Indemnities and Insurance .....	100
General.....	101
Dividends.....	101
Material Contracts .....	101
Documents Available for Inspection.....	104

## 1. DEFINITIONS

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

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

<b>“Accounting Date”</b>	means 31 December in each year or such other date as the Directors may from time to time decide.
<b>“Accounting Period”</b>	means a period ending on the Accounting Date and commencing, in the case of the first such period on the date of authorisation of the Company and, in subsequent such periods, on the day following expiry of the last Accounting Period.
<b>“Act”</b>	means the Companies Act 2014 (Part 24) and every amendment, consolidation or re-enactment of the same.
<b>“Administrator”</b>	means Northern Trust International Fund Administration Services (Ireland) Limited or any successor company approved by the Central Bank as administrator of the Company's and of each Fund's affairs.
<b>“Administration Agreement”</b>	means the Administration Agreement dated 17 May, 2011 as may be amended, supplemented or modified from time to time.
<b>“AIF”</b>	has the meaning given in the AIFMD Regulations.
<b>“AIFM Directive”</b>	means the European Union Directive on Alternative Investment Fund Managers; 2011/61/EU.
<b>“AIFM Regulations”</b>	means the European Union (Alternative Investment Fund Managers) Regulations, 2013 (S.I. No. 257 of 2013).
<b>“AIFM Legislation”</b>	means the AIFM Regulations, the AIFM Directive, the Level 2 Regulation, the Act and any applicable rules, or any of them, as the case may be.

<b>“AIFM”</b>	means LGIM Corporate Director Limited, or any successor alternative investment fund manager approved by the Central Bank as AIFM to the Company
<b>“AIFM Agreement”</b>	means the alternative investment fund management agreement entered into between the Company and the AIFM dated 29 July, 2014 as may be amended or modified from time to time.
<b>“Application Form”</b>	means any application form to be completed by subscribers for Shares as prescribed by the Company from time to time.
<b>“Articles of Association”</b>	means the Memorandum and Articles of Association of the Company.
<b>“Auditors”</b>	means PricewaterhouseCoopers.
<b>“Base Currency”</b>	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.
<b>“Business Day”</b>	means in relation to a Fund such day or days as shall be so specified in the relevant Supplement for that Fund.
<b>“Central Bank”</b>	means the Central Bank of Ireland or any successor thereto.
<b>“Class” or “Classes”</b>	means a particular division of Shares in a Fund.
<b>“Collective Investment Scheme”</b>	means an arrangement for assets to be managed on a pooled basis on behalf of any number of investors, for example a unit trust or open ended investment company.
<b>“Company”</b>	means LGIM (Ireland) Risk Management Solutions Plc.
<b>“Contract for Differences”</b>	means a contract relating to fluctuations in an index, price or other criterion.
<b>“Dealing Day”</b>	means the day on which Shares are issued and redeemed (as applicable) as shall be specified in the relevant Supplement.

<b>“Dealing Deadline”</b>	means in relation to a Fund, the deadline for receipt of completed subscription or redemption applications as shall be specified in the relevant Supplement for the Fund.
<b>“Derivative”</b>	means a derivative, as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, and includes but is not limited to an Option, Future, Swap or Contract for Differences.
<b>“Depositary”</b>	means Northern Trust Fiduciary Services (Ireland) Limited, appointed by the Company in accordance with the requirements of the Central Bank, as Depositary of the Company.
<b>“Depositary Agreement”</b>	means the Depositary Agreement made between the Company, the AIFM and the Depositary dated 29 July, 2014 as may be amended, supplemented or modified from time to time.
<b>“Directors”</b>	mean the directors of the Company or any duly authorised committee or delegate thereof.
<b>“EEA”</b>	means the countries for the time being comprising the European Economic Area (being at the date of this Prospectus, European Union Member States, Norway, Iceland, and Liechtenstein).
<b>“EUR” or “euro” or “€”</b>	means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated 25th March 1957 as amended.
<b>“ESMA”</b>	means the European Securities and Markets Authority.
<b>“ESMA Guidelines on Remuneration”</b>	means the ESMA Guidelines on sound remuneration policies under the AIFMD, published 7 July, 2013
<b>“Exempt Irish Investor”</b>	means <b>“Exempt Irish Investor”</b> as defined in the Section entitled <b>“Taxation”</b> .

<b>“External Valuer”</b>	means an external valuer appointed in accordance with the AIFM Regulations.
<b>“FCA”</b>	means the Financial Conduct Authority of the United Kingdom, being the United Kingdom’s regulator of financial services firms and any successor bodies.
<b>“FSMA”</b>	means the United Kingdom Financial Services and Markets Act 2000 and every amendment or re-enactment of the same.
<b>“Fund”</b>	means a sub-fund of the Company representing the designation by the Directors of a particular Class of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank.
<b>“Future”</b>	means rights under a contract for the sale of any property under which delivery is to be made at a future date at a price agreed upon when the contract is made.
<b>“Initial Offer Period”</b>	means the period determined by the Directors during which Shares are first offered for subscription as described in the relevant Supplement.
<b>“Initial Price”</b>	means the initial price payable for a Share as specified in the relevant Supplement for each Fund.
<b>“Intermediary”</b>	<b>means: “Intermediary” as defined in the Section entitled “Taxation”.</b>
<b>“Investment Manager”</b>	means Legal & General Investment Management Limited.
<b>“Investment Management and Distribution Agreement”</b>	means the investment management and distribution agreement entered into between the Company, the AIFM and the Investment Manager dated 29 July, 2014 as may be amended or modified from time to time.
<b>“Ireland”</b>	means the Republic of Ireland.

<b>“Irish Resident”</b>	means <b>“Irish Resident”</b> as defined in the section entitled <b>“Taxation”</b> .
<b>“Level 2 Regulation”</b>	Commission Delegated Regulation No. 231/2013 of 19 December, 2012 as may be amended, supplemented or substituted from time to time.
<b>“ISDA”</b>	means International Swaps and Derivatives Association, Inc.
<b>“Member State”</b>	means a member state of the European Union.
<b>“Minimum Holding”</b>	means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.
<b>“Minimum Subscription”</b>	means the minimum amount which may be subscribed for Shares in any Fund or Class as specified in the relevant Supplement provided that the minimum amount of such subscription shall not be less than €100,000 or its equivalent in another currency (subject to any exemption therefrom that may be permitted by the Central Bank) and the aggregate of an investor's investments in one or more Funds or Classes may be taken into account for the purpose of satisfying the minimum subscription requirement.
<b>“Net Asset Value”</b>	means the net asset value of the Company, a Fund or attributable to a Class, as the context requires, determined in accordance with the Articles and as described under the heading <b>“Net Asset Value and Valuation of Assets”</b> in this Prospectus.
<b>“Net Asset Value per Share”</b>	means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class rounded to such number of decimal places as the Directors may determine.
<b>“Ordinarily Resident in Ireland”</b>	means <b>“Ordinarily Resident in Ireland”</b> as defined in the Section entitled <b>“Taxation”</b> .

<b>“Option”</b>	means an option to acquire or dispose of any property.
<b>“OTC”</b>	means over-the-counter (or off-exchange).
<b>“Prospectus”</b>	means the prospectus issued by the Company with respect to the Company and any Supplements and addenda thereto issued in accordance with the requirements of the Central Bank.
<b>“Qualifying Investor”</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) An investor who is a professional client within the meaning of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive (“MiFID”); or</li> <li>(b) An investor who 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 Company; or</li> <li>(c) An investor who certifies that they are an informed investor by providing the following: <ul style="list-style-type: none"> <li>(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</li> <li>(ii) Confirmation (in writing) that the <b>investor’s business involves</b>, 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 Company.(subject to any exemption therefrom permitted by the Central Bank).</li> </ul> </li> </ul>

The minimum subscription for Qualifying Investors is €100,000 (or its equivalent in other currencies) (except for “Knowledgeable Persons”). The aggregate of an investor’s investments in different Classes can be taken into account for the purposes of determining this requirement. The Directors may also increase this amount to take into account legal or regulatory requirements of other jurisdictions and will notify investors subscribing for shares of any changes in advance of each subscription. The Directors have full discretion to limit investment by an investor who would meet the above criteria, however, their investment would result in the legal or beneficial ownership of such Shares by a person in contravention of any restrictions on ownership as set out herein or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or Class or Shareholders as a whole.

Within the EU, the Company may only be marketed to professional investors as defined in the AIFM Directive unless the Member State in question permits under the law of the Member State, that the Company be sold to other categories of investors and that such investors encompass Qualifying Investors as set out in (b) and (c) above.

**“Recognised Clearing System”**

**means “Recognised Clearing System” as defined in the section entitled “Taxation”.**

**“Redemption Payment Day”**

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

**“Relevant Declaration”**

**means “Relevant Declaration” as defined in the section entitled “Taxation”.**

**“Relevant Period”**

**means “Relevant Period” as defined in the section entitled “Taxation”.**

**“Rulebook”**

means any rulebook issued by the Central Bank pursuant to Part 24 of the Companies Act 2014.



**“Share”**

means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company.

**“Shareholder”**

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

**“Specified US Person”**

The term **“Specified U.S. Person”** means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof or (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States excluding (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue

Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.

**“Sterling” or “GBP” or “£”**

means the lawful currency for the time being of the United Kingdom.

**“Subscription Day”**

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

**“Subscription Settlement Deadline”**

means in relation to a Fund, the deadline for receipt of subscription proceeds as shall be specified in the relevant Supplement (or otherwise outlined in the Application Form) or as otherwise determined by the Directors and notified in advance to Shareholders.

**“Supplement”**

means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.

**“Swap”**

has the meaning given to the term “Swap Transaction” in the 2002 ISDA Definitions and the 2006 ISDA Definitions.

**“Taxes Act”**

means the Taxes Consolidation Act, 1997 (of Ireland) as amended.

**“UK”**

means the United Kingdom of Great Britain and Northern Ireland as at the date of this prospectus and includes any future successor states.

**“United States”**

means the United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction.

**“US Dollar”, “USD” or “US\$”**

means United States Dollars, the lawful currency for the time being of the United States of America.

**“U.S. Person”**

means an investor who is both:

- (a) a **"United States Person"** as defined in Regulation S under the 1933 Act; and
- (b) not a **"Non-United States Person"** as defined in CFTC Rule 4.7.

**"Valuation Day"**

means such day as shall be specified in the relevant Supplement.

**"Valuation Point"**

means the time as of which the Net Asset Value of a Fund is calculated and as shall be specified in the relevant Supplement for each Fund.

**"VAT"**

means value added tax or any other sales tax which may be levied from time to time.

## **2. PRINCIPAL FEATURES**

The following is a summary of the principal features of the Company and should be read in conjunction with the full text of this Prospectus .

### **Structure**

The Company is an investment company with variable capital, incorporated in Ireland on 14 December 2009 under the Act with registration number 478714. The Company has been authorised by the Central Bank as an investment company pursuant to the Act.

The Company is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. Details of each Fund are contained in the relevant Supplement. The assets of each Fund will be separate from one another and there exists segregated liability between Funds. Each Fund will be invested separately in accordance with its investment objective and policies. Additional Funds may be added by the Directors with the prior approval of the Central Bank. For the avoidance of doubt, the addition of new Funds or new Classes of Shares within existing Funds will not constitute a variation of the rights of the holders of any existing Classes of any Fund.

### **Alternative Investment Manager**

LGIM Corporate Director Limited has been appointed as Alternative Investment Fund Manager of the Company.

### **Investment Manager, Administrator and Depositary**

Legal & General Investment Management Limited has been appointed as Investment Manager of the Company. Northern Trust International Fund Administration Services (Ireland) Limited has been appointed as Administrator of the Company. The Depositary of the Company is Northern Trust Fiduciary Services (Ireland) Limited.

### **Investment Objectives and Policies of the Funds**

The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement which forms part of and should be read in conjunction with this Prospectus.

### **Risk Factors**

Investors should read and consider the section entitled "RISK FACTORS" before investing in the Company.

### **Subscriptions**

Shares may be purchased in the available classes during the Initial Offer Period at the Initial Price. After the close of the Initial Offer Period, investors may subscribe for Shares on any Dealing Day at the relevant Net Asset Value per Share.

## Redemptions

Generally, a Shareholder has the right to require the relevant Fund to redeem all or a portion of his Shares in a Fund at a price equal to the Net Asset Value of the Shares as of the relevant Dealing Day. The Fund may suspend the right of Shareholders to demand redemption of their shares of the Fund in certain circumstances as described under **“THE SHARES; Suspension of Valuation of Assets”**. The Directors may set limits on the number of Shares that a Fund will be obliged to redeem on a Dealing Day. Any such limits shall be as set out in the relevant Supplement.

Allowable requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for any Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise. Shares will be redeemed at the Net Asset Value per Share.

## Fees and Expenses

The fees of the Administrator and the Depositary will be paid out of the assets of the relevant Fund and the Fund will bear all of reasonable out-of-pocket expenses incurred on behalf of the Company, unless otherwise specified in the relevant Supplement. Details of fees payable by each Fund are set out in the relevant Supplement.

## Report and Accounts

Annual accounts of the Company, prepared in Sterling, will be made up to 31 December in each year. An annual report and the audited annual accounts of the Company may be obtained by Shareholders from the Company at its registered office within four months of the financial year end.

## Taxation

On the basis of current Irish law and practice, the Company will not be liable to income, corporation or capital taxation in Ireland. Furthermore, no tax will arise in the Company in respect of a chargeable event in respect of a Shareholder who is not an Irish Resident or a person Ordinarily Resident in Ireland at the time of the chargeable event; provided:

- (a) that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct; or
- (b) the Company has satisfied and availed of the measures introduced by the Finance Act 2010 (See section headed **“TAXATION”**).

Shareholders should consult their own professional advisers as to their own particular tax consequences of an investment in the Company.

### **3. THE COMPANY**

#### **General**

The Company is an investment company with variable capital, incorporated in Ireland on 14 December 2009 under the Act with registration number 478714. The Company has been authorised by the Central Bank as a designated investment company pursuant to the Act.

The Company is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes. The Company currently has 81 Funds, details of each of which are contained in the relevant Supplement, and a list of which are set out in Appendix I. The assets of each Fund will be separate from one another and there exists segregated liability between Funds.

The Shares of each Class in a Fund will rank *pari passu* with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies, if any, applied to the currency of a particular Class, distribution policy, the level of fees and expenses to be charged, subscription or redemption procedures or the Minimum Subscription and Minimum Holding applicable. The assets of each Fund will be managed separately in accordance with the investment objective and policies of each Fund. The Base Currency of each Fund is specified in the relevant Supplement.

Additional Funds, in respect of which a Supplement or Supplements will be issued, may be established by the Directors with the prior approval of the Central Bank. Additional Classes in respect of which a Supplement or Supplements will be issued may be established by the Directors and notified to and cleared in advance with the Central Bank.

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

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

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

#### **Investment Restrictions**

Investment of the assets of each Fund must comply with the requirements of the Central Bank. Each Fund may adopt further investment restrictions in the future.

The specific investment and borrowing restrictions applicable to each Fund will be set out in the relevant Supplement and will be formulated by the Directors at the time of establishment of the relevant Fund.

### **Borrowing and Leverage**

Where specified in the relevant Supplement, a Fund may borrow from brokers, banks and others on a secured or unsecured basis, and may employ leverage to the extent deemed appropriate by the Investment Manager. Leverage may take the form of loans (including trading on margin), and investments in derivative instruments that are inherently leveraged, in addition to other forms of direct or indirect borrowings. A Fund also may borrow for cash management purposes, including in anticipation of additional subscriptions and to fund redemptions, and may do so when deemed appropriate by the Investment Manager. A Fund will bear all of the costs and expenses incurred in connection therewith, including any interest expense charged on funds borrowed or otherwise accessed. The borrowing and leverage limit for each Fund will be set out in the relevant Supplement for each Fund. The maximum leverage to be employed by the Funds will be set out in the relevant Supplement, calculated in accordance with;

- (a) The gross method (the sum of the absolute value of the derivative positions); and
- (b) The commitment method (i.e. where each derivative position is converted in the underlying assets).

Each method will be calculated in accordance with the Level 2 Regulation.

Unless the relevant Supplement details alternative arrangements borrowing in respect of each Fund may not exceed 100% of the Net Asset Value of the Fund and arrangements must be in place to ensure compliance with this requirement.

### **Margin and Collateral Support**

For the purpose of providing margin or collateral in respect of a Fund's investment activities, the Fund may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund. The Company may also charge, pledge, mortgage or otherwise encumber its assets or any part thereof as security for its borrowings. Counterparties in receipt of such margin or collateral may have a right to re-use the assets of the Fund.

#### *Collateral and Asset Reuse Arrangements*

A Fund may receive cash and high quality government bonds (such as Treasury (T) Bills and UK Gilts) to the extent deemed necessary by the AIFM in consultation with the Investment Manager, as collateral in respect of over-the-counter derivative transactions (including total return swaps) and efficient portfolio management techniques (such as repurchase agreements, reverse repurchase agreements and securities lending transactions) for the relevant Fund.

Collateral, which may be of varying levels of maturity, must, at all times, meet with the following criteria:

- (i) **Liquidity:** Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.
- (ii) **Issuer credit quality:** Collateral received should be of high quality. The AIFM shall ensure that;
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process; and
  - (b) where an issuer is downgraded below the two highest short-term credit rating by the credit rating agency referred to in (a) this shall result in a new credit assessment being conducted of the issuer by the responsible person without delay.
- (iii) **Correlation:** Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (iv) **Diversification (asset concentration):** collateral shall be sufficiently diversified in terms of country, markets and issuers.

The collateral policy operated by the Company will set appropriate levels of collateral required by the AIFM in respect of each relevant transaction.

In light of the nature of the assets which will typically constitute **the Fund's collateral, as referred to** above (e.g. government bonds), the collateral supporting total return swaps and repurchase agreements and reverse repurchase agreements and securities lending transactions will be valued daily at mark-to-market prices and daily variation margin will be used if the value of collateral falls below coverage requirements.

Assets and collateral received (on a title transfer basis) shall be safe-kept by the Depositary or sub-custodian in accordance with the AIFM Legislation. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral in accordance with the AIFM Legislation.

Any re-investment of cash collateral shall be diversified to the extent deemed necessary by the AIFM.

#### Risks Associated with Re-Use and Management of Collateral

Re-invested cash collateral exposes the Company to certain risks such as the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Investors should consult the **"Risk Factors"** section below for information on counterparty risk and credit risk in this regard.



Investors should be aware that there are certain risks associated with the management of collateral. **Investors should consult the “Risk Factors” section below** for information on liquidity risk, clearing risk, credit default swaps and securities lending risk in this regard. Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the AIFM and the Investment Manager.

Unless otherwise stated in a relevant Fund Supplement, re-investment of non-cash collateral is not currently contemplated.

Further details in relation to any restrictions on the use of leverage and the provision of collateral and / or asset re-use arrangements applicable to each Fund will be set out in the relevant Supplement.

#### *Changes to Leverage and right of re-use of collateral*

Information on changes to the maximum level of leverage calculated in accordance with the gross and commitment methods and any right of re-use of collateral or any guarantee under the leveraging arrangements as set out in the relevant Fund supplement, shall be disclosed without undue delay and shall include:

- (a) the original and revised maximum level of leverage calculated in accordance with the relevant provisions of the AIF Legislation, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of a Fund;
- (b) the nature of the rights granted for the reuse of collateral;
- (c) the nature of guarantees granted; and
- (d) details of changes in any service providers which relating to one of the items above.

Such information shall be provided in the information disclosed as part of the periodic reporting as set out in the section entitled **“Periodic Disclosure to Investors”** and at least at the same time as the Annual Report.

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

It is intended that the Company shall have the power subject to the prior approval of the Central Bank to avail itself of any change in the investment and borrowing restrictions specified in the Rulebook.

#### **Selection and Appointment of Prime Brokers / Counterparties**

Details of any Prime Brokers appointed by the Company shall be set out in the relevant Supplement to this Prospectus. The general principles which apply with respect to the appointment of Prime Brokers and Counterparties are set out below.

## **Selection and Appointment**

When selecting and appointing counterparties and prime brokers with respect to the Company or its Funds, the AIFM is required to exercise due skill, care and diligence before entering into an agreement and on an ongoing basis thereafter taking into account the full range and quality of their services.

When selecting prime brokers or counterparties in an OTC derivatives transaction, in a securities lending or in a repurchase agreement, the AIFM is required to ensure that those prime brokers and counterparties fulfil all of the following conditions:

- (a) they are subject to ongoing supervision by a public authority;
- (b) they are financially sound;
- (c) they have the necessary organisational structure and resources for performing the services which are to be provided by them to the Company /the AIFM.

## **Derivative Transactions**

Unless a relevant Supplement specifies otherwise the following provisions will apply to each Fund:

- (a) Derivative transactions require adequate cover from within the assets of the Fund;
- (b) Derivative transactions are adequately covered if adequate collateral is available from within **the Fund to meet the Fund's total exposure as measured** by the mark to market position on the Derivative taking into account any reasonably foreseeable market movements;
- (c) The total exposure relating to Derivatives may not exceed the Net Asset Value of the Fund;
- (d) No element of cover may be used more than once;
- (e) The Investment Manager must, as frequently as necessary, recalculate the amount of cover required in respect of Derivatives;
- (f) Derivative transactions may only be retained so long as they are covered; and
- (g) The Investment Manager must use a risk management process to monitor and measure the risks of a Derivative and its contribution to the risk profile of the Fund.

## **Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Transactions and Total Return Swaps**

Unless a relevant Supplement specifies otherwise, the following provisions will apply to each Fund in respect of Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Transactions and Total Return Swaps:

### *Counterparties:*

Counterparties to a repurchase agreement, reverse repurchase agreement, securities lending transaction and total return swap shall be selected in accordance with the section above entitled **“Selection and Appointment of Prime Brokers/Counterparties”**.

The counterparty to any repurchase, reverse repurchase agreement, securities lending transaction or total return swap entered into by the Company shall be an entity which is subject to an appropriate internal credit assessment carried out by the AIFM in consultation with the Investment Manager, which shall include amongst other considerations, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty, legal status of the counterparty, industry sector risk and concentration risk. Where such counterparty (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Company without delay.

### *Return on Investments*

All revenues from repurchase agreements, reverse repurchase agreements, securities lending transactions and total return swaps, net of direct and indirect operational costs, will be returned to the Fund. Any direct and indirect operational costs/fees arising which may be deducted from the revenue delivered to a Fund shall be at normal commercial rates and shall not include any hidden revenue. and will be paid to such entities as outlined in the annual report of the Company which shall indicate if the entities are related to the AIFM, the Investment Manager or the Depositary.

### **Distribution Policy**

The distribution policy and information on the declaration and payment of distributions for each Fund will be specified in the relevant Supplement.

Dividends, if any, will be declared on or before such date in each year as is specified in the relevant Supplement. Any change to the distribution policy will be disclosed in a revised or relevant Supplement and notified to Shareholders in advance. In the event that a distribution is declared and remains unclaimed after a period of six years from the date of declaration, such distribution will be forfeited. On forfeiture such distributions will become part of the assets of the Fund to which they relate. No distribution or other amount payable to any Shareholder shall bear interest against the Company.

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of dividends payable. In such circumstances, any sums payable by way of dividend to Shareholders shall remain an asset of the Fund and the Shareholder will rank as a general unsecured creditor of the Company until such time

as the Administrator has verified the Shareholder's identity to its satisfaction, following which such dividend will be paid. It is the responsibility of the investor to ensure all required documentation and information is provided promptly and is complete and accurate, so that the dividends payable may be released in a timely manner.

Pending payment to the relevant Shareholder, distribution payments will be held in an account in the name of the Company and will be treated as an asset of the Fund until paid to that Shareholder and will not benefit from the application of any investor money protection rules (i.e. the distribution monies in such circumstance will not be held on trust for the relevant Shareholder). In such circumstance, the Shareholder will be an unsecured creditor of the relevant Fund with respect to the distribution amount held by the Company until paid to the Shareholder and the Shareholder entitled to such distribution amount will be an unsecured creditor of the Fund. In the event of an insolvency of the Fund or the Company, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full.

Your attention is drawn to the section of the Prospectus entitled "Risk Factors" –"Operation of the Umbrella Cash Account" below.

### **Liquidity Management Policy and Redemption Rights**

The Company and the AIFM have established liquidity management policies which enable them to identify, monitor and manage the liquidity risks of the Company/AIFM and each Fund and to ensure the liquidity profile of the investments of the Company/AIFM will facilitate compliance with its underlying obligations. **The Company's/AIFM's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Company and its Funds/ the AIFM (as appropriate).** The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Company and its Funds/ the AIFM (as appropriate).

**In summary, the Company's liquidity management policy monitors the profile of investments held by each Fund and ensures that such investments are appropriate to the redemption policy as stated herein or in the relevant Fund Supplement and will facilitate compliance with the Company's underlying obligations.** Further, the liquidity management policy includes details on periodic stress testing carried out by the Company / the AIFM/ Investment Manager to manage the liquidity risk of each Fund in exceptional and extraordinary circumstances.

The Company seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy will be considered to be aligned when investors have the ability to redeem their investments in a **manner consistent with the fair treatment of all investors and in accordance with the Company's redemption policy and its obligations.** In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the Company shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

Details of the redemption rights of shareholders, including redemption rights of shareholders in normal and exceptional circumstances and existing redemption arrangements are set out in the relevant Supplement and /or the section of this Prospectus entitled **"Redemptions"**.

## 4. RISK FACTORS

### General

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares.

Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the Company or any Fund should not be relied upon as an indicator of future performance. The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please refer to the Section of the Prospectus entitled "TAXATION". The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

### No Assurance or Guarantee

There can be no assurance or guarantee that the stated investment objectives of a Fund will be met and all of each Shareholder's investment is at risk. Each Shareholder may therefore receive a return from their investment which is insufficient at that time to meet their investment objective. It is the responsibility of each investor to ensure that the investment objective of the relevant Fund meets with the investor's requirements. Shareholders in each Fund will share economically the investment risks in relation to that Fund on a pooled basis during the period of time that they are recorded as owning Shares.

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

### Dependence on the Investment Manager

All decisions with respect to the trading activities of the Company are made exclusively by the Investment Manager. Investors will not have the opportunity to evaluate fully for themselves the relevant economic, financial, and other information regarding the Company's investments. Investors are dependent on the Investment Manager's judgment and abilities.

### Key Personnel of the Investment Manager

The success of the Company will depend substantially on the skill and acumen of key employees at the Investment Manager. If the Investment Manager or any of such key employees should cease to **participate in the Company's business, its ability to select attractive investments and manage its portfolios** could be impaired. Although such employees of the Investment Manager will devote as much time to the Company as they believe is necessary to assist the Company in achieving its investment objective, they will not devote all of their working time to the affairs of the Company.

### **Availability of Investment Strategies**

The success of each Fund's investment activities will depend on the Investment Manager's ability to exploit opportunities in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by each Fund involves a substantial degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all **of the relevant Fund's assets or to exploit opportunities in the markets. A reduction in liquidity or the pricing inefficiency of the markets in which the Fund will seek to invest, as well as other market factors, will reduce the scope for the Fund's investment strategies.**

The Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer or counterparty, forced redemptions of securities or acquisition proposals, volatility levels or liquidity conditions or changes in tax treatment.

### **Investing in Fixed Income Securities**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

The volume of transactions effected in certain international bond markets may be appreciably below **that of the world's largest markets. Accordingly, a Fund's investment in such markets may be less** liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### **Changes in Interest Rates**

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

## **Amortised Cost Method**

Some or all of the investments of certain Funds may be valued at amortised cost. Investors' attention is drawn to the section of the Prospectus entitled "THE SHARES; Net Asset Value and Valuation of Assets" for further information.

In periods of declining short-term interest rates, the inflow of net new money to such Funds from the continuous issue of Shares will likely be invested in portfolio instruments producing lower yields than the balance of such Fund's portfolio, thereby reducing the current yield of the Fund. In periods of rising interest rates, the opposite can be true.

## **Amortisation of Organisational Costs**

The Company's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS). IFRS does not permit the amortisation of organisational costs. Notwithstanding this, the Company may, at the discretion of the Directors, amortise its organisational costs over a period of time and this may result in a qualification in the auditor's report.

## **Segregated Liability of the Funds**

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

## **Liquidity Risk**

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at a fair price due to adverse market conditions leading to limited liquidity.

## **Credit Risk**

There can be no assurance that issuers of the securities or other instruments in which the Company invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in



such securities or instruments or payments due on such securities or instruments. The Company will also be exposed to a credit risk in relation to the counterparties with whom it transacts or places margin or collateral in respect of transactions in Derivatives (including total return swaps) and repurchase and reverse repurchase agreements and securities lending transactions and may bear the risk of counterparty default.

### **Counterparty Risk**

The Funds will be subject to the risk of the inability of their counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The Funds may pass cash or other assets to their counterparties as margin or collateral. At any one time, the Funds may be exposed to the creditworthiness of their counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the Funds might not be able to recover cash or assets of equivalent value in full.

### **Depository Insolvency**

The Company is subject to a number of risks relating to the insolvency, administration, liquidation or **other formal protection from creditors ("Insolvency") of the Depository. These risks include without limitation:** the loss of all cash held with the Depository which is not being treated as client money or protected by the rules of a **regulatory authority ("client money")**; the loss of all cash which the Depository has failed to treat as client money in accordance with procedures (if any) agreed with the Company; the loss of **any securities held on trust ("trust assets")** or client money held by or with the Depository in connection with a reduction to pay for administrative costs of the Insolvency and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the Insolvency; losses of some or all assets due to the incorrect operation of the accounts by the Depository; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. The Company is subject to similar risks in the event of Insolvency of any sub-custodian with which any relevant securities are held or of any third party bank with which client money is held. An Insolvency could cause severe disruption to the trading of the Company.

### **Sub-Custodians and other depositories**

Where securities are held with a sub-custodian of the Depository or by a securities depository or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company may have to share that shortfall on a pro-rata basis. Securities may be deposited with clearing brokers which the Depository is not obliged to appoint as its sub-custodians and in respect of the acts or defaults of which the Depository shall have no liability. There may be circumstances where the Depository is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depository has complied with its duties under the AIFM Legislation.

## Clearing Risk

While the clearing of OTC Derivatives is intended to reduce risk in the financial system, it does not eliminate the risk on such trades entirely and may introduce additional risk. There is a risk that a clearing member or other person through whom trades are cleared may default or become insolvent. There is also a risk that the clearing house or Central Clearing Counterparty itself may default or become insolvent.

While on a clearing member default, positions and the associated collateral value may be capable of being transferred to, or replaced by new trades with, a substitute clearing member, there can be no guarantee that this will occur. The associated collateral value transferred to a substitute clearing member may not be of the same type as the Company has transferred in respect of its positions and **may not reflect the full amount of the Company's exposure to the clearing member.**

Where a substitute clearing member does not accept the positions, the positions may be closed out and the resulting collateral balance paid to the Company. The collateral returned may not be of the same type as the collateral originally transferred to the clearing member. The collateral balance **ultimately received may not reflect the full amount of the Company's exposure to the clearing member.** The closing out of positions may also cause a breach of the investment objectives and investment restrictions and may result in a reduction in hedging and/or an increase in exposures.

Where a clearing house or CCP itself defaults or becomes insolvent, the consequences are hard to predict and will depend in part on the jurisdiction and rules of the relevant clearing house or CCP, but can be expected to be significant. Loss of positions and associated collateral is likely and there may be significant delays in any assets being returned.

## Market Crisis and Governmental Intervention

Periods during which global financial markets undergo pervasive and fundamental disruptions may result in extensive governmental intervention. Such intervention has in certain cases been implemented on an **"emergency"** basis without much or any notice with the consequence that **some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated.** Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions **may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to fulfill a Fund's investment objective.** However, the Investment Manager believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the relevant Fund's portfolio.

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

### **Redemption Risk**

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

### **Limited Right of Redemptions**

A Shareholder is restricted in its right to make a full or partial redemption from the relevant Fund based on the terms set out in the Prospectus including the relevant Supplement, which may include, among other things, a lengthy holding period before a redemption can be made without a redemption fee being assessed, the length of the notice period required to be given before a Dealing Day, and the frequency of redemptions. However, such a redemption may not be immediately possible due to the temporary inability of the Fund to liquidate its assets in order to satisfy the requested redemption without adversely affecting non-redeeming Shareholders, or if the number of Shares requested for redemption on any one Dealing Day exceeds the limits, if any, on redemption or subscription as described in the relevant Supplement.

### **Lack of Transferability of Shares**

The Shares may be subject to restrictions on transfer contained in the laws of any jurisdiction in which the Shares are offered and there are restrictions on transfer contained in the Articles. Shares are not transferable except under the circumstances described under **"GENERAL INFORMATION; Transfer of Shares"**. There is not and will not be any secondary market for the Shares.

### **Involuntary Redemption of Shares**

The Fund may redeem all or part of the holding of any investor in the Fund at any time in the circumstances described under the heading **"THE SHARES; Redemption of Shares"**.

The Fund may, by giving not less than 30 days notice to the Shareholders, redeem all the Shares in each or any Fund then outstanding.

### **Deferred Redemptions**

In the event that redemption requests are received for redemption of Shares representing in aggregate more than the percentage of the total number of Shares in the relevant Fund then in issue as specified in the relevant Supplement, redemption requests may be reduced rateably and pro rata and the redemption of Shares may be carried forward to the next Dealing Day. In the event of a large number of redemptions, this power to defer redemptions could be exercised on a number of successive Dealing Days and materially restrict a Shareholder's ability to redeem his Shares (as described in more detail in the relevant Supplement).

## Currency Risk

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to **a depreciation of the value of the Fund's assets as expressed in the Base Currency**. It may not be possible or practical to hedge against such exchange rate risk. The Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the securities positions held.

A Fund may enter into currency exchange transactions and/or use other techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

## Share Currency Designation Risk

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such **as those described under the heading "Currency Risk"**.

Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies shall be assets/liabilities of the

Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund.

### **Taxation Risk**

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

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

Finally, if the Company becomes liable to account for tax in any jurisdiction in the event that a Shareholder or beneficial owner of a Share were to receive a distribution in respect of his/her Shares or to dispose (or deemed to have disposed) of his/her shares in any way (a "chargeable event"), the Company shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate, cancel or compulsorily redeem such number of Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax in any jurisdiction on the happening of a chargeable event if no such deductions, appropriation, cancellation or compulsorily redemption has been made.

Shareholders and prospective investors' attention is drawn to the taxation risks associated with investing in the Company. Please refer to the section headed "TAXATION".

### **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information resulting in a 30%

US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement with respect to the implementation of FATCA (see section entitled “**Compliance with US reporting and withholding requirements**” for further detail) on 21 December 2012.

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

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

### **Valuation Risk**

A Fund may invest some of its assets in illiquid and/or unquoted securities or instruments, including over-the-counter Derivatives. Such investments or instruments will be valued by an independent party appointed by the Directors and approved for such purpose by the Depositary, in good faith in consultation with the Investment Manager as to their probable realisation value and in the case of Derivatives may be valued either on the basis of freely available market quotations (for example, in the case of interest rate Swaps) or on the basis of **the counterparty's valuation**. **Such investments are** inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that **the estimates resulting from the valuation process will reflect the actual sales or “close-out” prices of** such instruments.

### **Investment Manager Valuation Risk**

The Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment **Manager in determining the valuation price of each Fund's investments and the Investment Manager's** other duties and responsibilities in relation to the Funds, the Investment Manager shall ensure it follows industry standard procedures for valuing unlisted investments.

### **Leverage Risk**

Changes in overall market leverage, deleveraging as a consequence of a decision by a counterparty to reduce the level of leverage available, or the liquidation by other market participants of the same or

similar positions, may adversely affect a Fund's portfolio. Potential investors should be aware that under such circumstances, the Net Asset Value of the Fund may be adversely affected.

While leverage presents opportunities for increasing the total return of a Fund, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly could be magnified to the extent that leverage is employed.

## **Derivatives Risk**

### **General**

The prices of Derivative instruments, including Futures and Options, are highly volatile. Price movements of forward contracts, Futures contracts and other Derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related Futures and Options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of Derivative instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities, (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

### **Derivative Risk for the Funds which invest in Derivatives**

Derivatives (such as Swaps) are highly specialised instruments that require investment management skills and risk analysis that are different from those associated with equities and debt securities. The use of a Derivative requires an understanding not only of the underlying instrument but also of the Derivative itself. In particular, the use and complexity of Derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a Derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of Derivatives will meet or assist in meeting their intended purpose for a Fund.

A Fund may enter into over-the-counter (i.e. off-exchange) Derivative contracts, and accordingly will be exposed to the risk that the counterparties to such contracts may, in an insolvency or similar event, be unable to meet their contractual obligations under the contracts. If a counterparty was unable to meet its contractual obligations under a Derivative, the Fund could incur a loss and this would have an adverse effect on the value of the Fund. The fact that the Derivatives will be entered into over-the-counter, rather than on a regulated market, may increase the potential for loss by the Fund.

The Swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised

documentation. As a result, the Swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular Swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Investment Manager's use of Derivatives may not always be an effective means of, and sometimes could be counter-productive to, a Fund's investment objective.

### **Inflation Linked Swaps**

Inflation Swaps are Derivative products that are intended to allow a user to manage the risk of inflation being higher or lower than expected. In a typical inflation linked Swap, cash flow is exchanged on the maturity date or at scheduled dates during the life of the Swap. The Swap pays out the exact value of the cumulative inflation for a fixed capital sum over a determined period. The Fund acquires a portfolio of fixed-rate corporate bonds, and Swaps the fixed cash-flows from the bond portfolio in return for cashflows that match the timing and inflation characteristics which the Fund is targeting. Should inflation rates change dramatically or change to a level above or below that which was anticipated by the Investment Manager, a Fund may incur loss as a result or may not meet its targeted return.

### **Interest Rate Swaps**

In an interest rate Swap, each counterparty agrees to pay either a fixed or floating rate denominated in a particular currency to the other counterparty. The fixed or floating rate is multiplied by a notional principal amount. Interest rate risk originates from changes in the floating rate. In a plain vanilla fixed-for-floating Swap, the party who pays the floating rate benefits when rates fall and vice versa.

### **Credit Default Swaps**

A credit default swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to one or more other parties (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a "credit event") experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing (leverage), the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfill its obligations to a Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Additionally, in circumstances in which a Fund is a protection buyer and does not own the debt securities that are deliverable under a credit default swap, the Fund will be exposed to the short-squeeze risk that deliverable securities will not be available in the market or will be available only at unfavourable prices. As a protection seller, a Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations.



## **Liquidity of Futures Contracts**

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

## **Forward Trading**

Forward contracts and Options thereon, unlike Futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and **“cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.** The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

## **Options**

A Fund may buy and sell Options on securities and indices. The writer of a covered call Option assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the underlying security, less the premium received on the call Option. The writer of a covered call Option also gives up the opportunity for gain on the underlying security above the exercise price of the call. The writer of a call Option that is not covered assumes the additional risk that it will be required to satisfy its obligation to the buyer of the call Option by making an open-market purchase of the underlying securities on unfavourable terms. The buyer of a put or call Option assumes the risk of losing the premium invested in the Option.

## **Contracts for Difference and Equity Swaps**

The risks inherent in contracts for difference (CFDs) and total return equity Swaps (equity Swaps) are dependent on the position that the Fund takes in the transaction: by utilising CFDs and equity Swaps, the Fund can put itself in a **“long” position on the underlying value, in which case the Fund will profit from any increase in the underlying stock, and suffer from any fall.** The risks inherent in a **“long” position** are identical to the risks inherent in the purchase of the underlying stock. Conversely, the Fund can put itself in a **“short” position on the underlying stock, in which case the Fund will profit from any decrease in the underlying stock, and suffer from any increase.** The risks inherent in a **“short” position** are greater than those of a **“long” position**: while there is a ceiling to a maximum loss in a **“long” position** if the underlying stock is valued at zero, the maximum loss of a **“short” position** is that of the increase in the underlying stock, an increase that, in theory, is unlimited.

It should be noted that a “long” or “short” CFD or equity Swap position is based on the Investment Manager’s opinion of the future direction of the underlying security. The position could have a negative impact on the Fund’s performance. However, there is an additional risk related to the counterparty when CFDs and equity Swaps are utilised: the Fund runs the risk that the counterparty will not be in a position to make a payment to which it has committed. The Investment Manager will ensure that the counterparties involved in this type of transaction are carefully selected and that the counterparty risk is limited and strictly controlled.

### **Securities Lending Risk**

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### **Risks Associated with Investments in Fixed Interest Securities**

A Fund may invest in fixed interest securities – usually corporate and government bonds. Investment returns in these instruments are particularly sensitive to trends in interest rate movements. Depending on the degree to which a Fund’s interest rate exposure is hedged, a Fund value is likely to fall when these interest rates rise (such falls may be more pronounced in a low nominal interest rate environment).

### **Risks Associated with Investments in Government Index Linked Securities**

A Fund may invest in government index linked securities which provide returns that are linked to changes in official price series. Such instruments offer some protection against inflation and/or rising levels of inflation. Depending on the degree to which a Fund’s inflation exposure is hedged, a Fund value may be affected not only by variations in official inflation rates, but also by changes in inflation expectations, as well as the supply/demand and specific structure/features of such securities (e.g. the term).

### **Risks Associated with Investments in Either (i) Fixed Interest Securities; or (ii) Government Index Linked Securities**

The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce a Fund’s value.

### **Risks Associated with Investment in Sub-Funds of LGIM Liquidity Funds Plc**

An investment in a Sub-Fund of LGIM Liquidity Fund is neither insured nor guaranteed by the any government, government agencies or instrumentalities or any bank guarantee fund. Although the Sub-Funds of LGIM Liquidity Funds seek to maintain a stable net asset value per share, maintenance of a stable net asset value is not guaranteed and a Fund's investment in a Sub-Fund of LGIM Liquidity Funds plc involves certain investment risks, including the possible loss of principal.

## **Market Risk**

Substantial risks are involved in investing in the various securities and instruments a Fund may purchase and sell. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. A Fund's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and related instruments, and there can be no assurance that appreciation will occur.

## **Operation of the Umbrella Cash Account**

The Company has established a single umbrella cash account in the name of the Company to process subscriptions, redemptions or dividends payable to or from a Fund (the "Umbrella Cash Account"). All such subscriptions, redemptions and dividends payable to or from the relevant Fund will be channelled and managed through this Umbrella Cash Account.

Further details on the operation of the Umbrella Cash Account are set out in the sections of the Prospectus titled (i) **"The Shares;"** – *"Subscription Monies and the Operation of the Umbrella Cash Account in the name of the Company"*; (ii) **"The Shares;"** – *"Redemption Proceeds and the Operation of the Umbrella Cash Account in the name of the Company"*; and (iii) **"The Company; Dividend Policy"**.

In addition, investors should note that in the event of the insolvency of another Fund of the Company, recovery of any amounts to which a relevant Fund is entitled, but which may have transferred to such other insolvent Fund as a result of the operation of the Umbrella Cash Account will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Account. There may be delays in effecting and/or disputes as to the recovery of such amounts, and the insolvent Fund may have insufficient funds to repay the amounts due to the relevant Fund.

In circumstances where subscription monies are received from an investor in advance of a Dealing Day in respect of which an application for Shares has been, or expected to be, received and are held in the Umbrella Cash Account, any such investor shall rank as a general unsecured creditor of the Fund until such time as Shares are issued as of the relevant Dealing Day. Therefore, in the event that such monies are lost prior to the issue of Shares as of the relevant Dealing Day to the relevant investor, the Company, on behalf of the Fund, may be obliged to make good any losses which the Fund incurs in connection with the loss of such monies to the investor (in its capacity as an unsecured creditor of the Fund), in which case such loss will need to be discharged out of the assets of the relevant Fund and therefore will represent a diminution in the Net Asset Value per Share for existing Shareholders of the relevant Fund.

## **Cyber Security Risk**

The Company and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized

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

#### **Risk Factors Not Exhaustive**

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

## 5. MANAGEMENT AND ADMINISTRATION

### Directors

The powers of management of the Company and the Company's assets are vested in the Directors.

The Directors have appointed the AIFM to act as the alternative investment fund manager of the Company in accordance with AIFM Legislation. The AIFM has in turn delegated certain of the portfolio management and risk management functions to the Investment Manager.

The Directors will review the operations of the Company and each Fund at regular meetings and it is the current intention of the Directors to meet at least four times each year. For this purpose, the Directors will receive periodic reports from the AIFM and the Investment Manager detailing the performance of the Funds and providing an analysis of its investment portfolio. The AIFM and Investment Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

### Directors Biographies

**David Dillon (Irish)** is one of the founding partners of the law firm of Dillon Eustace where he specialises in the areas of corporate finance and banking. Prior to 1992, Mr. Dillon was a senior commercial partner at the firm of Cawley Sheerin Wynne, and spent 1983 in the law firm of Hamada and Matsumoto in Tokyo. Mr. Dillon was admitted to practice as a solicitor in Ireland in 1978. He is a past chair of the Investment Funds Committee (Committee I) of the International Bar Association and of the government's IFSC Funds Working Group and was an ex officio member of the Clearing House Group of the International Financial Services Centre.

**Tom Finlay (Irish)** currently acts as an independent non-executive director to a number of investment funds domiciled in Ireland and elsewhere. Mr. Finlay 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 their Irish Business. In the early 1990s, Mr. Finlay had a direct involvement in the setting up of the Bank of Ireland Group's fund administration and custodial services to international clients. In 2001, he set up his own consultancy business which to date has concentrated on providing strategic advice in the areas of client service and relationship management. He is a past Chairman of the Irish Association of Pension Funds and in 2001 was appointed to the Irish Pension Board (the statutory body responsible for regulating Occupational Pension Schemes in Ireland) where he served a full five year term and chaired the Board's Policy Committee.

**Brian Wilkinson (Irish)** currently acts as an independent non-executive director to a number of investment funds domiciled in Ireland and abroad. Previously Mr. Wilkinson held the position of Managing Director of HSBC Securities Services (Ireland) Limited (2001-2006), Managing Director of Fortis Fund Services (Ireland) Limited (1995-2001), Executive Director of Fortis Fund Services (Isle of Man) Limited (1992-1995) and Executive Director of GAM Administration Limited (1986-1992). Mr. Wilkinson has over 20 years experience in senior management positions in the fund administration

industry and has been a director of over 50 investment funds during this period.

**Lee Toms (British)** joined Legal & General Property in 1993 as Financial Controller and then re-joined Legal & General Investment Management in 2007 as Head of Investment Operations. Mr Toms has responsibility for LGIM's Operational Function, Unit Trust Fund Accounting and also assumed responsibility for the Transfer Agency/Client Order Management function for the last 18 months. Before joining Legal & General Investment Management, Mr Toms worked within a number of companies in the Investment sector. Mr Toms is a Fellow of the Association of Chartered Certified Accountants and is a Director of Legal & General SICAV.

All the Directors act in a non-executive capacity. For the purposes of this Prospectus, the address of the Directors is the registered office of the Company.

### **The AIFM**

The Company has appointed LGIM Corporate Director Limited as its alternative investment fund manager pursuant to the AIFM Agreement (which is summarised under “General Information”).

LGIM Corporate Director Limited was incorporated with limited liability on 15 December 2009 under the laws of England and Wales.

The AIFM is authorised and regulated in the UK by the FCA to, amongst other things, establish and operate a collective investment scheme. The AIFM is a wholly owned subsidiary of Legal & General Investment Management (Holdings) Limited which is in turn owned 100% by Legal & General Group Plc. Legal & General Group Plc had a market capitalisation of £15.93 billion at 31 December 2015 and its shares are listed on the London Stock Exchange.

### **Share Capital of the AIFM**

The actual share capital of the AIFM is in line with the requirements set out in the AIFM Directive.

### **Delegated Functions of the AIFM**

The AIFM has in good faith and in the interests of the shareholders delegated certain activities to third party service providers. Any delegation employed by the AIFM is based on objective reasons, taking into account the following criteria:

- (a) optimising business functions and processes;
- (b) cost savings;
- (c) the expertise of the delegate(s) in administration or in specific markets or investments;
- (d) the access of the delegate(s) to global trading capabilities; and/or
- (e) other considerations.

The structure ensures (through effective monitoring and supervision and oversight and responsibilities **retained by the Board of the AIFM**) that **delegation will not result in a circumvention of the AIFM's responsibilities or liabilities**. It does not alter the obligations of the AIFM towards the Company's shareholders and the conditions under which the AIFM must comply to be authorised and carry on business under the AIFM Regulations are not undermined.

### **Investment Manager/Distributor**

Legal & General Investment Management Limited has been appointed as Investment Manager and Distributor to the Company. Legal & General Investment Management Limited was incorporated with limited liability on 21 January 1987 under the laws of England and Wales and is regulated by the Financial Conduct Authority of the United Kingdom.

The Investment Manager is owned 100% by Legal & General Investment Management (Holdings) Limited which is in turn owned 100% by Legal & General Group Plc. Legal & General Group Plc had a market capitalisation of £15.93 billion at 31 December 2015 and its shares are listed on the London Stock Exchange.

The Investment Manager is a major UK institutional investor, managing, as at 31 December, 2015, £520 billion of assets worldwide on behalf of pension funds, unit trusts, private investors and subsidiary companies within Legal & General Group Plc.

The Investment Manager was appointed by the AIFM pursuant to the Investment Management and Distribution Agreement. Under the Investment Management and Distribution Agreement, the Investment Manager has responsibility for managing the investments of the Funds in pursuit of the investment objective and strategy, and subject to the investment restrictions, described in each Supplement.

The Investment Manager may delegate part or all of the discretionary investment management of certain Funds to a sub-investment manager, which may be an affiliate or another entity within the Legal & General group of companies. Details of any sub-investment managers so appointed will be **available upon request and will be provided in the Company's periodic reports**. The Investment Manager will discharge the fees of any such sub-investment manager from its own fees. Any **reference to the activities of the "Investment Manager"** in this Prospectus may therefore refer to the Investment Manager or to such sub-investment manager as the context allows.

### **Administrator**

The Company and AIFM have appointed Northern Trust International Fund Administration Services (Ireland) Limited as administrator and registrar of the Company pursuant to the Administration Agreement with responsibility for the day to day administration of the **Company's affairs** . The responsibilities of the Administrator include share registration and transfer agency services, valuation of the **Company's assets and calculation of the Net Asset Value per Share and the preparation of the Company's annual reports**.

## **No External Valuer**

The Company has not appointed an External Valuer to perform the valuation function and such function shall be carried out by the AIFM.

## **Depositary**

The Depositary is Northern Trust Fiduciary Services (Ireland) Limited, a private limited liability company established in Ireland on 5 July 1999. Its principal business is the provision of custodial and trustee services to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise **the Northern Trust Group, one of the world's leading providers** of global custody and administration services to institutional and personal investors. As at 30 June 2015, **the Northern Trust Group's** assets under custody and administration totalled in excess of USD \$6.2 trillion.

## **Duties of the Depositary**

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and the Fund in accordance with the provisions of the AIFM Legislation. The Depositary will also provide cash monitoring services **in respect of the Company's** cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the issue and repurchase of Shares in the Company is carried out in accordance with the relevant legislation and the Articles of Association. The Depositary will carry out the instructions of the Directors unless they conflict with the Act or the Articles of Association of the Company. The Depositary is also obliged to enquire into the conduct of the Company in each financial year and report thereon to the Shareholders.

## **Depositary's Liability**

Pursuant to the Depositary Agreement, the Depositary will be liable for loss of assets in custody (i.e. those assets which are required to be held in custody pursuant to the AIFM Regulations) or in the custody of any sub-custodian, unless it can provide that loss has arisen as a result of an external event beyond its control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In respect of the loss of assets other than custody assets (as defined in the AIFM Regulations and Level 2 Regulation such as derivative instruments, etc.), the Depositary shall be liable for any loss **suffered as a result of the Depositary's negligence or** intentional failure to properly fulfil its obligations under the Depositary Agreement and the AIFM Regulations.

The Depositary Agreement also provides that the Depositary may use other financial institutions, sub custodians and nominees for the safekeeping **of the assets of the Fund (each a "Sub-Custodian")** provided however that the liability of the Depositary will not be affected by the fact that it has entrusted to any such Sub-Custodian some or all of such assets in its safekeeping. In order to



discharge this liability under the AIFM Regulations and the Level 2 Regulations, the Depositary must satisfy specific criteria for the appointment and selection of the Sub-Custodians and must exercise all due skill, care and diligence in its periodic review and ongoing monitoring of the Sub-Custodian.

Further, the Depositary must establish that it has established objective reasons for such discharge of liability.

**The Depositary's liability to the Shareholders of the Company may be invoked directly or indirectly by the Company.**

In the event that there are any changes to depositary liability, the Company will inform shareholders of such changes without delay.

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

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

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

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

### **Fair Treatment of Investors**

In all of its decisions the Company and the AIFM shall ensure fair treatment of investors in the Company and that any preferential treatment accorded by the Company or the AIFM to one or more investors does not result in an overall material disadvantage to other investors.

### **Conflicts of Interest**

The Directors, the AIFM, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company and/or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing

such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. In particular, the AIFM or Investment Manager may advise or manage other funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives. Neither the Investment Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or any Fund in respect of (or share with the Company or the Fund or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Company or the Fund and other clients.

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

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

- (a) a certified valuation of a transaction by a person approved by the Depositary is (or in the case of a transaction involving the Depositary, the Directors) as independent and competent is obtained; or
- (b) the relevant transaction is executed on the best terms reasonably obtainable on an organised investment exchange or other regulated market in accordance with the rules of such exchange or market; or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary (or in the case of a transaction involving the Depositary, the Directors) is satisfied conform with normal commercial terms negotiated at arm's length and in the best interest of Shareholders.

The AIFM or the Investment Manager or an associated company of the AIFM or Investment Manager may invest in Shares so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Investment Manager or its associated company may hold a high proportion of the Shares of a Fund or Class in issue.

Details of interests of the Directors are set out in the Section of the Prospectus entitled "**GENERAL INFORMATION**".

## **Soft Commissions**

The AIFM or the Investment Manager may effect transactions with or through the agency of another person with whom the AIFM or the Investment Manager or an entity affiliated to the AIFM or the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the AIFM or the Investment Manager and/or an affiliated party goods, services or other benefits that would assist in the provision of investment services to the Company such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the AIFM or Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assists in the provision of investment services to the Company.

A report will be included in the Company's annual report describing the soft commission practices of the AIFM and the Investment Manager (if any).

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

Where the Company or the AIFM or the Investment Manager or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be. The Company or the AIFM or the Investment Manager or its delegates may be reimbursed out of the assets of the Company or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Company or the AIFM or the Investment Manager or its delegates in this regard.

## **6. FEES AND EXPENSES**

### **Operating Expenses and Fees**

All operating expenses and the fees hereinafter described as being payable by the Company will be discharged out of the property of the Company or relevant Fund. Expenses paid by the Company throughout the duration of the Company, in addition to fees and expenses payable to the Directors, the AIFM, the Administrator, the Depositary and the Investment Manager include, but are not limited to, brokerage and banking commissions and charges, legal and other professional advisory fees, company secretarial fees, Companies Registration Office filing and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the Company, costs of preparation, translation, printing and distribution of reports and notices and any other documents furnished to current and prospective shareholders, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for any Funds or Classes or Shares, expenses of Shareholders meetings, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax. Any such expenses may be deferred and amortised by the Company, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the Company will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses of service providers which are payable by the Company shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class. Fee arrangements in relation to particular Funds will be as set out in the relevant Supplement.

### **AIFM's Fee**

Unless otherwise specified in a Fund Supplement, the Company shall not be liable to pay any fees of the AIFM.

The AIFM will be entitled to be repaid all of its reasonable out-of-pocket expenses (which for the avoidance of doubt shall include expenses incurred in connection with its regulatory reporting obligations in respect of the Company and Funds), all reasonable legal fees and expenses incurred by it in the performance of its duties and such other expenses as may be agreed between the Company and the AIFM.

### **Remuneration Policy of the AIFM**

This remuneration policy has been approved by the board of directors of the AIFM who will be held ultimately responsible for its implementation. Any amendments to this policy will be subject to the prior approval of the AIFM.

The policy reflects the AIFM's objective for good corporate governance and is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the AIFM and is consistent with the AIFM's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The policy is consistent with and promotes sound and effective risk management by:

- having a business model which by its nature does not promote excessive risk taking;
- defining performance goals and objectives for employees of the AIFM's delegates which are aligned with the business; and
- ensuring that the fixed salary element of those involved in relevant functions reflects the market rate.

This remuneration policy (together with compliance herewith) will be subject to both internal and independent annual review. These reviews will ensure that:

- the overall remuneration system operates as intended;
- the remuneration pay-outs are appropriate;
- the risk profile, long term objectives and goals of the AIFM are adequately reflected; and
- the policy reflects best practice guidelines and regulatory requirements.

The designated person within the AIFM will take appropriate measures to address any deficiencies.

The principles set out in this policy apply to remuneration of any type paid by the AIFM including carried interest, and to any transfer of units or shares of the Company, in certain circumstances and to certain persons prescribed in Annex II of the AIFM Directive. Annex II of the AIFM Directive should be considered as forming part of the remuneration policy of the AIFM.

When delegating portfolio management (or any part thereof) and/or risk management activities, the AIFM requires that:

- (a) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines/Annex II of the AIFM Directive; or
- (b) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/Annex II of the AIFM Directive.

The remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.

The method of determining the remuneration of a compliance officer and other persons in the compliance function do not affect their objectivity and are not likely to do so as there remuneration is not linked in any way to the Fund's performance.

### **Investment Manager's Fees**

Details of the Investment Manager's fees will be set out in the relevant Supplement.

The Investment Manager shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including the fees and transaction charges.

### **Administrator's Fees**

Details of the Administrator's fees will be set out in the relevant Supplement.

The Administrator shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including the fees and transaction charges.

### **Depositary's Fees**

Details of the Depositary's fees will be set out in the relevant Supplement.

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

### **Paying Agent / Distributor / Sub-Distributor's Fees**

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

### **Fees Associated with Investment in Underlying Funds**

If a Fund invests in the units of an underlying fund managed by the AIFM or the Investment Manager or by an associated or related company (the "Underlying Fund"), the AIFM or the Investment Manager of the scheme in which the investment is being made shall waive the preliminary, initial charge or redemption charge payable, if any. Where a commission is received by the AIFM or the Investment Manager by virtue of an investment made for the account of the Fund in an Underlying Fund this commission shall be paid into the assets of the relevant Fund. Further fees will be set out in the relevant Supplement.

### **Subscription Fee**

Details of any subscription fee will be set out in the relevant Supplement.

### **Redemption Charge**

Details of any redemption charge will be set out in the relevant Supplement.

### **Conversion Fee**

Details of any conversion fee charged will be set out in the relevant Supplement.

### **Transfer Fee**

The Directors may from time to time specify a fee for the registration of instruments of transfer **provided that the maximum fee may not exceed €10,000 subject to the transfer as of the Valuation Point** immediately preceding the date of the transfer. The Directors reserve the right to reduce or waive any transfer fee and may distinguish between Shareholders accordingly.

### **Anti-Dilution Levy**

In order to preserve the value of the underlying assets of a Fund, the Directors reserve the right to impose an **“Anti-Dilution Levy”** representing a provision for:

- (a) Market spreads; the difference between the prices at which assets are valued and/or bought or sold;
- (b) Differences that may arise due to movement in the prices of assets between the Valuation Point and the time at which the assets are bought or sold; and
- (c) Duties and charges and other dealing costs relating to the acquisition or disposal of assets.

The Anti-Dilution Levy may be applied in the event of a net subscription or redemption position on any particular Dealing Day. If an Anti-Dilution Levy is utilised, the Levy will in the case of a subscription be deducted from the subscription amount and in the case of a redemption deducted from the redemption amount.

The Directors may, in addition, apply a provision for market spreads and duties and charges in any other case where it considers such a provision to be in the best interests of a Fund and in accordance with the requirements of the Central Bank. Any such sum will be paid into the account of the relevant Fund.

### **Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors. The Directors have determined that the maximum fee per Director shall

be €29,000, plus VAT, if any, per annum (adjusted on an ongoing basis for inflation by reference to the Irish Consumer Price Index). Mr Toms has waived his entitlement to receive a fee. All Directors will be entitled to reimbursement by the Company of reasonable expenses directly incurred in attendance at board meetings.

#### **Allocation of Fees**

All fees, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds (or all applicable Funds) pro rata to the Net Asset Value of the Funds or otherwise on such terms as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.



## **7. THE SHARES**

### **General**

Shares may be issued on any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency for the relevant Fund or the currency attributable to the particular Class. Shares will have no par value and will first be issued on the Business Day immediately following the expiry of the Initial Offer Period specified in the relevant Supplement at the Initial Price specified in the relevant Supplement. Thereafter Shares shall be issued at the Net Asset Value per Share on any Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued. **Amendments to a Shareholder's registration details and payment instructions** will only be made following receipt of original written instructions from the relevant Shareholder.

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

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

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

### **Subscriptions**

The terms and conditions applicable to an application for the issue of Shares in a Fund or Class and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund or Class. The Minimum Subscription, Minimum Holding and minimum transaction size for Shares are set out in the Supplement for each Fund.

## **Operation of Cash Accounts in the name of the Company**

The Company has established a single Umbrella Cash Account into which subscription monies redemption proceeds and dividends payable received from investors of all of the Funds shall be lodged. All subscriptions, redemptions or dividends payable to or from the relevant Fund will be channelled and managed through such Umbrella Cash Account and no such accounts shall be operated at Fund level. However, the Company will ensure that all monies in any such Umbrella Cash Account are recorded in the books and records of the Company as assets of, and attributable to, the relevant Fund, in accordance with the requirements of the Articles of the Company.

Further details on the operation of the Umbrella Cash Account are set out in the sections of the Prospectus titled (i) **"The Shares;"** – *"Subscription Monies and the Operation of the Umbrella Cash Account in the name of the Company"*; (ii) **"The Shares;"** – *"Redemption Proceeds and the Operation of the Umbrella Cash Account in the name of the Company"*; and (iii) **"The Company; Dividend Policy"**. In addition, your attention is drawn to the section of the Prospectus entitled **"Risk Factors" – "Operation of the Umbrella Cash Account"** above.

## **Application for Shares**

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

Initial applications should be made using the Application Form but may, if the Directors so determine, be made by telefax, or by such other means as may be permitted by the Directors, subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate.

## **Fractions**

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share.

Subscription monies, representing less than 0.01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

## **Method of Payment**

Subscription payments net of all bank charges should be paid by SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

## **Currency of Payment**

Subscription monies are payable in Base Currency or the designated currency of the relevant Class. However, the Company may accept payment in such other currencies as the Directors may agree at the prevailing exchange rate quoted by the Administrator. The cost and risk of converting currency will be borne by the investor.

## **Timing of Payment**

Payment in respect of subscriptions must be received by the Depositary no later than the Subscription Settlement Deadline for receipt of subscription proceeds (as indicated in the relevant Supplement or otherwise outlined in the Application Form) unless the Directors, in their discretion, instruct the Administrator to accept deferred settlement within such period as they determine appropriate. The deadline for receipt of subscription proceeds may vary depending on the currency subscribed. If payment in cleared funds in respect of a subscription has not been received by the Subscription Settlement Deadline, the Directors or their delegate may refuse the application and charge the applicant for any resulting loss incurred by the Company or the relevant Fund.

While the Company is awaiting subscription monies from an investor for Shares in a Fund which have been issued, the Company may temporarily borrow an amount equal to the amount of the subscription monies outstanding, **subject to the Fund's borrowing limits, and invest the amount** borrowed in accordance with the investment objective and policies of the Fund. Once the required subscription monies have been received, the Company will use this to repay the related borrowings.

In the event of late settlement the investor may be required to compensate the Company for the amount of any loss arising as a result. If the Shareholder fails to reimburse the Company for such loss arising from late settlement, the Company will have the right to compulsorily redeem and/or cancel such number of Shares held by such person as is required to discharge any such loss.

## **Subscription Monies and the Operation of the Umbrella Cash Account in the name of the Company**

Subscription monies received from an investor in advance of a Dealing Day in respect of which an application for Shares has been, or is expected to be, received will be held in a cash account in the name of the Company and will be treated as an asset of the relevant Fund upon receipt and will not benefit from the application of any investor money protection rules (i.e. the subscription monies in such circumstance will not be held on trust as investor monies for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the relevant Fund with respect to the amount subscribed and held by the Company until such Shares are issued as of the relevant Dealing

Day. In the event of an insolvency of the Fund or the Company, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full.

Your attention is drawn to the section of the Prospectus entitled ***“Risk Factors” – “Operation of the Umbrella Cash Account”*** above.

### **In Specie Subscriptions**

The Directors may, in their discretion, accept payment for Shares in a Fund by a transfer in specie of assets, the nature of which shall be within the investment policy and restrictions of the relevant Fund and the value of which shall be determined by the Directors or their delegate, having consulted with the Investment Manager, in accordance with the valuation principles governing the Company and applicable law. Any prospective investor wishing to subscribe for Shares by a transfer in specie of assets will be required to comply with any administrative and other arrangements for the transfer specified by the Depositary and the Administrator and the Depositary must be satisfied that the terms of such exchange shall not be such as are likely to result in any material prejudice to the existing **Shareholders. Any in specie transfer will be at the investor’s risk and the costs of such a transfer will be borne by the investor.** Shares will not be issued until the investments have been vested or arrangements are made to vest the Investments with the Depositary to the satisfaction of the Depositary and the number of Shares to be issued will not exceed the amount that would be issued if cash equivalent of investments had been invested. Such issue of Shares may be cancelled, revoked or suspended where a transfer in specie of assets fails to vest with the Depositary to its satisfaction.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will be sent to Shareholders within 5 business days of the purchase being made. **Title to Shares will be evidenced by the entering of the investor’s name on the Company’s register of Shareholders and no certificates will be issued.**

### **Qualifying Investors and the Knowledgeable Employee Exemption**

Applicants must certify in writing that they are Qualifying Investors and are aware of the risk involved in the proposed investment and of the fact that inherent in such investment is the potential to lose all of the sum invested.

The Directors may, in their discretion, waive or reduce the Minimum Subscription with respect to the following:-

- (a) the management company or general partner;
- (b) a company appointed to provide investment management or advisory services to the Company;
- (c) a director of the management company or the Company or a director of a company appointed to provide investment management or advisory services to the Company;

- (d) an employee of the management company or the Company or an employee of a company appointed to provide investment management or advisory services to the Company, where the employee:
- is directly involved in the investment activities of the Company; or
  - is a senior employee of such company and has experience in the provision of investment management services.

provided that the Directors are satisfied that prospective investors fall within the criteria outlined.

Applicants meeting the relevant criteria for waiver of the Minimum Subscription must certify that they are availing of the exemption provided for above and are aware that the Company is normally marketed solely to **Qualifying Investors who are subject to a minimum subscription of €100,000**. Applicants meeting the relevant criteria must also certify that they meet the minimum criteria specified, are aware of the risk involved in the proposed investment and of the fact that inherent in such investment is the potential to lose all of the sum invested.

#### **United States Persons**

The Shares may not be offered or sold in the United States of America, its territories or possessions or areas subject to its jurisdiction (collectively the **"United States"**), or to or for the benefit of a U.S. Person, except with the consent of the Directors in a transaction which does not require the registration of the Shares under applicable United States federal or state securities laws. The Directors do not intend to permit ownership of Shares by U.S. Persons.

#### **Anti-Money Laundering Measures**

Measures aimed at the prevention of money laundering may require a detailed verification of the investor's identity. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the investor makes payment from an account held in the investor's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering regulations or satisfies other applicable conditions. By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence together with two original or certified pieces of evidence of his/her address such as a utility bill or bank statement not less than three months old and disclose his/her occupation and date of birth. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and of the names, dates of birth and residential and business

addresses of all directors and beneficial owners and of the authorised signatories of the applicant, which must be certified. Amendment to any investor records will only be effected by the Administrator upon receipt of original evidencing documentation.

The details given above are by way of example only and the Administrator and the Company each reserves the right to request such information as is necessary to verify the identity of an investor. Applicants should refer to the Application Form for a more detailed list of requirements for anti-money laundering purposes. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies. Each applicant for Shares acknowledges that the Company and its delegates shall be held harmless against any loss arising as a result of a failure to process or a delay in processing his application for Shares or redemption request if such information and documentation as has been requested by the Company or its delegates has not been provided by the applicant.

### **Data Protection Information**

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

### **Redemption of Shares**

Shareholders may redeem their Shares on any Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended). The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund or Class. If the redemption of part only of a Shareholder's holding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Directors or their delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Shareholders will not receive or be credited with any distribution declared on or after the Dealing Day on which Shares were redeemed.

## **Redemption Requests**

Requests for the redemption of Shares should be made in writing to the Administrator whose details are set out in the Application Form, and may be delivered by facsimile or by such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or their delegate. Neither the Company nor the Administrator will accept any responsibility for any loss as a result of the non receipt of any redemption request sent by facsimile. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise to accept one or more redemption requests received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Redemption requests will only be accepted for processing where completed documents, including documentation relating to money laundering prevention checks, are in place from original subscriptions. No redemption payment will be made to an investor until the original subscription Application Form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from such investor and the anti-money laundering procedures have been completed. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption shall remain an asset of the relevant Fund and the Shareholder will rank as a general creditor of the Company until such time as the Administrator is satisfied that its anti-money laundering and anti-fraud procedures have been fully complied with, following which redemption proceeds will be released. Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of redemption proceeds. In such circumstances, the Administrator will process any redemption request received by a Shareholder, however the proceeds of that redemption shall remain an asset of the Fund and the Shareholder will rank as a general unsecured creditor of the Company until such time as the Administrator has verified the Shareholder's identity to its satisfaction, following which redemption proceeds will be released. It is the responsibility of the investor to ensure all required documentation and information is provided promptly and is complete and accurate, so that the redemption proceeds may be released in a timely manner.

Shareholders will receive redemption payments on the Redemption Payment Day and in any event within 90 calendar days of the Dealing Deadline.

Shareholders should always quote their designated account number on all dealing instructions and communications with the Administrator.

## **Method of Payment**

Redemption payments will be made to the bank account detailed on the Application Form or such bank account as may be subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by facsimile will only be made to the account of record of a Shareholder.

## **Currency of Payment**

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

### **Redemption Proceeds and the Operation of the Umbrella Cash Account in the name of the Company**

Redemption monies payable to an investor subsequent to a Dealing Day of a Fund as of which Shares of that investor were redeemed (and consequently the investor is no longer a Shareholder of the Fund as of the relevant Dealing Day) will be held in a cash account in the name of the Company and will be treated as an asset of the relevant Fund until paid to that investor and will not benefit from the application of any investor money protection rules (i.e. the redemption monies in such circumstance will not be held on trust for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the relevant Fund with respect to the redemption amount held by the Company until paid to the investor. In the event of an insolvency of the Fund or the Company, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” –“Operation of the Umbrella Cash Account” above.”

### **Withdrawal of Redemption Requests**

Redemption requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Fund in respect of which the redemption request was made.

### **Deferred Redemptions**

The Directors may set limits on the number of Shares that a Fund will be obliged to redeem on a Dealing Day, in accordance with the requirements of the Central Bank. Any such limits shall be as set out in the relevant Supplement.

### **In Specie Redemptions**

The Directors may, with the consent of the individual Shareholders, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value (which shall be determined conclusively by the Directors in good faith and approved by the Depositary) equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any anti-dilution levy and other expenses of the transfer. The asset allocation shall be subject to the approval of the Depositary. A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represents 5% or more of the Net Asset Value of the relevant Fund. In this event the Directors will, if requested, sell the assets on behalf of the Shareholder and the cost of this sale may be charged to the Shareholder. The Articles of Association provide that the



Directors may disapply the preceding conditions regarding the satisfaction of redemptions in specie from time to time, in accordance with the requirements of the Central Bank. This power may be exercised by the Directors acting in the best interests of Shareholders, with the consent of the Depositary, in extraordinary market circumstances.

Redemption of Shares on an in specie basis may only be accepted if the Depositary is satisfied that the terms of exchange will not be such as are likely to result in any material prejudice to the remaining Shareholders in the Fund.

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

Shareholders are required to notify the Administrator immediately if they become U.S. Persons or persons who are otherwise subject to restrictions on ownership as set out herein and such Shareholders may be required to redeem or transfer their Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage, or material administrative disadvantage to the Company, the Shareholders as a whole or any Fund or Class. The Company may also redeem any Shares held by any person who holds less than the Minimum Holding or does not, within seven days of a request by or on behalf of the Company, supply any information or declaration required under the terms hereof to be furnished. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors in relation to the **section of the Prospectus entitled "TAXATION" which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability to Irish taxation including any penalties and interest thereon and/or compulsorily redeem Shares to discharge such liability. Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.**

### **Total Redemption of Shares**

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

- (a) on the giving by the Company of not less than four weeks' notice expiring as of a Dealing Day to Shareholders of its intention to redeem such Shares; or
- (b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

### **Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class (the **"Original Fund"**) to Shares in another Fund or Class or another Class in the same Fund (the **"New Fund"**) in accordance with the formula and procedures specified below. Applications for conversion of Shares should be made to the Administrator in writing and may be delivered by facsimile or such other means as may be permitted by the Company and should include such information as may be specified from time to time by the Directors or their delegate. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day for the Original Fund and the following Dealing Day for the New Fund, unless the Directors in their absolute discretion otherwise determines. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions. The Directors or the Administrator may reject any conversion request in whole or in part without giving any reason for such rejection.

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

Fractions of Shares which shall not be less than 0.01 of a Share may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.01 of a Share will be retained by the Company in order to defray administration costs.

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

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

where

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

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

NAV is the Net Asset Value per Share of the Original Fund at the Valuation Point for the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator.

F is the conversion charge (if any) of up to 5% of the Net Asset Value of the Shares to be issued in the New Fund.

SP is the Net Asset Value per Share of the New Fund at the Valuation Point for the relevant Dealing Day

### **Conversion Fee**

Details of any conversion fee charged will be set out in the relevant Supplement.

### **Withdrawal of Conversion Requests**

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

### **Dilution Levy**

An “Anti-Dilution Levy” may be imposed in accordance with the statement at 5: FEES & EXPENSES – Anti Dilution Levy, above.

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

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

The Net Asset Value per Share shall be calculated as at the Valuation Point by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in the Fund or Class at the relevant Valuation Point and rounding the resulting total to 4 decimal places.

In determining the Net Asset Value of the Company and each Fund:-

- (a) Securities which are quoted, listed or traded on an exchange save as hereinafter provided at (d), (e), (f), (g), (h) and (i) will be valued at closing mid prices unless otherwise stated in the relevant Supplement. Where a security is listed or dealt in on more than one exchange the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on or the exchange or market which the Directors determine provides the fairest criteria in determining a value for the relevant investment. Investments listed or traded on an exchange, but acquired or traded at a premium or at a discount outside

or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point provided that the Depositary shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.

- (b) The value of any security which is not quoted, listed or dealt in on an exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by
  - (i) the Directors; or
  - (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Depositary; or
  - (iii) any other means. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) Cash on hand or on deposit will be valued at its nominal value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by:
  - (i) the Directors; or
  - (ii) a competent person firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Depositary; or
  - (iii) any other means. Derivative contracts which are not traded on an exchange or market (each an “OTC Derivative”) will be valued:
    - (I) on the basis of a quotation provided at least monthly by the relevant counterparty and will be verified or approved at least quarterly by a party independent of the counterparty, including the Investment Manager or another independent party, which party is approved for such purpose by the Depositary; or
    - (II) using an alternative valuation methodology, such as a monthly valuation calculated by the Directors or their delegate, or the value of an independent pricing vendor. Where the Directors or their delegate values an OTC Derivative in accordance with (ii), the Central Bank expects that the Directors

or their delegate will follow international best practice and adhere to the principles on valuation of OTC Derivatives established by bodies such as IOSCO and AIMA. The person or entity providing the alternative valuation must be appointed by the Directors or their delegate and approved for the purpose by the Depositary. The alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these must be promptly investigated and explained. Notwithstanding the above, forward foreign exchange contracts and interest rate Swaps may be valued in the same manner as OTC Derivative contracts or by reference to freely available market quotations.

- (e) Notwithstanding paragraph (a) above units/shares in collective investment schemes shall be valued at the latest available net asset value per unit/share or bid price as published by or available from the relevant collective investment scheme or, if listed or traded on an exchange, in accordance with (a) above.
- (f) In the case of a Fund which is not a money market fund, the Directors may value securities having a residual maturity not exceeding six months using the amortised cost method of valuation (whereby the securities are valued at their acquisition cost, adjusted for amortisation of premium or accretion of discount on the securities provided) where such securities have no specific sensitivity to market parameters, including credit risk.
- (g) The Directors may adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
- (h) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the exchange rate (whether official or otherwise) which the Directors shall determine to be appropriate.
- (i) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person approved for the purpose by the Depositary.
- (j) If the Directors deem it necessary a specific investment may be valued under an alternative method of valuation approved by the Depositary.

In calculating the value of assets of the Company and each Fund the following principles will apply. Individual Funds may use different pricing policies and the differences, if any, will be set out in each Supplement.

- (a) the Directors may value the investments of a Fund:
  - (i) at lowest market dealing bid prices where as of any Dealing Day the value of all redemption requests received exceeds the value of all applications for Shares

received for that Dealing Day or at highest market dealing offer prices where on any Dealing Day the value of all applications for Shares received exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares held by existing Shareholders;

- (ii) at bid and offer prices where a bid and offer value is used to determine the price at which Shares are issued and redeemed; or
  - (iii) at mid prices; provided in each case that the valuation policy selected by the Directors shall be applied consistently with respect to the Company in respect of each Fund for so long as the Fund is operated on a going concern basis;
- (b) every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue after the Valuation Point for the relevant Dealing Day and the assets of the relevant Fund shall be deemed to include not only cash and property in the hands of the Depositary but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting there from (in the case of Shares agreed to be issued for cash) or providing for preliminary charges;
- (c) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed, unless the Directors have reason to believe such purchase or sale will not be completed;
- (d) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to that Fund;
- (e) there shall be added to the assets of each relevant Fund a sum representing unamortised expenses and a sum representing any interest, dividends or other income accrued but not received unless the Directors are of the opinion that such interest, dividends or other income are unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors or their delegate (with the approval of the Depositary) may consider appropriate in such case to reflect the true value thereof;
- (f) there shall be added to the assets of each relevant Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief; and
- (g) there shall be deducted from the assets of the relevant Fund (as appropriate in the circumstances):
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on

such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;

- (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as in the estimate of the Directors will become payable;
- (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
- (iv) the remuneration of the Administrator, the Depositary, the Investment Manager and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
- (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
- (vi) an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a subsequent liquidation; and
- (vii) any other liability which may properly be deducted.

In the absence of negligence, fraud or willful default, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in calculating the Net Asset Value of a Fund or Class or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders.

#### **Umbrella Cash Account; Fund Asset Classification**

Notwithstanding that subscription monies, redemption monies and dividend amounts will be held in a cash account in the name of the Company and treated as assets of and attributable to a Fund:-

- (a) any subscription monies received from an investor prior to the Dealing Day of a Fund in respect of which an application for Shares has been, or is expected to be, received will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund until subsequent to the Valuation Point in respect of the Dealing Day as of which Shares of the Fund are agreed to be issued to that investor;
- (b) any redemption monies payable to an investor subsequent to the Dealing Day of a Fund as of which Shares of that investor were redeemed will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund; and

- (c) Any dividend amount payable to a Shareholder will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Fund.

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

The most recent Net Asset Value per Share for each Fund will be available from the Administrator on request.

Shareholders are advised that issue and redemption prices of Shares in the Company will be available on request from the Administrator.

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

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

- (a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the exchanges on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company; or
- (c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments; or
- (d) during the whole or any part of any period when for any reason the value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained;
- (e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) upon mutual agreement between the Company and the Depositary for the purpose of winding up the Company or terminating any Fund; or
- (g) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the investments or the Company or any Fund.



Notice of any such suspension and notice of the termination of any such suspension shall be published by the Company in such manner as the Directors may deem appropriate to notify the persons likely to be affected thereby and given without delay (and in any event within the working day on which suspension took effect) to the Central Bank. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### **Taxation on the occurrence of certain events**

The attention of investors is drawn to the section of the Prospectus headed "TAXATION" and in particular the taxation liability arising on the occurrence of certain events such as the encashment, redemption or transfer of Shares by or payment of dividends to shareholders who are Irish Resident or Ordinarily Resident in Ireland.

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

## **8. TAXATION**

### **General**

The Section below on Irish taxation is a brief summary of the tax advice received by the Company relating to current law and practice which may be subject to change and interpretation.

The information given below does not constitute legal or tax advice and prospective investors should consult their professional advisers on the possible tax consequences of buying, selling, converting, holding or redeeming Shares under the laws of the jurisdictions in which they may be subject to tax. Investors are also advised to inform themselves as to any exchange control regulations applicable in their country of residence.

Generally the tax consequences of acquiring, holding, converting, redeeming or disposing of Shares in the Company will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. These consequences will vary with the law and practice of the **Shareholder's country of residence, domicile or incorporation and with his personal circumstances.**

Dividends, interest and capital gains (if any) which the Company or any Fund receives with respect to 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.

### **Irish Taxation**

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

### **Definitions**

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

#### **"Irish Resident"**

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

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

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland:

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

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

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

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

would not be resident in that relevant territory as it is not incorporated there, not being resident for tax purposes in any territory.

or

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

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

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

#### **"Ordinarily Resident in Ireland"**

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

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax

year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2016 to 31 December 2016 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2019 to 31 December 2019.

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

#### **"Exempt Irish Investor"**

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;

- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- the National Asset Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration.

**“Intermediary”**

means a person who:-

- carries on a business which consists of, or

includes, the receipt of payments from an investment undertaking on behalf of other persons; or

- holds shares in an investment undertaking on behalf of other persons.

**“Recognised Clearing System”**

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

**“Relevant Declaration”**

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

**“Relevant Period”**

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

**The Company**

The Company will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the Company satisfying and availing of equivalent

measures (see paragraph headed **"Equivalent Measures"** below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

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

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

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

### **Stamp Duty**

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

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act or a **"qualifying company"** within the meaning of Section 110 of the Taxes Act) which is registered in Ireland.

### **Shareholders Tax**



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

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

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

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

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if:

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Company on the occasion of a chargeable event provided that either

- (a) the Company satisfied and availed of the equivalent measures; or
- (b) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland and either:

- (a) the Company has satisfied and availed of the equivalent measures; or
- (b) such Shareholders have made Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Shares or gains made on disposals of the Shares.

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

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

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

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

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

against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Company will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Company will refund the Shareholder for the excess (subject to the paragraph headed **"15% threshold"** below).

### **10% Threshold**

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

### **15% Threshold**

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

### **Other**

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

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

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

## **Equivalent Measures**

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

## **Personal Portfolio Investment Undertaking (“PPIU”)**

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

## **Capital Acquisitions Tax**

The disposal of Shares may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B (1) of the Taxes Act), the disposal of Shares by a Shareholder is not liable to Capital Acquisitions Tax provided that:

- (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland;

- (b) at the date of the disposition, the Shareholder disposing ("disponer") of the Shares is neither domiciled nor Ordinarily Resident in Ireland; and
- (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponer will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless;

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

## **UNITED KINGDOM TAXATION**

### ***Taxation of the Company in the UK***

#### **General**

The statements on taxation below are intended to be a general summary of certain UK tax consequences that may arise on the Company and its Shareholders. This is not a comprehensive summary of all applicable tax aspects of the Company and is not intended to constitute legal or tax advice to investors. Prospective Shareholders should familiarise themselves with and, where appropriate, should consult their own professional advisers on the overall tax consequences of investing in the Company or any Fund.

The statements relate to Shareholders entering into the Company for investment purposes. It does not deal with the position of certain classes of Shareholders, such as dealers in securities and insurance companies, trusts and persons who have acquired their Shares by reason of their or another's employment. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each Shareholder of investing in the Company may **depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction** to which the Shareholder is subject. The statements below relate to the UK tax implications of a UK resident and domiciled individual, or UK resident company, investing in the Company. The tax consequences may differ for Shareholders who are not resident in the UK or are not domiciled in the UK for tax purposes. Shareholders and prospective Shareholders should seek their own professional tax advice.

The statements are based on current tax legislation and HM Revenue and Customs practice, both of which are subject to change at any time, possibly with retrospective effect.

#### **The Company**

The Directors of the Company intend to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK. In these circumstances, and

provided that the Company is not trading in the UK through a fixed place of business or agent situated therein that constitutes a “permanent establishment” for United Kingdom taxation purposes, the Company will not be subject to United Kingdom corporation tax or income tax on its profits. The Directors and the Investment Manager do not consider that the Company is trading through a permanent establishment in the UK and therefore the Company should not be liable to UK taxation on its income and gains, other than certain income deriving from a UK source. However, it cannot be guaranteed that the necessary conditions for these requirements to be met will at all times be satisfied.

## **Shareholders**

Subject to their personal circumstances, Shareholders resident in the UK for taxation purposes may be liable to UK income tax or corporation tax on dividends paid or other distributions of income made by the Company whether or not such distributions are reinvested in the Company. However, subject to meeting certain requirements, UK corporate Shareholders are generally not subject to corporation tax on dividends from non-UK companies.

The Net Asset Value of the Shares may include an amount representing income accrued by the Company. Distributions of income by the Company may, therefore, include income already purchased by the Shareholder when subscribing for the Shares. That income may, nevertheless, be taxable in the hands of the Shareholder as an income receipt if the Company does not operate income equalisation arrangements.

Each share class of each Fund will constitute an “offshore fund” for the purposes of the offshore funds legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 (“TIOPA 2010”). Under the Offshore Funds (Tax) Regulations 2009, any gain arising on the sale, disposal or redemption of the Shares by Shareholders who are resident in the UK will be taxed as income and not as a capital gain. This does not apply, however, where a Fund is certified by the HM Revenue and Customs (“HMRC”) as a “reporting fund” throughout the period during which the Shareholder held the relevant Shares. It is not the intention of the Directors to apply for reporting fund status in respect of any Fund. Accordingly, any gains arising to Shareholders resident in the United Kingdom on the sale, disposals or redemptions of Shares will be taxed as income rather than capital gains.

Persons within the charge to United Kingdom corporation tax should note that the regime for the taxation of corporate debt contained in Part 6 of the United Kingdom Corporation Tax Act 2009 (“CTA 2009”) (the “loan relationships regime”) which provides that, if at any time in an accounting period such a person holds an interest in an offshore fund, as defined in Part 8 of TIOPA 2010, and there is a time in that period when that fund fails to satisfy the “qualifying investments test” (as defined in section 493 of CTA 2009), the interest held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime. An offshore fund fails to satisfy the “qualifying investments” test at any time where more than 60 per cent of its assets by market value comprise government and corporate debt securities, cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the “qualifying investments test”. The consequences of falling within the loan relationships regime is that all returns on the Shares in respect of such a person’s accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a “mark to market” basis. Accordingly, such a person who acquires Shares in the Fund may, depending on its own circumstances, incur a charge to corporation tax on an

unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

The attention of corporate Shareholders is drawn to the provisions contained in Part 9A of TIOPA 2010 which subjects certain UK resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions (subject to certain de minimis provisions and exemptions) affect UK resident companies which are deemed (together with connected parties) to have an interest of at least 25 per cent in the profits of a company which, broadly, is resident in a low tax jurisdiction, but which is controlled by residents of the UK.

The attention of Shareholders resident in the UK for taxation purposes (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("**Section 13**"). **Section 13 applies to any "participator" in the Company** for UK taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Company, it is itself controlled by a sufficiently small number of persons (five or fewer) so as to **render the Company, were it to have been resident in the UK for taxation purposes, a "close"** company for those purposes. The provisions of Section 13 could, if applied, result in such a Shareholder being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that Shareholder directly, that part being equal to the proportion of the gain that corresponds to that Shareholder's proportionate interest in the **Company as a "participator"**. **A Shareholder could therefore incur a liability to tax even if the gain** accruing to the Company had not been distributed by the Company. No liability under Section 13 will be incurred by such a Shareholder where the proportionate interest of the Shareholder together with associates does not exceed 25% of the chargeable gain. Furthermore, this rule should only apply where either the holding or disposal of the asset by the Company formed part of a scheme or arrangements of which one of the main purposes was the avoidance of capital gains tax or corporation tax.

The attention of a UK Shareholder who is an individual is drawn to the provisions contained in **Chapter 2 of Part 13 of the Income Tax Act 2007 ("ITA 2007")** which counters the avoidance of income tax by means of the transfer of assets or income to persons who are resident or domiciled outside of the UK. The application of this legislation may render such individuals liable to tax on the undistributed income of the Company in certain circumstances. There are potential exemptions available where the transactions are genuine commercial transactions and avoidance of tax was not **one of the purposes of the transactions, or where the transaction is a "genuine transaction" and the individual's liability to tax would contravene EU treaty freedoms.**

The attention of UK Shareholders is drawn to Part 15 of the Corporation Tax Act 2010 and to Part 13 of ITA 2007 through which HMRC may seek to apply to cancel tax advantages from certain transactions in securities.

Stamp Duty Reserve Tax should not apply to agreements to transfer the Shares in the Company so long as the Company is not incorporated in the UK, the Shares will not be registered on any register kept in the UK and they will not be paired with Shares issued by a body corporate incorporated in the UK. Legal instruments transferring Shares in the Company should not be within the scope of UK Stamp Duty provided that such instruments are executed outside the UK.

## Compliance with US Reporting and Withholding Requirements

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

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

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

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

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



## **Common Reporting Standards**

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

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

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

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

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

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

### *Customer Information Notice*

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

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

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

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

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

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

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

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

Shareholders can obtain more information on the **Company's** tax reporting obligations on the website of the Irish Revenue Commissioners (which is available at

<http://www.revenue.ie/en/business/aeoi/index.html>) or the following link in the case of CRS only:  
<http://www.oecd.org/tax/automatic-exchange/>.

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

## **9. GENERAL INFORMATION**

### **Incorporation, Registered Office and Share Capital**

- (a) The Company was incorporated in Ireland on 14 December 2009 as an investment company with variable capital with limited liability under registration number 478714. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory.
- (c) Clause 3 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment of its funds in property with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds.
- (d) On incorporation, the authorised share capital of the Company was represented by 2 redeemable non-participating shares of no par value and 500,000,000,000 Shares of no par value.

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

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class or Fund, or with the sanction of a special resolution passed at a general meeting of the Shareholders of that Class or Fund.
- (b) A resolution in writing signed by all the Shareholders and holders of non-participating shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- (c) The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking pari passu with Shares already in issue.
- (d) There are no rights of pre-emption upon the issue of Shares in the Company.

### **Voting Rights**

The following rules relating to voting rights apply:-

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of non-participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.

- (c) The chairman of a general meeting of the Company, or a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (g) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place or by such other means and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (h) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

## Meetings

- (a) The Directors may convene extraordinary general meetings of the Company at any time. The Directors shall convene an annual general meeting within six months of the end of each Accounting Period.
- (b) **Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting.**
- (c) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least

one third of the issued Shares of the relevant Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.

- (d) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

## **Report and Accounts**

The Company will prepare an annual report and audited accounts as of 31 December in each year. **The audited annual report and accounts will be published within six months of the Company's financial year end and will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the registered office of the Company.**

## **Communications and Notices to Shareholders**

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

### **MEANS OF DISPATCH**

### **DEEMED RECEIVED**

Delivery by Hand

The day of delivery or next following working day if delivered outside usual business hours.

Post

48 hours after posting.

Fax

The day on which a positive transmission receipt is received.

Electronically

The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.

Publication of Notice or  
Advertisement of Notice

The day of publication in a daily newspaper circulating in the country or countries where Shares are marketed.

## Transfer of Shares

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed €10,000.

The Directors may decline to register any transfer of Shares if:-

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding or the transferee would hold less than the Minimum Subscription;
  - (ii) all applicable taxes and/or stamp duties have not been paid in respect of the instrument of transfer;
  - (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, such relevant information and declarations as the Directors may reasonably require from the transferee including, without limitation, information and declarations of the type which may be requested from an applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or
  - (iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership as set out herein or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or the relevant Fund or Class or Shareholders generally.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.
  - (d) Transfer instructions need to be received in original format.

## Directors

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

- (a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.
- (b) A Director need not be a Shareholder.
- (c) The Articles of Association contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- (f) A Director may hold any other office or place of profit under the Company, other than the office of Auditor, in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- (g) No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.
- (h) A Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5% or more of the issued shares of any



class of such company or of the voting rights available to members of such company. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.

- (i) The office of a Director shall be vacated in any of the following events namely:-
- (i) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
  - (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
  - (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
  - (vii) if he is removed from office by ordinary resolution of the Company.

### **Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Company and the Shares are set out below:

- (a) Mr. Lee Toms is Head of Investment Operations within the Investment Manager, which receives an Investment Management Fee in respect of its services as Investment Manager.
- (b) None of the Directors, nor any person connected to a Director, nor the Investment Manager, has or will have (insofar as is ascertainable by the Directors as at the date of this Prospectus) an interest, beneficial or non-beneficial, in Shares of the Company.

- (c) No shareholding qualification for Directors is required under Irish law. The Directors or companies of which they are officers or employees may, however, subscribe for Shares in the Company. Their applications will rank pari passu with all other applications.

### **Periodic Disclosure to Investors**

The AIFM will periodically disclose, in a clear and presentable way, to investors in the Fund:

- (a) **the percentage of Fund's assets which are subject to special arrangements due to their illiquid nature;**
- (b) any new material arrangements for managing liquidity of the Funds;
- (c) the current risk profile of the Fund and risk management systems employed by the AIFM to manage those risks; and
- (d) the historical performance of the Fund where such information is available.

Such disclosure will be made disclosed to Shareholders at least at the same time as the publication of the Annual Report.

On occasion, the AIFM and the Directors may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the AIFM and Directors will make all reasonable efforts to ensure the same level of information is available to all investors in the relevant Fund upon request.

### **The Application Form and Side Letters**

By subscribing for Shares using the Application Form, each investor agrees to enter into a contract with the Company in respect of a Fund. Any Shares subscribed for under the Application Form will be held subject to the terms and conditions of this Prospectus, as amended from time to time, the Articles, as amended from time to time, and the applicable Application Form.

The Application Form shall be governed by and construed in accordance with the laws of Ireland.

The Company or AIFM may, at the sole and absolute discretion, agree with any existing or prospective investor, whether by means of a side letter or other agreement, to waive or modify the application of any of the terms described herein in this Prospectus or in the Application Form or to **agree any specific terms with an investor ("Side Letter")**. Such investors may include entities or persons who are affiliated with the AIFM/Investment Manager and/or investors who hold a majority or substantial interest in the Company or a Fund. Any such Side Letter may be agreed in accordance with the requirements of the Central Bank and the AIFMD Legislation in relation to (but is not limited to) the application or calculation of fees provisions, indemnification obligations and/or additional **representations, warranties and covenants ("Most Favoured Nation")**. For the avoidance of doubt, any preferential treatment accorded by the Company or the AIFM to one or more investors in a Fund shall not result in an overall material disadvantage to other investors in that Fund.

Elections in Side Letters to be governed by the laws of a country other than Ireland and enforcement of foreign judgments related to such Side Letters will be made in accordance with the general principles of Irish law and with:

- (a) the Rome I Regulation (EC) No. 593/2008 of the European Parliament and of the Council dated 17 June 2008 on the law applicable to contractual obligations;
- (b) the Regulation (EC) No. 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II);
- (c) Council Regulation (EC) No. 44/2001 on Jurisdiction and the Recognition of Judgments in Civil and Commercial Matters, (the “**2001 Brussels Regulation**”);

all of which have force of law in Ireland. An investor who has obtained a favourable judgment in a foreign court will have to bring a new action in the Irish courts.

#### **Termination of a Fund and compulsory repurchase of all Shares**

All of the Shares of any Fund may be compulsorily redeemed by the Company in the following circumstances:

- (a) at any time after the first anniversary of the establishment of the Fund, the Net Asset Value of the Fund falls below €10,000,000; or
- (b) by 30 days notice in writing from the Company to the Shareholders; or
- (c) the Depositary retires or gives notice of retirement and no new Depositary has been appointed; or
- (d) the Shareholders resolve by Ordinary Resolution that the Fund by reason of its liabilities cannot continue its business and that it be terminated; or
- (e) the Shareholders resolve by Special Resolution that the Company be wound up.

#### **Winding Up**

- (a) The Company may be wound up if:
  - (i) Within a period of three months from the date on which:
    - (l) the Depositary notifies the Company of its desire to retire in accordance with the terms of the Depositary Agreement and has not withdrawn notice of its intention to so retire;

- (II) the appointment of the Depositary is terminated by the Company in accordance with the terms of the Depositary Agreement; or
  - (III) the Depositary ceases to be approved by the Central Bank to act as a depositary; no new Depositary **has been appointed, the Company's** secretary, at the request of the Directors or the Depositary, shall forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an Ordinary Resolution to wind up the Company. Notwithstanding anything set out above, the Depositary appointment shall **only terminate on revocation of the Company's authorisation by the Central Bank** or on the appointment of a successor depositary approved by the Central Bank.
- (ii) The Shareholders resolve by ordinary resolution that the Company by reason of its liabilities cannot continue its business and that it be wound up; or
  - (iii) The Shareholders resolve by special resolution to wind up the Company.
- (b) In the event of a winding up, the liquidator shall apply the assets of each Fund in such **manner and order as he thinks fit in satisfaction of creditors' claims.**
  - (c) The liquidator shall in relation to the assets available for distribution among Shareholders make such transfers thereof to and from the Funds and/or Classes as may be necessary in **order that the effective burden of creditors' claims may be shared between the Shareholders** of different Funds and/or Classes in such proportions as the liquidator in his discretion deems equitable.
  - (d) The assets available for distribution among the Shareholders shall be applied in the following priority:-
    - (i) firstly, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
    - (ii) secondly, in the payment to the holders of non-participating shares of One U.S. Dollar per share out of the assets of the Company not comprised within any Fund provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
    - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and

- (iv) fourthly, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or attributable to each Class immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.
- (e) The liquidator may, with the authority of an ordinary resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company) 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 provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of **the Company to a company or collective investment scheme (the "Transferee Company")** on terms that Shareholders in the Company shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the Company.
- (f) Notwithstanding any other provision contained in the Articles of Association of the Company, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Memorandum and Articles of Association of the Company.

## **Indemnities and Insurance**

The AIFM holds professional indemnity insurance against liability arising from professional negligence to cover professional liability risks including, but not limited to the following risks:

- (a) loss of documents evidencing title of assets of the Company;
- (b) misrepresentations or misleading statements made to the Company or its investors;
- (c) acts, errors or omissions resulting in a breach of:
  - (i) legal and regulatory obligations;
  - (ii) duty of skill and care towards the Company and its investors;
  - (iii) fiduciary duties;

- (iv) obligations of confidentiality;
  - (v) AIF rules or instruments of incorporation;
  - (vi) terms of appointment of the AIFM by the Company;
- (d) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- (e) improperly carried out valuation of assets or calculation of unit/share prices;
- (f) losses arising from business disruption, system failures, failure of transaction processing or process management

The Company will protect and indemnify its officers, directors and other representatives against liability to the extent set forth in the Articles and in this Prospectus.

Pursuant to the Articles of Association, each of the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, debts, claims, demands, suits, proceedings, judgements, decrees, charges, losses, damages, expenses, liabilities or obligations of any kind which he or his heirs, administrators or executors shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted to be done by virtue of his being or having been a Director, provided that as permitted by the Act such indemnity shall not extend to any of the foregoing sustained or incurred as a result of any fraud or wilful default by him in relation to the Company.

## **General**

### **Dividends**

Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the Company.

### **Material Contracts**

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

#### **(a) AIFM Agreement**

Pursuant to the AIFM Agreement, the AIFM was appointed as alternative investment fund manager of the Company's assets subject to the overall supervision of the Company. Under the AIFM Agreement, in the absence of negligence, fraud, bad faith or wilful default or failure to comply with its obligations as set out herein, in the Act or under the AIF Legislation (as defined therein) on the part of the AIFM, the AIFM shall not be liable to the Company, the

Funds or to any Shareholder for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the AIFM Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. Pursuant to the AIFM Agreement, the AIFM shall be indemnified against all actions, proceedings, claims, damages, costs, demands and expenses including, without limitation, legal and professional expenses on a full indemnity basis, which may be brought against, suffered or incurred by the AIFM, its employees, delegates or agents in the performance of its duties under this AIFM Agreement other than due to the negligence, fraud, bad faith or wilful default or failure to comply with its obligations as set out in the AIFM Agreement, in the Act or under the AIFMD Requirements, of the AIFM, its employees, delegates or agents in the performance of its obligations thereunder.

**(b) Investment Management and Distribution Agreement**

Pursuant to the Investment Management and Distribution Agreement, the Investment Manager has been appointed the investment manager and distributor to the Funds. The Investment Manager will be entitled to receive investment management fees as described in each Supplement.

The Investment Management and Distribution Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Investment Management and Distribution Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Investment Management and Distribution Agreement or upon the insolvency of a party (or upon the happening of a like event). The Investment Management and Distribution Agreement provides that the Investment Manager accepts responsibility for loss suffered by the Company to the extent that such loss is due to the negligence, wilful default, fraud, bad faith or recklessness of the Investment Manager or any associate of the Investment Manager or that of its or their employees. The Investment Management and Distribution Agreement further provides that each of the Funds will indemnify the Investment Manager.

**(c) Administration Agreement**

Pursuant to the Administration Agreement the Administrator will provide certain administrative and registrar services to the Company.

The Administrator will be entitled to receive fees as described in each Supplement.

The Administration Agreement may be terminated by either party on giving not less than 90 days' prior written notice to the other party. The Administration Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Administration Agreement or upon the insolvency of a party to the Administration Agreement (or upon the happening of a like event).

The Administration Agreement provides that the Company shall indemnify and shall keep the Administrator indemnified and held harmless from and against all liabilities which may be

imposed on, incurred by or asserted against the Administrator, its affiliates and nominees, and their respective directors, officers, employees and agents in connection with or arising out of the Administrator's performance under the Administration Agreement, provided the Administrator, its affiliates and nominees, and their respective directors, officers, employees and agents have not acted with negligence or engaged in fraud, recklessness or willful default in connection with the liabilities in question.

(d) **Depository Agreement**

Pursuant to the Depository Agreement, the Depository will act as depository of all of the Company's assets subject to the overall supervision of the Directors and the AIFM.

The Depository will be entitled to receive a fee as described in each Supplement.

Under the Depository Agreement, the Depository shall be liable to the Company and to the Shareholders for the loss of financial instruments held in custody by the Depository or by a sub-custodian to whom the custody of such assets has been delegated and in the case of such a loss the Depository shall return a financial instrument of identical type or the corresponding amount to the Company or the AIFM without undue delay unless the Depository can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depository shall also be liable to the Company and Shareholders for all other losses suffered by them as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the AIFM Regulations. Where the Depository delegates any safekeeping of the assets of the Company to sub-custodians, its liability will not be affected unless the Depository and Company have entered into a Discharge Agreement, which allows the depository to discharge its liability where objective reasons for the delegation of the safekeeping of assets has been established and the Depository can satisfy specific criteria for the appointment and selection of any Sub-Custodians as set out in the AIFM Legislation and must exercise due skill, care and diligence in its periodic review and ongoing monitoring of the sub-custodian. Pursuant to the Depository Agreement, the Depository, its directors, officers, employees and agents are indemnified by the Company from and against any and all third party actions, proceedings, claims, costs demands and expenses which may be brought against, suffered or incurred by the Depository other than as a result of the Depository's fraud, wilful default, bad faith, recklessness or negligence or any loss for which the Depository is liable pursuant to the Depository Agreement (as noted above).

The Company may not terminate the appointment of the Depository and the Depository may not retire from such appointment unless and until a successor depository (approved by the Central Bank) shall have been appointed in accordance with the Articles of Association or the Company's authorisation has been revoked by the Central Bank.



### **Documents Available for Inspection**

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

- (a) The Memorandum and Articles of Association of the Company (copies may be obtained free of charge from the Administrator);
- (b) The Act and Rulebook; and;
- (c) Once published, the latest annual report of the Company (copies of which may be obtained from the Administrator free of charge).

Copies of the Prospectus may also be obtained by Shareholders from the Administrator.

## APPENDIX I

The Funds of the Company, approved by the Central Bank of Ireland, as at the date of the Prospectus are;

1	LGIM 2030 Fixed Fund
2	LGIM 2030 Real Fund
3	LGIM Hedging Fund A
4	LGIM Hedging Fund B
5	LGIM Hedging Fund C
6	LGIM LIBOR Plus Fund
8	LGIM 2015 Real Fund
9	LGIM 2020 Real Fund
10	LGIM 2025 Real Fund
11	LGIM 2035 Real Fund
12	LGIM 2040 Real Fund
13	LGIM 2050 Real Fund
14	LGIM 2060 Real Fund
15	LGIM 2015 Fixed Fund
16	LGIM 2020 Fixed Fund
17	LGIM 2025 Fixed Fund
18	LGIM 2035 Fixed Fund
19	LGIM 2040 Fixed Fund
20	LGIM 2050 Fixed Fund
21	LGIM 2060 Fixed Fund
22	LGIM 2040 Inflation Fund
23	LGIM 2030 Inflation Fund
24	LGIM 2035 Inflation Fund
25	LGIM Euro 2030 Real Fund
26	LGIM Hedging Fund F
27	LGIM Hedging Fund J
28	LGIM Hedging Fund D
29	LGIM Hedging Fund K
30	LGIM 2047 Leveraged Index Linked Gilt Fund
31	LGIM 2049 Leveraged Gilt Fund
32	LGIM 2050 Leveraged Index Linked Gilt Fund

33	LGIM 2055 Leveraged Index Linked Gilt Fund
34	LGIM 2055 Leveraged Gilt Fund
35	LGIM 2062 Leveraged Index Linked Gilt Fund
36	LGIM Hedging Fund H
37	LGIM Hedging Fund I
38	LGIM Hedging Fund L
39	LGIM Hedging Fund G
40	LGIM Hedging Fund M
41	LGIM Hedging Fund O
42	LGIM Hedging Fund P
43	LGIM Hedging Fund Q
47	LGIM Hedging Fund R
48	LGIM 2020 Inflation Fund
49	LGIM 2040 Leveraged Index Linked Gilt Fund
50	LGIM Hedging Fund W
51	LGIM Hedging Fund V
52	LGIM 2050 Inflation Fund
53	LGIM 2060 Inflation Fund
54	LGIM Hedging Fund AE
55	LGIM 2038 Leveraged Gilt Fund
56	LGIM 2042 Leveraged Gilt Fund
57	LGIM 2060 Leveraged Gilt Fund
58	LGIM 2030 Leveraged Index Linked Gilt Fund
59	LGIM 2035 Leveraged Index Linked Gilt Fund
60	LGIM 2037 Leveraged Index Linked Gilt Fund
61	LGIM 2042 Leveraged Index Linked Gilt Fund
62	LGIM Hedging Fund Y
63	LGIM 2045 Fixed Fund
64	LGIM 2055 Fixed Fund
65	LGIM 2045 Real Fund
66	LGIM 2055 Real Fund
67	LGIM Hedging Fund Z
70	LGIM Hedging Fund AB
71	LGIM Hedging Fund DC

72	LGIM Hedging Fund BJ
73	LGIM Active Gilts All Stocks Fund AH
74	LGIM Hedging Fund WH
75	LGIM Hedging Fund WS
76	LGIM Hedging Fund WT
77	LGIM Hedging Fund AC
78	LGIM 2068 Leveraged Index Linked Gilt Fund
79	LGIM 2068 Leveraged Gilt Fund
80	LGIM Fixed Long Duration Fund
81	LGIM Real Short Duration Fund
82	LGIM Fixed Short Duration Fund
83	LGIM Real Long Duration Fund
84	LGIM Hedging Fund AD
85	LGIM Hedging Fund AI
86	LGIM Synthetic Leveraged Credit Fund
87	LGIM 2025 Inflation Fund
88	LGIM 2045 Inflation Fund
89	LGIM 2055 Inflation Fund
90	LGIM 2024 Leveraged Index-Linked Gilt Fund
91	LGIM 2034 Leveraged Index-Linked Gilt Fund
92	LGIM 2045 Leveraged Index-Linked Gilt Fund
93	LGIM Hedging Fund AK
94	LGIM Hedging Fund AL
95	LGIM Hedging Fund AN
96	LGIM Bespoke Active Credit Fund AM
97	LGIM Hedging Fund AO
98	LGIM Hedging Fund AP
99	LGIM Hedging Fund AQ
100	LGIM Hedging Fund AR
101	LGIM Hedging Fund AS
102	LGIM Hedging Fund AT
103	LGIM Hedging Fund AU
104	LGIM Hedging Fund AV

**LGIM Hedging – Fund BT**  
**121<sup>st</sup> Supplement to the Prospectus**

This Supplement, dated 3 August, 2017, contains information relating specifically to the LGIM Hedging - Fund BT (the “Fund”), a sub-fund of LGIM (Ireland) Risk Management Solutions Plc (the “Company”), an umbrella fund with segregated liability between sub-funds authorised by the Central Bank as an investment company pursuant to Part 24 of the Companies Act 2014. Details of the other sub funds of the Company are available upon request from the Investment Manager.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 20 April, 2016 (the “Prospectus”) which precedes this Supplement and is incorporated herein.**

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

Investors should read and consider the section entitled “RISK FACTORS” before investing in the Fund.

**1. Interpretation**

The expressions below shall have the following meanings:

<b>“Business Day”</b>	means any day (except Saturday or Sunday) on which banks in London are generally open for business or such other days as may be specified by the Company and notified in advance to Shareholders.
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<b>“Collateral”</b>	means any assets (cash and/or non-cash) eligible to be used as margin or collateral under or in connection with permitted transactions (including, but not limited to, Derivative transactions (whether cleared or uncleared, OTC or exchange-traded and including total return swaps) and repurchase agreements).
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<b>“Dealing Day”</b>	means the last Business Day of each calendar month and such other days as may be specified by
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the Company and notified in advance to Shareholders

<b>“Dealing Deadline”</b>	means 4.00 p.m. (London time) on the Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline precedes the Valuation Point.
<b>“Initial Offer Period”</b>	means the period determined by the Directors during which Shares are first offered for subscription which will commence at 9.00 a.m. (London time) on 4 August, 2017, and will close at 12.00 p.m. (London time) on 3 February, 2018 or such other dates and times as the Directors may determine and notify to the Central Bank.
<b>“Initial Price”</b>	means £1.00.
<b>“Redemption Payment Day”</b>	means up to three Business Days following the Dealing Day.
<b>“Subscription Settlement Deadline”</b>	means the Business Day following the Dealing Day or otherwise at the Directors discretion.
<b>“Valuation Point”</b>	means market close (London time) on the Dealing Day.

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

## **2. Base Currency**

The Base Currency of the Fund shall be Sterling. The Net Asset Value per Share will be calculated and settlement and dealing will be effected, in Sterling.

## **3. Investment Objective**

The objective of the Fund is to implement a liability hedging programme in order to mitigate the impact of certain financial risk factors on a target liability profile of the Shareholder. The risk factors to be mitigated include but may not be limited to some or all of the following:

- Changes in interest rates and inflation;
- Movements in bond markets;

- Movements in exchange rates; and
- Bond specific risks.

The Shareholder and the Fund will agree (from time to time, as necessary) the target liability profile that is to be hedged.

#### **4. Investment Policy**

##### *Investments*

The Fund will invest principally, though not exclusively, in some or all of the following instruments, in order to achieve its investment objective:

- interest rate swap contracts;
- inflation linked swap contracts;
- interest rate options including swaptions;
- total return swaps;
- gilt or index-linked gilt repurchase and reverse repurchase agreements;
- asset swaps;
- exchange traded futures;
- spot and forward foreign exchange (FX) contracts;
- shares in the sub-funds of LGIM Liquidity Funds Plc (the “Sub-Funds of LGIM Liquidity Funds Plc”);
- government bonds\*; and
- cash\*.

\*These investments may be used to meet the Collateral requirements of Derivatives and repurchase agreements held in the Fund.

The instruments listed above may be used for the following purposes:

- The interest rate, inflation-linked and total return swap contracts are generally used to increase or reduce exposure to changes in interest rates and inflation relative to a target liability profile.

Total return swaps are also used, for example to obtain exposure to underlying asset(s) e.g. a total return swap on gilts is used to gain exposure to gilts as part of a liability driven investment mandate. Total return swaps can also be used as part of a strategy to generate liquidity to be used as Collateral. The assets underlying the total return swaps entered into by the Fund will be consistent with the types of assets the Fund may invest in and their use will align with the investment policy of the Fund as set out herein and shall not result in a change to the Investment Objective outlined herein.

- Gilt or index-linked gilt repurchase agreements and reverse repurchase agreements are generally used, for example, to obtain exposure to an underlying gilt or index-linked gilt to reduce exposure to changes in interest rates and inflation relative to a target liability profile. Repurchase agreements and reverse repurchase agreements can also be used as part of a strategy to generate liquidity to be used as Collateral.

The use of repurchase agreements and reverse repurchase agreements will be consistent with the types of assets the Fund may invest in and their use will align with the investment policy of the Fund as set out herein and shall not result in a change to the Investment Objective outlined herein.

Total return swaps, repurchase agreements and reverse repurchase agreements can be used to generate leveraged exposure to underlying assets which are not held within the Fund. As such, up to 100% of the assets of the Fund can be used as Collateral for the purpose of total return swaps, repurchase agreements and reverse repurchase agreements. It is anticipated that up to 100% of the assets of the Fund will be used as Collateral for the purpose of total return swaps, repurchase agreements and reverse repurchase agreements.

- Interest rate options, for example swaptions may be used to mitigate interest rate risk. Payer swaptions may be sold (to earn a premium) at a strike rate (or close to) the swap yield that the Fund would be willing to hedge the interest rate exposure of a set of liability cash flows.
- Asset swaps are used for example, to convert a fixed rate bond or inflation-linked bond to a floating rate bond.
- Exchange traded futures are generally used to gain or reduce exposure to the interest rate, bond or currency.
- Spot and forward foreign exchange (FX) contracts are generally used to mitigate currency risk.



- Shares in the Sub-Funds of LGIM Liquidity Funds plc can be held for cash management purposes. It is not the principal investment objective of the Fund to invest in Sub-Funds of LGIM Liquidity Funds plc. For more information on the Sub-Funds of LGIM Liquidity Fund plc, please see section 14 of this Supplement.

In the event of fluctuations of sufficient magnitude in the risks to be mitigated above (as set out in the Investment Objective), the value of the Fund may be materially affected and could fall to zero. Under these circumstances, the Directors may elect to **close the Fund in the manner set out under the heading “Termination of a Fund and Compulsory Repurchase of all Shares”** within the Prospectus.

## 5. Investment Restrictions

The investment restrictions will apply at the time of purchase of an asset within the Fund.

In the event that any of these restrictions are exceeded for reasons beyond the control of the Investment Manager or as a result of the exercise of subscription rights, the Investment Manager will adopt as a priority objective the remedying of the situation, while taking due account of the interests of Shareholders.

The Fund will be subject to the following investment restrictions:

- The Company or the AIFM may not acquire any shares carrying voting rights that would enable it to exercise significant influence over the management of an issuing body;
- The Fund may be 100% invested in shares of a Sub-Fund of LGIM Liquidity Funds plc. The Fund will not invest more than 50% of its Net Asset Value in any other single regulated or unregulated Collective Investment Scheme;
- Where the Fund invests in the shares or units of any other Collective Investment Scheme managed by the AIFM or by an associated company, the manager of the Collective Investment Scheme in which investment is being made must waive any initial charge or repurchase charge on account of the investment;
- The Fund will not raise capital through the issue of debt securities;
- The Investment Manager will transact with counterparties who meet the **criteria described in the Prospectus under the heading “The Company: Selection and Appointment of Prime Brokers/Counterparties”**; and
- Where commissions or rebates are received by the AIFM or the Investment Manager by virtue of an investment into any Collective Investment Scheme,

such commissions or rebates must be paid to the property of the Fund.

## **6. Borrowing and Leverage**

The Derivative transactions and repurchase agreements entered into by the Fund may have the effect of leveraging the Fund.

The Fund may employ leverage of up to a maximum of 6 times the Net Asset Value of the Fund where using the 'commitment' method (i.e. where each derivative position is converted into the underlying asset) and 10 times the Net Asset Value of the Fund where using the 'gross method' (i.e. the sum of the absolute value of the derivative/positions) as set out in the Level 2 Regulations.

The Collateral requirement for the Fund is divided into initial and ongoing Collateral requirements. Initial eligible Collateral may be required when the Fund is established. Ongoing Collateral requirements are required to meet the daily mark-to-market movements and any initial margin requirements on the Derivatives and repurchase transactions held in the Fund. The initial and ongoing Collateral requirement will be determined by the Investment Manager. For the purpose of providing Collateral in respect of permitted transactions, the Fund may transfer, mortgage, charge or encumber any of its assets or cash. When determining the initial and ongoing Collateral requirement, in addition to taking into account Collateral required by counterparties to such Derivatives and repurchase transactions, the Investment Manager may also include any excess or additional Collateral it wishes to provide in respect of any cleared OTC Derivative transaction for the purposes of operational efficiency (including not having to meet any intra-day margin calls from a clearing member, or to cover periods when a central clearing counterparty is open but it is not a business day in the relevant jurisdiction).

The requirements of the Company regarding collateral management and asset re-use arrangements with respect to total return swaps, repurchase agreements and reverse repurchase agreements **are set out in detail under the heading "Collateral and Asset Reuse Arrangements" in the Prospectus.**

## **7. Offer**

Shares will initially be issued as Class A Shares. Share Class A is issued in Sterling. Share Classes may be distinguished by levels of fees and charges levied as set out below.

Shares are available for subscription during the Initial Offer Period at the Initial Price and subject to acceptance of applications for Shares by the Directors. Where Shares are issued for the first time, the Initial Offer Period shall automatically close on that date. The Initial Offer Period may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

After closing of the Initial Offer Period, Shares in the Fund may be subscribed for at the Net Asset Value per Share on any relevant Dealing Day.

#### **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

The Minimum Subscription and Minimum Holding for each investor is £250,000.

The minimum transaction size of subsequent subscriptions, conversions and redemptions is £250,000.

The Directors reserve the right to differentiate between investors and to waive or reduce the Minimum Holding and/or minimum transaction size for certain investors, or, in accordance with the requirements of the Central Bank, to waive the Minimum Subscription.

#### **9. Subscribing for Shares**

Investors may subscribe for Shares in accordance with the provisions set out in the Prospectus.

#### **10. Redeeming Shares**

Investors applying to redeem their Shares must do so in accordance with the provisions set out in the Prospectus.

If the number of Shares to be redeemed on any Dealing Day equals one tenth or more of the total number of Shares of the Fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of one tenth of the total number of Shares in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been redeemed. Redemption requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests. The Articles provide that the Directors may set limits on the number of Shares that any sub-fund including the Fund will be obliged to redeem on a Dealing Day lower than the prescribed levels outlined above, from time to time, in accordance with the requirements of the Central Bank. This power may be exercised by the Directors acting in the best interests of Shareholders, with the consent of the Depositary, in extraordinary market circumstances.

#### **11. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner

described in the Prospectus under the heading “THE SHARES; Suspension of Valuation of Assets”. Unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **12. Fees and Expenses**

Each Shareholder in Share Class A is required to enter into a remuneration agreement with the AIFM or an associate of the AIFM (the “Remuneration Agreement”). For the avoidance of doubt, this is dealt with in the AIFM Agreement.

The AIFM will discharge the fees payable to the Investment Manager from the fee it receives pursuant to the Remuneration Agreement.

The AIFM and the Investment Manager will also be entitled to have reimbursed by the Fund all of their reasonable out-of-pocket expenses (including offering and regulatory reporting expenses), all reasonable legal fees and expenses incurred by them in the performance of their duties, and such other expenses as may be agreed between the Company and the AIFM and/or the Investment Manager.

The Fund shall also pay:

1. The fees and expenses relating to the establishment of the Fund which may be amortised over the first five Accounting Periods of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair; and
2. **The Fund’s attributable portion of the fees and operating expenses** of the Company which for the avoidance of doubt shall include fees payable to the Administrator and Depositary.

The fees and expenses set out above which are charged to the Fund are not anticipated to be greater than 0.15% per annum of the Net Asset Value of the Fund. However, the amount charged will depend on, amongst other factors, the Net Asset Value of the Fund, the types of instruments utilised by the Fund, the assets under management by the Company (in similar strategies and in total) and exclude expenses of an exceptional nature.

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

The Fund shall bear its pro-rata share of the fees and expenses of any Sub-Fund of LGIM Liquidity Funds Plc in which it may invest, in respect of which please see section 14 of this Supplement.

## **13. Distributions**

The Fund is an accumulating fund and, therefore, it is not currently intended to make distributions of income or capital gains to the Shareholders. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of Shareholders as reflected in the Net Asset Value.

#### **14. Sub-Funds of LGIM Liquidity Funds Plc**

LGIM Liquidity Funds Plc is an open-ended umbrella fund incorporated in Ireland with segregated liability between sub-funds authorised by the Central Bank on 18 December 2007 as an Undertaking for Collective Investment in Transferable Securities ("UCITS") pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as may be amended.

The principal investment objective of the current Sub-Funds of LGIM Liquidity Funds Plc is to provide capital stability, liquidity and income through investment in a diversified portfolio of high credit quality short term fixed income and variable rate securities including but not limited to certificates of deposit, fixed and floating rate notes, fixed rate commercial paper and bonds listed or traded on one or more recognised exchanges.

The Directors, Investment Manager, Administrator and Custodian of the Sub-Funds of LGIM Liquidity Funds Plc are currently the same as the Directors, Investment Manager, Administrator and Depositary of the Fund.

The Sub-Funds of LGIM Liquidity Funds Plc process subscriptions and redemptions in their shares generally every day on which banks in London are open for business (for the purposes of this section, a "business day").

The Fund may incur additional fees and expenses via its investment in the Sub-Funds of LGIM Liquidity Funds Plc, including investment management and/or performance fees. The applicable fees which will be borne by the Fund, will vary depending on the sub-fund and share class invested in and further information in this regard can be requested from the AIFM and/or the Investment Manager.

The Sub-Funds of LGIM Liquidity Funds Plc have waived their entitlement to charge the Fund any subscription, redemption or conversion fees.

Further sub-funds may be added to the LGIM Liquidity Funds Plc, into which the Fund may invest up to 100% of its shares without any advance notification or approval of the Shareholder of the Fund.

#### **15. Risk Factors**

Investors may be exposed to a number of risks that include, but are not limited to, the

following:

**Default by a Counterparty** – If a counterparty is unable to honour its obligations under a swap contract, repurchase agreement or option contract the Fund could suffer a loss. The Fund seeks to mitigate this risk in a variety of ways, including the receipt of collateral to cover the exposure to each counterparty, but this does not entirely mitigate the risk associated with counterparty default.

**Investments or withdrawals** – It may not be possible to deal economically with investments or withdrawals in a single day due to market conditions. The Directors reserve the right to defer dealing in whole or in part until a subsequent valuation of the Fund.

**Contractual settlement risk - Contractual settlement** – The use of gilt or index linked gilt repurchase agreements relies on the Depositary continuing to provide contractual settlement. If the Depositary can no longer provide this service the continued use of gilt or index linked repurchase agreements may not be possible and the Fund value may be adversely affected.

**Risks associated with investment in the Sub-Funds of LGIM Liquidity Funds Plc** - An investment in the Sub-Funds of LGIM Liquidity Funds Plc is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. **The Fund's investment in the Sub-Funds of LGIM Liquidity Funds Plc** involves certain investment risks, including the possible loss of principal.

The Sub-Funds of LGIM Liquidity Funds Plc currently invest in money market products, which include deposits in banks and other financial institutions. Although the risks of investing in money market products is small, if the financial institutions which hold the deposits suffer financial difficulties or become insolvent, they may not pay back some or all of the amount invested with them. This could mean that the Sub-Funds of LGIM Liquidity Funds Plc might not get back the full amount deposited and the fund value will fall.

**Investments of the Fund** - The investments of the Fund may be listed or unlisted and other than as stated herein, there are no geographical or other restrictions on the investment policy of the Fund.

**Risks associated with investments in fixed interest securities** - The Fund invests in fixed interest securities – usually government bonds. Investment returns in these instruments are particularly sensitive to trends in interest rate movements. Depending on the degree to which the Fund's interest rate exposure is hedged, the Fund value is likely to fall when these interest rates rise (such falls may be more pronounced in a low nominal interest rate environment).

**Risks associated with investments in government index linked securities** - The Fund may invest in government index linked securities which provide returns that are

linked to changes in official price series. Such instruments offer some protection against inflation and/or rising levels of inflation. Depending on the degree to which the Fund's inflation exposure is hedged, the Fund value may be affected not only by variations in official inflation rates, but also by changes in inflation expectations, as well as the supply/demand and specific structure/features of such securities (e.g. the term).

**Risks associated with investments in either (i) fixed interest securities; or (ii) government index linked securities** - The financial strength of a government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will **reduce the Fund's value**.

**Market Risk** - Substantial risks are involved in investing in the various securities and instruments the Fund purchases and sells. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the **past, and they may do so again in the future**. The Fund's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and related instruments, and there can be no assurance that appreciation will occur.

**Risks associated with movements in exchange rates** - The Fund may hold assets in currencies that are not denominated in Sterling. Depending on the degree to which the Fund's currency exposure is hedged, if the value of these currencies falls compared to Sterling this may **cause the Fund's value to go down**.

The attention of investors is drawn to the section of the Prospectus headed "RISK FACTORS".