

## **PROSPECTUS**

**IMPORTANT: IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

The Directors, whose names appear on page viii, 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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### **MARSHALL WACE UCITS FUNDS PLC**

An investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds and incorporated pursuant to the Companies Act 2014 with limited liability in Ireland under registered number 465375 and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011.

**MARSHALL WACE LLP**  
(INVESTMENT MANAGER)

**10 March, 2016**

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THESE POOLS IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THESE POOLS.

## IMPORTANT INFORMATION

**Marshall Wace UCITS Funds PLC (the "Company") is both authorised and supervised by the Central Bank of Ireland, PO Box 559, Dame Street, Dublin 2 (tel. +353 1 224 6000). The authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or 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.**

No person has been authorised by the Company to give any information or make any representations in connection with the offering of Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied on as having been made by the Company.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. The creation of new Funds requires the prior approval of the Central Bank. If there are different classes of Shares representing a Fund, details relating to the separate classes may be disclosed in the same Supplement or in a separate Supplement for each class. The creation of further classes of Shares will be effected in accordance with the requirements of the Central Bank. This Prospectus and the relevant Supplement should be read and construed as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement). The latest audited annual report and accounts and the latest unaudited semi-annual report may be obtained from the offices of the Administrator. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Articles are binding on each of the Shareholders (who are taken to have notice of them).

This Prospectus is based on information, law and practice currently in force in Ireland (which may be subject to change) at the date hereof. The Company cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Investment Manager that this is the most recently published Prospectus.

**The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund.**

**All or part of the fees and expenses may be charged to the capital of the Company. This will have the effect of lowering the capital value of your investment.**

**As the Funds of the Company may be subject to subscription and exchanging charges, the difference at any one time between the sale and repurchase price of Shares in any Fund means that an investment in any Fund should be viewed as a medium to long-term investment.**

**In particular, investors in any Fund with an emerging markets exposure should note that as certain of the Funds may invest up to 10% of their assets in warrants and more than 20% of their net assets in emerging markets, it is recommended that investment in such Funds should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors.**

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

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

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any person who is holding Shares in contravention of the restrictions set out herein 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, any Fund or any Shareholder 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 would result in the Company being

required to register under any applicable US securities laws 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 Distributor, the Custodian, 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 to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of the restrictions imposed by them as described herein.

### **United States of America**

There will be no public offering of Shares in the United States. The Shares will not generally be available to US Persons, unless they are, among other things, "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act) and "qualified purchasers" (as defined in Section 2(a)(51) of the 1940 Act).

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

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

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

While the Company or the Funds may trade commodity interests, the Investment Manager is exempt from the obligations of a registered commodity pool operator ("CPO") pursuant to US Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3) with respect to each Fund, unless otherwise specified in Supplement for the relevant Fund. Unlike a non-exempt CPO, the Investment Manager is not required to

deliver a CFTC disclosure document to prospective Shareholders in a Fund for which the Investment Manager has claimed an exemption under CFTC Rule 4.13(a)(3), nor is it required to provide such Shareholders with certified annual reports that satisfy the requirements of CFTC rules applicable to a non-exempt CPO.

The Investment Manager qualifies for the exemption under CFTC Rule 4.13(a)(3) with respect to each Fund, unless otherwise specified in Supplement for the relevant Fund, on the basis that, among other things (i) each Shareholder is a "qualified eligible person", as defined under Section 4.7(a)(2) of the United States Commodity Exchange Act, as amended, or an "accredited investor" as defined under US Securities and Exchange Commission ("SEC") rules; (ii) the Shares are exempt from registration under the 1933 Act and are offered and sold without marketing to the public in the United States; (iii) participations in such Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets and (iv) at all times that such Fund establishes a commodity interest or securities futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed five per cent of the liquidation value of such Fund's portfolio; or (b) the aggregate net notional value of such Fund's commodity interest and security futures positions will not exceed one hundred per cent of the liquidation value of such Fund's portfolio.

Notwithstanding the above, the Investment Manager has registered with the CFTC as a commodity pool operator so that the Investment Manager may act as a commodity pool operator to certain Funds that do not meet the criteria for the exemption under CFTC Rule 4.13(a)(3) or that may not meet such criteria in the future. The Supplement for the relevant Fund shall disclose whether the Investment Manager has claimed an exemption from certain of the CFTC's disclosure, reporting and record-keeping requirements applicable to registered CPOs pursuant to CFTC Rule 4.7 for such Fund.

Unless otherwise stated in a Supplement issued with respect to a particular Fund, the Company will not accept any subscriptions from, and Shares may not be transferred to, any investor whether or not a US Person that is a Benefit Plan Investor (as defined herein), if immediately thereafter Benefit Plan Investors would hold 25% or more of the value of any class of equity interests (as such term is used under the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") and any regulations promulgated thereunder) issued with respect to a particular Fund. If Benefit Plan Investors held 25% or more of the value of a class of equity interests issued with respect to a particular Fund, the assets of that particular Fund might be treated as "plan assets" under ERISA, which could result in adverse consequences to the particular Fund, the Investment Manager and the fiduciaries of the Benefit Plan Investors.

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

This Prospectus has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company and the Funds, and may not be reproduced or used for any other purpose. Notwithstanding anything to the contrary herein, each Shareholder (and each employee, representative, or other agent of such Shareholder may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Company or the Funds and (ii) any of their transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the Shareholder relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Company or the Funds, or (ii) the parties to a transaction.

### **Reliance on this Prospectus**

Statements made in this Prospectus and any Supplement are based on the law and practice in force in Ireland at the date of this Prospectus or Supplement as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the 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 and approved by 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.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

### **Certain Risk Factors**

Investors should read and consider the section entitled "Certain Risk Factors" before investing in the Company.

### **Financial Derivative Instruments**

The Company may engage in transactions in Financial Derivative Instruments on behalf of a Fund either for investment purposes or for the purposes of efficient portfolio management as more particularly disclosed in this Prospectus and the relevant Supplement.

The Company will employ a risk management process pursuant to which it will seek to accurately measure, monitor and manage the risks attached to Financial Derivative Instruments and details of this process have been provided to the Central Bank. The Company will not utilise Financial Derivative Instruments which have not been included

in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **Translations**

This Prospectus and any Supplement may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus 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/Supplement in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

YOU SHOULD ALSO BE AWARE THAT EACH COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-US JURISDICTIONS WHERE TRANSACTIONS FOR THESE POOLS MAY BE EFFECTED.



## **DIRECTORY**

### **MARSHALL WACE UCITS FUNDS PLC**

#### **Directors**

Robert Bovet  
Ronan Daly  
David Hammond  
Linburgh Martin

#### **Registered Office**

Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland

#### **Investment Manager and Distributor**

Marshall Wace LLP  
13th Floor  
The Adelphi Building  
1/11 John Adam Street  
London WC2N 6HT  
United Kingdom

#### **Custodian**

J.P. Morgan Bank (Ireland) plc  
J.P. Morgan House  
IFSC  
Dublin 1  
Ireland

#### **Administrator**

Citco Fund Services (Ireland) Limited  
Custom House Plaza, Block 6  
International Financial Services Centre  
Dublin 1  
Ireland

#### **Legal Advisers**

##### **As to Irish Law**

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

#### **Auditor**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

##### **As to English Law and United States Law**

Schulte Roth & Zabel International LLP  
One Eagle Place  
London, SW1Y 6AF  
United Kingdom

#### **Company Secretary**

MFD Secretaries Limited  
Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland



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## DEFINITIONS

"Accumulation Shares"	Shares in respect of which income is accumulated and added to the capital property of a Fund.
"Administration Agreement"	the administration agreement dated and effective as of 11:59pm on the 31 March 2012 between the Company and the Administrator.
"Administrator"	Citco Fund Services (Ireland) Limited, or any successor thereto duly appointed in accordance with the requirements of the Central Bank as the administrator of the Company and each Fund.
"Articles"	the Articles of Association of the Company, as may be amended from time to time.
"Benefit Plan Investor"	a "benefit plan investor" as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being "employee benefit plans" as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, "plans" that are subject to the prohibited transaction provisions of Section 4975 of the IRC, and entities the assets of which are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder.
"Business Day"	in relation to a Fund any day on which banks are open for business in Dublin and London and/or such other place or places and such other day or days as the Directors may determine and notify to Shareholders in advance.
"CBI Regulations"	means the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015, being rules issued by the Central Bank with respect to UCITS issued from time to time by the Central Bank as the competent authority with responsibility for the authorisation and supervision of UCITS.
"Central Bank"	the Central Bank of Ireland or any successor regulatory authority with responsibility for

	authorising and supervising the Company.
"CFTC"	US Commodity Futures Trading Commission.
"Company"	Marshall Wace UCITS Funds PLC.
"CPO"	a "commodity pool operator", as such term is defined by the US National Futures Association.
"Custodian"	J.P. Morgan Bank (Ireland) plc or any successor thereto approved by the Central Bank as custodian of the Company and each Fund.
"Custodian Agreement"	the custodian agreement dated 5 February, 2009 between the Company and the Custodian.
"Dealing Day"	such Business Day or Business Days as specified in the relevant Supplement for a Fund or any such other day or days as the Directors may determine and notify in advance to the Shareholders provided there shall be at least two Dealing Days in each month occurring at regular intervals.
"Dealing Request Deadline"	such time in respect of any relevant Dealing Day as specified in the relevant Supplement for a Fund or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.
"Directors"	the members of the board of directors of the Company for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time in accordance with the requirements of the Central Bank.
"Distribution Shares"	Shares in respect of which income is distributed periodically to Shareholders.
"Distributor"	Marshall Wace LLP.
"EEA State"	the European Economic Area States (European Union, Member States, Norway, Iceland and Liechtenstein).

"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended.
"FCA"	the Financial Conduct Authority of the United Kingdom.
"Financial Derivative Instrument"	as set out in Appendix 3 attached hereto.
"Fund"	a fund of the Company representing the designation by the Directors of a particular Class of Shares as a fund, the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and investment policies applicable to such fund and which is established by the Directors from time to time with the prior approval of the Central Bank.
"IFRS"	International Financial Reporting Standards
"Ineligible Applicant"	<p>any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the Directors, might:</p> <p>a) be in breach of any law (or regulation by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares; or</p> <p>b) require the Company or the Investment Manager to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Company to be required to comply with any registration requirements in respect of any of its Shares, whether in the United States of America or any other jurisdiction; or</p> <p>c) cause the Company, a Fund, its Shareholders or the Investment Manager some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company, a Fund, its Shareholders or the Investment Manager might not otherwise have incurred or suffered, including, without limitation, if it would cause the Company or the Funds to be required to register pursuant to the 1934 Act, as amended, or the rules promulgated</p>

	thereunder, to register as an investment company under the 1940 Act, to register any Shares under the 1933 Act.
"Initial Offer Period"	the period set out by the Directors in relation to any Fund or Class of Shares as the period during which Shares are initially on offer and as specified in the relevant Supplement.
"Initial Offer Price"	the initial price payable for a Share as specified in the relevant Supplement.
"Investment Management and Distribution Agreement"	the investment management and distribution agreement dated 5 February, 2009 between the Company and the Investment Manager.
"Investment Manager"	Marshall Wace LLP.
"IRC"	the US Internal Revenue Code of 1986, as amended.
"Ireland"	the Republic of Ireland.
"Marshall Wace Fund"	such funds and/or similar investment vehicles as are established (or which may be established in the future) and managed by the Investment Manager or any of its affiliates.
"Minimum Holding"	the minimum holding for each Class of Shares as specified in the relevant Supplement.
"Minimum Additional Subscription"	the minimum additional investment for each Class of Shares as specified in the relevant Supplement.
"Minimum Subscription"	the minimum investment for each Class of Shares as specified in the relevant Supplement.
"Money Market Instruments"	instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time and which comply with the requirements of the Central Bank.
"Net Asset Value"	the assets of the Company, a Fund or a Class (as the context may require) less the liabilities of (or attributable to) the Company, Fund or Class concerned as calculated in accordance with the

Articles.

"Net Asset Value per Share"	the Net Asset Value in respect of any Fund or a Class divided by the number of Shares in issue in such Fund or Class.
"OECD"	the Organisation for Economic Co-operation and Development.
"Paying Agent"	any paying agent as may be appointed by the Company.
"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.
"Recognised Exchange"	the stock exchanges or regulated markets set out in Appendix 2.
"Redemption Price"	the price per Share at which Shares are redeemed or calculated in the manner described on page 26.
"Share" or "Shares"	shares of any Class in the Company as the context requires.
"Share Class" or "Class" or "Class of Shares"	a class or designation of Shares in a particular Fund or all of the Shares issued by the Company as a particular class or designation of Shares relating to a single Fund, as the context requires.
"Shareholder"	a holder of Shares in the Company.
"Specified US Person"	means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of

the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States or (iv) an estate of a decedent that is a citizen or resident of the US; **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 US 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 US 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 US Internal Revenue Code; (6) any bank as defined in section 581 of the US Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the US Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 US C. 80a-64); (9) any common trust fund as defined in section 584(a) of the US Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US 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 US Internal Revenue Code. This definition shall be interpreted in accordance with the IRC.

"Subscription Price"

the price per Share at which Shares may be issued after the close of the Initial Offer Period calculated



in the manner described on page 20.

"Supplement"

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

"UCITS"

an undertaking for collective investment in transferable securities established pursuant to the UCITS Regulations on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended from time to time.

"UCITS Regulations"

the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) and any regulations, rulebook or notices issued by the Central Bank pursuant thereto for the time being in force including the UCITS Regulations.

"Unregulated Collective Investment Schemes"

means open-ended investment funds which do not fall under the Central Bank's Guidance on "UCITS Acceptable investments in other Investment Funds", and do not provide a level of investor protection comparable to that of Central Bank authorised scheme (or an equivalent authorised collective investment scheme);

"US Tax-Exempt Investor"

a US person within the meaning of the IRC that is exempt from payment of US Federal income tax.

"US Person"

a citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time, a corporation or partnership created or organised in the United States or under the laws of the United States or any state, a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US Persons have the authority to control all substantial decisions of the trust, an estate which is subject to US tax on its worldwide income from all sources, or any person falling within the definition of the term "US person" under Regulation S promulgated under the 1933 Act or under Rule 4.7 under the US

Commodity Exchange Act.

"Valuation Point"

the point, whether on a periodic basis or for a particular valuation, as at which the Administrator carries out a valuation of the assets of the Company or a Fund (as the case may be) for the purpose of determining the price at which a Class of Shares may be issued, cancelled or redeemed as specified in the relevant Supplement for that Fund.

"1933 Act"

the US Securities Act of 1933, as amended.

"1934 Act"

the US Securities Exchange Act of 1934, as amended.

"1940 Act"

the US Investment Company Act of 1940, as amended.

In this Prospectus the words and expressions set out in the first column above shall have the meanings set opposite them unless the context requires otherwise. All references to "Euro" and "€" are to the unit of the European single currency, all references to "US\$" and "\$" are to the currency of the United States, all references to "Sterling" and "£" are to the currency of the United Kingdom and all references to "CHF" and "Swiss Franc" are to the currency of Switzerland.

## THE COMPANY AND THE FUNDS

### The Company

The Company was incorporated in Ireland on 11 December, 2008 as an investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds and with limited liability under registration number 465375. The Company is authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

The base currency of each Fund is set out in the relevant Supplement.

Subject to the UCITS Regulations and the Articles, the Directors may establish additional Funds from time to time in respect of which a Supplement or Supplements will be issued with the prior approval of the Central Bank.

The assets of each Fund will be segregated from one another and will be invested in accordance with the investment objectives and investment policies applicable to each such Fund and as set out in the relevant Supplement. A Fund may, subject to the conditions imposed by the Central Bank, invest in collective investment schemes, including other Funds of the Company (provided that the Fund in which the investments are made does not itself hold Shares in other Funds of the Company and subject to the conditions set out in Appendix I).

The liabilities of a particular Fund (in the event of a winding up of the Company or a repurchase of the Shares in the Company or all the Shares of any Fund) shall be binding on the Company but only to the extent of the particular Fund's assets and in the event of a particular Fund's liabilities exceeding its assets, recourse shall not be made against the assets of another Fund to satisfy any such deficit.

Shareholders of Shares denominated in a currency other than the base currency of the relevant Fund ("Non-Base Currency Shares") will be subject to the risk that the value of their Non-Base Currency Shares will fluctuate against the base currency shares. The Company may, in respect of a Fund, at the discretion of the Investment Manager, attempt to reduce or minimise the effect of fluctuations in the exchange rate on the value of the Non-Base Currency Shares. Any profit and loss resulting from such foreign exchange hedging will be allocated only to the Non-Base Currency Shares to which the specific hedge relates. Due to the foregoing, each Class of Shares may differ from each other in their overall performance. The Investment Manager will limit currency hedging to the extent of the relevant Non-Base Currency Shares currency exposure and shall monitor such hedging on at least a monthly basis to seek to ensure that such currency hedging shall not exceed 105% of the Net Asset Value of the relevant hedged Non-Base Currency Shares and to review hedged positions in excess of 105% of the Net Asset Value of the relevant hedged Non-Base Currency Shares to seek to ensure that they are not carried forward from month to month. In the event that the currency hedging in respect of a hedged Non-Base Currency Shares exceeds 105% of the Net

Asset Value of the relevant hedged Non-Base Currency Shares due to market movements or redemptions of Shares, the Investment Manager shall reduce such currency hedging appropriately as soon as possible thereafter. The Investment Manager shall not combine or offset currency exposures of different Classes and the Investment Manager shall not allocate currency exposures of assets of a Fund to separate Classes.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within the Funds charges will be allocated between Classes in accordance with the terms of such Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the Directors in a manner which they believe is fair to the Shareholders generally. This allocation will normally be pro rata to the Net Asset Value of the relevant Funds.

#### The Funds and their Investment Objectives and Investment Policies

Details of the investment objective, investment policies and certain terms relating to an investment in a Fund will be set out in the relevant Supplement.

The Recognised Exchanges in which the Funds may invest are set out in Appendix 2. These stock exchanges and markets are listed in accordance with the requirements of the Central Bank, it being noted that the Central Bank does not issue a list of approved exchanges or markets.

Any alteration to the investment objectives or a material alteration to the investment policies of any Fund at any time will be subject to the prior approval in writing of all Shareholders of the Fund or such other majority as is specified in the Memorandum and Articles of Association of the Company from time to time or, if a general meeting of the Shareholders of such Fund is convened, by a simple majority of the votes cast at such meeting. Shareholders will be given at least 14 calendar days' advance notice of the implementation of any alteration to the investment objectives or material alteration to the investment policies in a Fund to enable them to redeem their Shares prior to such implementation.

Where deemed appropriate, and subject to the UCITS Regulations, the Funds may employ leverage including, without limitation, by entering into derivatives transactions. The global exposure created through the use of Financial Derivative Instruments will be measured using either the commitment approach or using a sophisticated risk measurement technique known as "value-at-risk" ("VaR") depending on the risk profile of the strategies pursued by each Fund. The commitment approach calculates global exposure by measuring the market value of the underlying exposures of Financial Derivative Instruments ("Commitment Approach").

VaR is the advanced risk measurement methodology used to assess a Fund's global exposure and market risk volatility and which quantifies the potential for losses to

investors if adverse investment outcomes occur. VaR is used to quantify the potential losses that a Fund could suffer over a specified time period assuming a level of certainty (confidence level) of losses occurring. Where VaR is used to measure the potential risk faced by an investor in a Fund, the Investment Manager assesses the risk of each strategy and the combination of all strategies on a daily basis to ensure the VaR limit is not exceeded. VaR is a statistical methodology that predicts, using historical data, the likely maximum monthly loss that a Fund could suffer, calculated to a 99% confidence level. There is, therefore, a 1% statistical chance that the monthly VaR limit may be exceeded. The Fund may use an "absolute" VaR model where the measurement of VaR is relative to the Net Asset Value of the Fund or a "relative" VaR model where the measurement of VaR is relative to a comparable benchmark or equivalent derivatives free portfolio (in the case of the latter, such portfolio will be the underlying positions of the Fund's Financial Derivative Instruments instead of the Financial Derivative Instruments themselves). Where an "absolute" VaR model is used, the monthly 99% VaR limit on any day may not exceed 20% of the Net Asset Value of the Fund (or such lower VaR limit as may be specified in the relevant Supplement). This means that, with 99% confidence, the Investment Manager expects the worst monthly loss (assuming 20 business days in the month) to be 20% (or such lower VaR limit as may be specified in the relevant Supplement) of the Net Asset Value of the Fund. The confidence level is based on historical observations of market movements. The historical observation period should not be less than 1 year, however a shorter observation period may be used if justified, for example as a result of significant recent changes in price volatility. Where a "relative" VaR model is used, the monthly 99% VaR of the Fund may not exceed twice the monthly 99% VaR of the benchmark or equivalent derivatives free portfolio.

The use of VaR provides a meaningful measure of potential risk faced by an investor in a Fund. The use of VaR does not provide investors with complete certainty about the losses to which they may be exposed. The primary limitation with the use of VaR is that historical observations are used as the basis for calculating the probability of future losses occurring. That is, VaR assumes that future returns patterns will mirror past investment return patterns. As such, VaR should be considered as a guide in assessing the risk of losses from investing in a Fund, but should not be considered to be an accurate prediction of loss in such Fund. Investors should note the potential to lose all of their investment in the event that historical observations do not accurately measure potential risk in a Fund. The approach to the measurement of global exposure taken in respect of each Fund will be set out in the relevant Supplement.

### Profile of Typical Investor

The typical investor in the Funds will be an experienced and knowledgeable investor who understands and appreciates the risks associated with investing in Shares of such Funds. The choice of specific Fund should be determined by the attitude to risk, wish for income or growth, intended investment time horizon and in the context of the

investor's overall portfolio. Investors should seek professional advice before making investment decisions.

### Classes of Shares

Several Classes may be issued in respect of each Fund, distinguished, inter alia, by their criteria for subscription, redemption, minimum holding, fee structure and dividend policy (as well as separate currency designations within a class for different currencies). The Classes currently available for each Fund are set out in the relevant Supplement. Further Classes may be created in accordance with the requirements of the Central Bank.

The limits for minimum subscription for any Fund or Class may be waived or reduced at the discretion of the Directors.

### Aggregation of Settlement

With a view to securing efficiencies in settlement costs, a Fund may enter into arrangements with one or more other Marshall Wace Funds to aggregate the settlement of transactions effected through the same broker. Pursuant to the arrangements, the settlement of transactions entered into by the relevant Marshall Wace Funds through the same executing broker on the same day would be aggregated and the relevant transactions settled at the relevant broker using a volume weighted average price. The transactions would be allocated to the relevant Marshall Wace Funds at the actual execution price achieved for each relevant Marshall Wace Fund and the relevant Marshall Wace Funds would arrange the necessary balancing payments between them to put themselves in the position as if such aggregated settlement had not taken place. Prospective investors should note that in such circumstances a Fund may be in net credit or debit relative to the relevant Marshall Wace Fund(s).

### Investment Restrictions

Investment of the assets of each Fund must comply with the UCITS Regulations. The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix 1. The Directors may impose further restrictions in respect of any Fund. With the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes or in over-the-counter derivative contracts, investments will be made on Recognised Exchanges. Each Fund may also hold ancillary liquid assets.

### Changes to the UCITS Regulations

It is intended that the Company shall have the power (subject to the prior approval of the Central Bank and any applicable restrictions imposed by any exchange on which the Shares are listed) to avail itself of any change in the investment and borrowing restrictions specified in the UCITS Regulations which would permit investment by the

Company in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Regulations. The Company will give Shareholders at least 14 calendar days' prior written notice of its intention to avail itself of any change which is material in nature.

Funds may to the extent set out in the relevant Supplement use Financial Derivative Instruments for direct investment purposes and/or for efficient portfolio management. The Funds will use Financial Derivative Instruments for such purposes as are deemed to be of benefit to the Fund for example, increasing the yield, generating additional returns or altering the risk exposure for a given Fund. Details of some of the strategies that may be employed through the use of Financial Derivative Instruments are set out in Appendix 3.

### Reports and Financial Statements

The Company's accounting period will end on 30 June in each year.

The Company will prepare an annual report and audited annual accounts within four months of the financial period to which they relate (i.e., by 31 October of each year). Copies of the unaudited half yearly reports (made up to 31 December in each year) will also be prepared within two months of the end of the half year period to which they relate (i.e., by the last day in February of each year).

Copies of the annual audited financial statements and half yearly reports will be circulated to Shareholders and prospective investors upon request.

Information in respect of the past performance of each Fund will be disclosed in the Key Investor Information Documents produced in respect of each Fund.

### Distribution Policy

Whether Accumulation Shares or Distribution Shares will be issued in relation to a particular Fund will be described in the relevant Supplement. Each year the general meeting of Shareholders will decide, based on a proposal from the Directors, for each Fund and for both Distribution Shares and Accumulation Shares, on the use of the balance of the year's net income of the investments, from which dividends may be paid. Where applicable, a dividend will be distributed, either in cash or Shares within 2 months of the relevant annual general meeting which is expected be held on or about December of each year.

The year's net income of each Fund will be spread across all the Distribution Shares, on the one hand, and all Accumulation Shares, on the other hand, in proportion of the net income corresponding to the Class of Shares in question.



The part of the year's net income corresponding to Distribution Shares will be distributed to the holders of the Distribution Shares either in cash or Shares.

The part of the year's net income corresponding to Accumulation Shares will not be paid to shareholders and instead will be capitalised in the relevant Fund for the benefit of the Accumulation Shares.

At the same time that dividends are paid in respect of Distribution Shares, the part of the net assets of the Fund to be allocated to all the Distribution Shares will be reduced by the global amount of the dividends paid out while the part of the net assets of the Fund to be allocated to all Accumulation Shares will increase.

In addition to the dividends described in the preceding paragraphs, the Directors may decide to make a payment of interim dividends in accordance with the requirements of the Central Bank.

Payments will be made in the base currency of the relevant Class. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Fund.

Dividends may be declared separately in respect of each Fund by a resolution of the Shareholders of the Fund concerned at the annual general meeting of Shareholders.

#### Publication of Net Asset Value per Share

The Net Asset Value per Share will be published as specified in the relevant Supplement and updated following each calculation of Net Asset Value. In addition, the Net Asset Value per Share may be obtained from the Administrator or the Investment Manager, or the Paying Agent during normal business hours.

## DIRECTORS

### Directors Functions

The Directors are responsible for the overall management and control of the Company in accordance with the Articles. The Directors will review the operations of the Company at regular meetings.

### Directors of the Company

#### **Mr. Robert Bovet**

Charterhouse 1956-1961, obtained a Licence en Droit from the University of Geneva in 1964 and passed the “Examen Approfondi de Doctorat’ in international public law in 1965. Prior to moving to the USA in 1966, he attended Citibank’s trainee program in Geneva. In 1968, he graduated with an MBA in finance from The Wharton School of the University of Pennsylvania. He joined Dillon, Read & Co, New York the same year to work on corporate finance and advisory projects for governmental and corporate entities in the Americas, Europe and the Middle East, becoming vice-president in 1974. In 1976, he was named deputy chief executive of the Banque Scandinave en Suisse, Geneva, where he developed the bank’s public issue, private placement and credit syndication activities. In 1979, he established an independent hedge fund advisory and delegated management business based in Switzerland.

#### **Ronan Daly**

Ronan Daly is a director of a number of investment funds. Mr. Daly qualified as a solicitor in England and Wales in 1992 and as a barrister and attorney in Bermuda in 1995. Mr. Daly is the Chairman of Centaur Fund Services Limited and previously held senior roles at Citi Fund Services, BISYS, Hemisphere Management and The Bank of Bermuda Limited from 1994 to 2008. Mr. Daly was educated at The University of Manchester and The College of Law, London. He worked at London law firm, Berwin Leighton, from 1989 to 1993. Mr. Daly has spoken at many conferences and written extensively on the funds industry. He was involved in the IOSCO report on Principles for the Valuation of Hedge Fund Portfolios and the AIMA reports on Sound Practice for Hedge Fund Valuations and Alternative Fund Directors. Mr. Daly is a British citizen and is resident in Ireland.

#### **David Hammond**

David Hammond is formerly the managing director of Bridge Consulting (“Bridge”), a financial services consultancy and business advisory firm. Mr Hammond has over 24 years’ experience in the fund management industry, having been employed, before setting up Bridge, as Chief Operating Officer of Sanlam Asset Management (Ireland) Limited, part of the Sanlam group of South Africa, and as a Director of Legal and

Business Development with International Fund Managers (Ireland) Limited, the Irish fund administration subsidiary of Baring Asset Management and which is now part of Northern Trust. Mr. Hammond is a CFA Charterholder and a solicitor. He holds a law degree from Trinity College, Dublin and a MBA from Smurfit Graduate School of Business, University College, Dublin.

### **Linburgh Martin**

Linburgh Martin is an independent director and the former Chairman of Intertrust Holdings (Cayman) Limited, which is the holding company for the Cayman Islands operation of Intertrust Group. He has extensive experience in the hedge fund industry, private wealth management, accounting and banking fields and is active in regulatory matters as the Deputy Chairman of the Cayman Islands Monetary Authority. His career began with Ernst & Young in London and later extended to Ernst & Young in the Cayman Islands where he advised clients such as hedge funds, insurance companies, banks and large manufacturers. In 1994 he moved to Chartered Trust, an affiliate of Ernst & Young, where he became Managing Director and a shareholder. Chartered Trust was later acquired by Close Brothers Group PLC in 2001 and changed its name to Close Brothers (Cayman) Limited. That company was later acquired by Intertrust. Mr. Martin is a member of the Institute of Chartered Accountants in England & Wales, a member of the Society of Trust and Estate Practitioners and a former trustee of the Public Service Pension Board. He is a former council member of the Cayman Islands Society of Professional Accountants and a Notary Public. He holds a Bachelor's degree from the University of Kent at Canterbury.

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

The Secretary of the Company is MFD Secretaries Limited.

## **INVESTMENT MANAGER AND DISTRIBUTOR**

### Details of Investment Manager and Distributor

The Company has delegated the performance of discretionary investment management of the Funds to Marshall Wace LLP (the “Investment Manager”). The Investment Manager was founded by Paul Marshall and Ian Wace. The Investment Manager was incorporated as a limited liability partnership on 16 May 2002 under the laws of England and Wales and is authorised and regulated by the FCA. Details of the individuals with responsibility for the management of the assets of the Funds are set out in the relevant Supplement.

The Investment Manager also acts as Distributor of the Company and is responsible for the financial promotion of the Company.

The Investment Manager is a signatory to the Hedge Fund Standards Board Best Practice Standards.

The Investment Manager is currently a member of the National Futures Association and is registered with the CFTC as a commodity pool operator. However, the Investment Manager has claimed an exemption with respect to each Fund from the obligations of a CFTC-registered commodity pool operator pursuant to CFTC Rule 4.13(a)(3) and, accordingly, is not subject to certain regulatory requirements with respect to such Fund (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such exemption. The Investment Manager is exempt from registration with the CFTC as a commodity trading advisor.

### Appointment of the Investment Manager

The Investment Manager was appointed pursuant to the Investment Management and Distribution Agreement. Under the Investment Management and Distribution Agreement, the Investment Manager (subject to the control of and review by the Directors) manages the assets of the Funds on a discretionary basis in pursuit of the investment objective and policy and subject to the investment restrictions. The Company has also appointed the Investment Manager to act as a non-exclusive distributor to solicit subscriptions for Shares with power to appoint sales agents.

## **THE ADMINISTRATOR**

Citco Fund Services (Ireland) Limited, a company organised under the laws of Ireland and incorporated in 1998, will serve as the administrator of the Company (the "Administrator"). The Administrator is authorised by the Central Bank of Ireland to provide fund administration services under the Investment Intermediaries Act, 1995.

Pursuant to the Administration Agreement, dated effective as of 11:59pm on the 31st March 2012, the Administrator will be responsible, under the ultimate supervision of the Company's Board of Directors, for matters pertaining to the administration of the Company, namely: (a) maintaining the accounting books and records of the Company, calculating the Net Asset Value of the Company and preparing monthly financial statements; (b) maintaining the corporate and financial books and records of the Company; (c) providing registrar and transfer agent services in connection with the issuance, transfer and redemption of the Shares; and (d) performing other administrative and clerical services necessary in connection with the administration of the Company.

The Administrator is not responsible for ensuring compliance by the Company or the Funds with the investment restrictions set out above under the heading "Investment Restrictions". The Administrator is a third party service provider to the Company and each Fund and the Administrator is not responsible for the preparation of this document or the activities of the Company and the Fund and therefore accepts no responsibility for any information contained in this document. The Administrator will not participate in the investment decision-making process.

## **THE CUSTODIAN**

The Company has appointed J.P. Morgan Bank (Ireland) plc. to act as custodian to the Company's assets under the terms of the Custodian Agreement.

The Custodian was incorporated as a limited liability company on 30th of November 1926 under the laws of Ireland. Its main activity is to provide banking services, including the provision of trustee services to collective investment schemes. The Custodian is supervised by the Central Bank, PO Box 559, Dame Street, Dublin 2 (tel. +353 1 224 6000).

The liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safe-keeping. In order to discharge its responsibility, the Custodian must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the third party safekeeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

The Custodian Agreement contains provisions governing the responsibilities of the Custodian and, subject to the provisions of the Regulations, for its indemnification out of the assets of the Company in the absence of its unjustifiable failure to perform its obligations or its improper performance of them.

### **Sub-Custodian**

J.P. Morgan Securities PLC, has been appointed by the Custodian as its sub-custodian with respect to the certain assets of each Fund, pursuant to a Custodian Services Agreement dated 2 July 2012, as amended and supplemented.

## **SUBSCRIPTIONS**

### Initial Offer

Shares in the Company may be subscribed for during the Initial Offer Period at the Initial Offer Price and will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period. The Directors may extend or shorten the Initial Offer Period at their discretion. Any such extension or shortening of the Initial Offer Period will be notified to the Central Bank in accordance with its requirements.

Unless otherwise stated in the relevant Supplement, cleared funds must be received by 11.59 p.m. (Irish time) on the third Business Day following the last day of the Initial Offer Period.

### Subsequent Subscriptions

Following the close of the relevant Initial Offer Period, Shares will be available for subscription at the Subscription Price on each Dealing Day on a forward pricing basis (see below under "Procedure"). The Subscription Price will be equal to the Net Asset Value per Share as at the relevant Valuation Point. The Investment Manager may also charge a preliminary charge on such a subscription for certain Classes as set out in "Fees and Expenses".

The Directors are authorised from time to time to resolve to close a Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their sole discretion determine.

### Management of Capacity in any Share Class or Fund

The Directors may close some or all of the Share classes in a Fund to subscriptions from existing and/or new Shareholders if the assets attributable to the Fund are at a level, above which, as determined by the Directors, it is not in the best interests of Shareholders to accept further subscriptions, for instance where the size of the Fund may constrain the ability of the Investment Manager to meet the investment objective.

The Directors may subsequently re-open some or all of the Share classes in the Fund to further subscriptions from existing and/or new Shareholders at their discretion and the process of closing and potentially, re-opening the Share classes may be repeated thereafter as the Directors may determine from time to time.

Shareholders may ascertain the closed or open status of the Share classes and if those Share classes are open to existing and/or new Shareholders by contacting the Administrator. Closing the Share classes to new subscriptions from existing and/or new Shareholders will not affect the redemption rights of Shareholders



## Procedure

Applicants for Shares during the Initial Offer Period should complete and sign an application form and send it to the Administrator by facsimile or as an attachment to an email so as to be received by the Administrator no later than the last day of the Initial Offer Period. Unless otherwise stated in the relevant Supplement, cleared funds in the relevant currency in respect of the subscription monies must be received by the Administrator by 11.59 p.m. (Irish time) on the third Business Day following the last day of the Initial Offer Period. If the relevant application form is not received by this time, the application will be held over until the first Dealing Day after the application form is received and Shares will then be issued at the relevant Subscription Price on that Dealing Day. Applicants for Shares may be required to compensate the Company, at the discretion of the Directors, for any loss resulting from late settlement or a failure or default in connection with the settlement of a purchase order for Shares.

Thereafter, applicants for Shares, and Shareholders wishing to apply for additional Shares, must send their completed and signed application form by facsimile, or as an attachment to an email to the Administrator. Applications accepted prior to the Dealing Request Deadline for any particular Dealing Day will be processed on that Dealing Day. Unless otherwise stated in the relevant Supplement, cleared funds in the relevant currency in respect of the subscription monies must be received by the Administrator by 11.59 p.m. (Irish time) on the third Business Day after the relevant Dealing Day. Applicants for Shares may be required to compensate the Company, at the discretion of the Directors, for any loss resulting from late settlement or a failure or default in connection with the settlement of a purchase order for Shares. Any applications received after the Dealing Request Deadline, or any cleared funds not received by the deadline, for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their sole discretion otherwise determine to accept one or more applications received after the Dealing Request Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for that particular Dealing Day.

All applications received by facsimile or by email are subject to the prompt receipt by the Administrator of the original signed application form and such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required. Subsequent applications may be processed without a requirement to submit documentation, original or otherwise, depending on the manner in which additional subscriptions are made. Amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original documentation.

Fractions of Shares to four decimal places will be issued if necessary. Interest on subscription monies will accrue to the Company.

The Company reserves the right to reject any application in whole or part at its sole discretion, in which event the amount paid on application or the balance thereof (as the

case may be) will be returned (without interest) as soon as practicable in the relevant currency at the risk and cost of the applicant.

#### Minimum Investment

The Minimum Holding, the Minimum Subscription and the Minimum Additional Subscription for each Class in respect of each Fund are set out in the relevant Supplement.

#### Ineligible Applicants

The application form requires each prospective applicant for Shares to represent and warrant to the Company that, among other things, it is not an Ineligible Applicant.

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

#### Subscriptions by US Persons

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person (such as US Tax-Exempt Investors, entities in which substantially all of the ownership interests are held by US Tax-Exempt Investors and taxable US Persons) provided that:

- (a) such US Person certifies that it is an "accredited investor" and a "qualified purchaser", in each case as defined under applicable US federal securities laws;
- (b) such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the states of the United States;
- (c) such issue or transfer will not require the Company to register under the 1940 Act or to file a prospectus with the CFTC under the US Commodity Exchange Act, as amended (unless otherwise determined by the Directors);
- (d) such issue or transfer will not cause any assets of the Company to be treated as "plan assets" for the purposes of ERISA unless otherwise provided with respect to a particular Fund in the relevant Supplement; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Company, any Fund or any Shareholders as a whole.

Without limiting the generality of the foregoing, unless otherwise provided with respect to a particular Fund in the relevant Supplement, the Company will not accept any subscriptions from, and Shares may not be transferred to, any investor, whether or not a US Person, if, immediately thereafter, Benefit Plan Investors would hold 25% (or such greater percentage as may be provided in regulations promulgated by the US Department of Labor) or more of the value of any class of equity interests (as such term is used under ERISA and any regulations promulgated thereunder) issued with respect to a particular Fund in order to ensure that the assets of each of the Funds would not be treated as "plan assets" for the purpose of Section 3(42) of ERISA and any regulations promulgated thereunder. If the assets of a particular Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA) with respect to each Benefit Plan Investor that invested in that Fund and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA and/or the IRC. Moreover, the particular Fund would be subject to various other requirements of ERISA and/or the IRC. Without limiting the ability of the Company to compel the compulsory redemption of Shares by anyone who is an Ineligible Applicant, the Company, in its sole discretion, may require the compulsory redemption of Shares held by Benefit Plan Investors to ensure that the value of interests held by Benefit Plan Investors in a particular Fund does not equal or exceed the Benefit Plan Investor percentage of ownership limitation discussed above. The Company reserves the right, however, to waive, in the Directors' sole discretion, the Benefit Plan Investor percentage of ownership limitation and thereafter to comply with ERISA with respect to one or more Funds or to amend the foregoing provisions in light of any amendment to ERISA or applicable regulations.

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

#### Form of Shares

All the Shares will be registered Shares and will only be issued in bookstock form, meaning that a Shareholder's entitlement will be evidenced by an entry in the Company's register of Shareholders, as maintained by the Administrator, and not by a share certificate.

#### Suspension

The Directors may declare a suspension of the issue of Shares in certain circumstances as described under "Suspension of Valuation of Assets" on page 35. No Shares will be issued during any such period of suspension.

## Anti-Money Laundering and Counter Terrorist Financing Measures

Measures aimed at the prevention of money laundering and terrorist financing may require a detailed verification of the investor's identity and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family member, or persons known to close associates of such persons, must also be identified. By way of example an individual may be required to produce a copy of a passport or identification card together with evidence of his/her address such as utility bills or bank statements, date of birth and tax residence. 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), the names, occupations, dates of birth and resident and business address of all directors. Intermediaries cannot rely on third parties to meet the obligation to monitor the ongoing business relationship with an investor which remains their ultimate responsibility.

The Administrator and the Company each reserves the right to request such information as is necessary to verify the identity of an investor. Verification of the investor's identity is required to take place before the establishment of the business relationship unless there is little risk of money laundering and terrorist financing occurring. 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, subscription monies and cease or refuse to make redemption payments.

The Administrator will notify applicants, as set out in the application form, what proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card, which shows a photograph, signature and date of birth, duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence, together with two items evidencing their address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name) and of the memorandum and articles of association (or equivalent) and of the names and residential and business addresses of all directors and beneficial owners and a certified authorised signatory list and properly authorised mandate of the directors of such applicant approving the making of the investment in the Company.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers is necessary to verify the identity and source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to settle a redemption request until proper information has been provided. Investors should note specifically that where redemption proceeds are requested to be remitted to

an account which is not in the name of the investor, the Administrator shall settle such redemption requests in exceptional circumstances only and reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the redemption proceeds have been requested to be paid. The redemption proceeds will not be paid to a third party account unless exceptional circumstances exist and/or if the investor and/or owner of the account fails to provide such information.

Each applicant for Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process his application for Shares if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each subscriber and Shareholder will be required to make such representations to the Company as the Company, the Investment Manager or the Administrator will require in connection with applicable anti-money laundering programmes, including, without limitation, representations to the Company that such subscriber or Shareholder is not a prohibited country, territory, individual or entity listed on the US Department of Treasury's Office of Foreign Assets Control ("OFAC") website, and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Such subscriber or Shareholder will also represent to the Company that amounts contributed by it to the Company were not directly or indirectly derived from activities that may contravene US Federal, state, or international laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

## **REDEMPTIONS**

Shares will be redeemable at the option of the Shareholder on each Dealing Day.

Redemption requests may be submitted to the Administrator by fax in accordance with the requirements of the Central Bank no later than the Dealing Request Deadline for any Dealing Day, provided that where redemption requests are submitted by fax: (1) the Shareholder receives written confirmation from the Administrator that the faxed redemption request has been received and (2) no redemption payment may be made until the original subscription application form has been received and all the documentation required by the Company (including any documents in connection with anti-money laundering procedures) and the anti-money-laundering procedures have been completed. The Administrator will confirm in writing within two Business Days of receipt of all redemption requests which are received in good order. Shareholders failing to receive such written confirmation from the Administrator within two Business Days should contact the Administrator. Failure to obtain such written confirmation will render faxed instructions void.

Any redemption requests received after the Dealing Request Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their sole discretion determine otherwise.

A request for a partial redemption of Shares will be refused or the holding redeemed in its entirety if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request may be amended or withdrawn provided instructions related to such amendment or withdrawal are received by the Administrator prior to the Dealing Request Deadline.

### **Redemption Price**

The Redemption Price per Share will be equal to the Net Asset Value per Share as at the relevant Valuation Point.

### **Settlement**

Payment of redemption proceeds will be made as soon as practicable after the relevant Dealing Day and normally within 3 Business Days of the relevant Dealing Day. Payment will be made in the currency of denomination of the Shares being redeemed by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk and expense. Payments made on receipt of faxed instructions will only be processed where payment is made to the account of record of the Shareholder.



### Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "Suspension of Valuation of Assets" on page 35. No Shares will be redeemed during any such period of suspension.

### Compulsory Redemptions

The Directors have the right to require the compulsory redemption of all or part of the Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions". The Company also reserves the right to require compulsory redemption of all Shares held by a Shareholder if the Net Asset Value of the Shares held by the Shareholder is less than the Minimum Holding. Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding and the Company decides to exercise its right to compulsorily redeem, the Company will notify the Shareholder in writing and allow such Shareholder 30 calendar days to purchase additional Shares to meet the minimum requirement.

The Directors may also compel the redemption of part of the shareholding of any Shareholder that is a Benefit Plan Investor so as to ensure that the value of interests held by Benefit Plan Investors does not equal or exceed the Benefit Plan Investor percentage of ownership limitation discussed above.

### Deferred Redemptions

The Directors may defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10% of a Fund's Net Asset Value. The Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Directors will pro-rate all such redemption requests to the stated level (i.e. 10% of the Fund's Net Asset Value) and will defer the remainder until the next Dealing Day. The Directors will also ensure that all deals relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

The Directors currently expect not to exercise such power to defer redemptions except to the extent that they consider that existing Shareholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

### In-Specie Redemptions

The Directors may, at the discretion of the Company and 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 equal to the Redemption Price for the Shares redeemed as if the redemption proceeds were paid in



cash less any expenses of the transfer. The Directors shall determine the nature and type of assets to be transferred to the Shareholders (subject to the approval of the Custodian as to the asset allocation) on such basis as they, in their sole discretion shall deem equitable and not prejudicial to the interests of the remaining Shareholders in the relevant Fund or Class. A determination to provide for a redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represent at least 5% of the Net Asset Value of the Company. In this event the Directors will, if requested, sell the assets on behalf of the Shareholder. The cost of such sale shall be borne by the relevant Shareholder.

#### Anti-Money Laundering

Investors should note that the Directors may refuse to settle a redemption request if it is not accompanied by such additional information as they, or the Administrator on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under "Subscriptions".

## EXCHANGING BETWEEN FUNDS OR CLASSES

Except when issues and redemptions of Shares have been suspended in the circumstances described under "Suspension of Valuation of Assets", holders of Shares may request an exchange of some or all of their Shares in one Class or Fund ("the Original Class") to Shares in another Class or Fund (the "New Class"). Such exchanges can only take place, if following the exchange, the Shareholder's holding in the New Class will satisfy the criteria and applicable minimum holding requirements of that Class or Fund.

Shareholders should send a completed exchange request in the form available from the Administrator to be received by the Administrator prior to the earlier of (i) the Dealing Request Deadline for redemptions in the Original Class and (ii) the Dealing Request Deadline for subscriptions in the New Class. Any applications received after such time will be dealt with on the next Dealing Day, unless the Directors in their sole discretion otherwise determine. Exchange requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Fractions of Shares to four decimal places may be issued by the Company on exchange where the value of Shares exchanged from the Original Class is not sufficient to purchase an integral number of Shares in the New Class and any balances representing entitlements of less than a fraction of a Share to four decimal places will be retained by the Company in order to discharge administration costs.

The Articles authorise the Directors to charge an exchange fee on the exchange of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund. The Directors do not currently intend to charge any exchange fee and will give reasonable notice to Shareholders of any intention to charge such a fee.

An exchange request may be amended or withdrawn provided instructions related to such amendment or withdrawal are received by the Administrator prior to the Dealing Request Deadline.

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

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

where

S = the number of Shares of the New Class to be allotted.

R = the number of Shares in the Original Class to be redeemed.

- NAV = the Net Asset Value per Share of the Original Class as at the relevant Valuation Point for the relevant Dealing Day.
- ER = the currency exchange factor (if any) as determined by the Administrator as representing the effective rate of exchange of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Funds or Classes where the base currencies are different or, where the base currencies are the same, ER = 1.
- SP = the Net Asset Value per Share of the New Class as at the relevant Valuation Point for the relevant Dealing Day.

## VALUATION

### Net Asset Value and Valuation of Assets

The Net Asset Value of each Fund will be calculated by the Administrator as at the Valuation Point for each Dealing Day in accordance with the Articles and as at 11.59pm (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point). The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of such Fund (including income accrued but not collected) and deducting the liabilities of such Fund. The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of a Fund attributable to the relevant Class as at the Valuation Point by reference to the number of Shares in issue in such Fund or Class on the relevant Dealing Day subject to adjustment to take account of assets and/or liabilities attributable to such Fund or Class. The Net Asset Value of a Fund will be expressed in the base currency of such 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 for each Dealing Day by dividing the Net Asset Value of a Fund or attributable to a Class by the total number of Shares in issue or deemed to be in issue in such Fund or Class at the relevant Valuation Point and rounding the resulting total to four decimal places or such number of decimal places as the Directors may otherwise determine.

In determining the value of the assets of the Company:

- (A) Securities which are quoted, listed or traded on a Recognised Exchange save as hereinafter provided at (D), (E), (F), (G) and (H) will be valued at last traded market prices, which may be, the closing market price, the mid-market price or the latest market price, as appropriate. Where a security is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on. Investments listed or traded on a Recognised Exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount on the Valuation Point provided that a competent person (having been appointed by the Directors and approved for such purpose by the Custodian) shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (B) The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt in but for which no such quotation or value is available or the available quotation or value is not representative 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 Custodian or (iii) any other means provided that the value is approved by the Custodian. 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 / face value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (D) Derivative contracts traded on a regulated market shall be valued at the settlement price on the relevant 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 the Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Custodian or (iii) any other means provided that the value is approved by the Custodian. Derivative contracts which are traded 'over-the-counter' will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Custodian and who is independent of the counterparty; or (ii) using an alternative valuation provided by a competent person appointed by the Directors and approved for the purpose by the Custodian or a valuation by any other means provided that the value is approved by the Custodian (the "Alternative Valuation"). Where such Alternative Valuation method is used the Company will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as the International Organisation of Securities Commissions or the Alternative Investment Management Association and will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.
- (E) Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to freely available market quotations.
- (F) Notwithstanding paragraph (A) above units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if listed or traded on a Recognised Exchange, in accordance with (A) above.
- (G) The Directors may value securities having a residual maturity not exceeding three months and having no specific sensitivity to market parameters including credit risk, using the amortised cost method of valuation.

- (H) 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.
- (I) Any value expressed otherwise than in the base currency of a Fund shall be converted into the base currency of such Fund at the prevailing exchange rate (whether official or otherwise) that the Directors shall determine to be appropriate.
- (J) 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 Custodian.
- (K) If the Directors deem it necessary a specific investment may be valued under an alternative method of valuation chosen by the Directors and approved by the Custodian.

In calculating the Net Asset Value of each Fund the following principles will apply:

- (A) in determining the value of investments of each Fund the Directors may at their discretion instead value the investments of each Fund (i) at lowest market dealing bid prices where on 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 for that Dealing Day 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; or (ii) at bid and offer prices, where a fund is dual priced in accordance with the requirements of the Central Bank and bid and offer value is used to determine the price at which Shares are issued and redeemed;
- (B) every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue at the Valuation Point for the relevant Dealing Day and the assets of the Fund shall be deemed to include not only cash and property in the hands of the Custodian but also the amount of any cash or other property to be received in respect of Shares agreed to be issued after deducting therefrom (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 a 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 a Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses;
- (F) there shall be added to the assets of a Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied at the Company or Fund level on income or capital gains including claims in respect of double taxation relief;
- (G) where notice of the redemption of Shares has been received by the Company with respect to a Fund for a particular Dealing Day and the cancellation of such Shares has not been completed, the Shares to be redeemed shall be deemed not to be in issue at the Valuation Point and the value of the assets of the Fund, as at the Valuation Point, shall be deemed to be reduced by the amount payable upon such redemption; and

there shall be deducted from the assets of the Fund:

- (1) the total amount of any actual or estimated liabilities properly payable out of the assets of the Fund including any and all outstanding borrowings of the 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;
- (2) such sum in respect of tax (if any) at the Company or Fund level on income or capital gains realised on the investments of the Company or Fund as in the estimate of the Directors will become payable;
- (3) the amount (if any) of any distribution declared but not distributed in respect thereof;
- (4) the remuneration of the Administrator, the Custodian, the Investment Manager, any Distributor and any other providers of services to the Fund accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
- (5) (the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;



- (6) an amount as of the relevant Valuation Point representing the projected liability of the Fund in respect of costs and expenses to be incurred by the Fund in the event of a subsequent liquidation;
- (7) an amount as of the relevant Valuation Point representing the projected liability of the relevant calls on Shares in respect of any warrants issued and/or options written by the Fund or Class of Shares; and
- (8) any other liability which may properly be deducted.

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

#### Publication of Net Asset Value per Share

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. In addition, the Net Asset Value per Share may be obtained free of charge from, and will be available at, the offices of the Administrator or the Investment Manager or the Paying Agent during normal business hours.

#### 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 the Company, a Fund or a Class and the issue, exchange and redemption of Shares in any Class:

- (A) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the Company'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 by the Company of investments of the Fund or Class 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 part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the Company's investments of the relevant Fund or Class; or



- (D) during the whole or any part of any period when for any reason the value of any of the Company's investments cannot be reasonably, promptly or accurately ascertained; or
- (E) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of the Company or the Fund being 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; or
- (F) 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 portion of the investments of the Company or any Fund; or
- (H) if, in the sole discretion of the Directors, suspension of the determination of Net Asset Value is in the interest of Shareholders (or Shareholders in that Fund or Class as appropriate).

Any suspension of valuation of the Net Asset Value of the Company, a Fund or a Class and the issue, exchange and redemption of Shares in any Class shall be notified immediately to the Central Bank and the Custodian without delay and, in any event, within the same Business Day. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Central Bank may also require that the Company temporarily suspend the determination of the Net Asset Value and the issue and redemption of Shares if it decides that it is in the best interests of the general public and the Shareholders to do so.

## **FEES AND EXPENSES**

Any fees or expenses payable by a Shareholder or out of the assets of the Company are set out in this section. Any fees relating only to a Fund will be described in the relevant Fund Supplement.

### Preliminary Charge

The Investment Manager is permitted to make a preliminary charge on the sale of Shares to an investor. The current percentage rates of any preliminary charges and the Classes to which it applies are shown in the relevant Supplement. The maximum amount for such preliminary charge will be 5% of the value of the relevant subscription.

### Investment Management Fee

The Investment Manager shall receive the Investment Management Fee, as set out in the relevant Supplement for a Fund, payable in respect of such Fund.

The Investment Manager shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses which shall be at normal commercial rates together with VAT, if any, thereon.

### Performance Fee

The Investment Manager will receive the Performance Fee, if any, as set out in the relevant Supplement for a Fund, payable in respect of such Fund.

### Paying Agents' Fees

Fees and expenses of any Paying Agent(s) appointed by the Company which will be at normal commercial rates will be borne by the Company.

### Administrator's Fees

The Company shall pay to the Administrator out of the assets of each Fund an annual fee, accrued as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each Valuation Point and payable monthly in arrears the details of which are set out in the relevant Supplement.

### Custodian's Fees

The Company shall pay to the Custodian out of the assets of each Fund an annual fee, accrued as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each

Valuation Point and payable monthly in arrears the details of which are set out in the relevant Supplement.

#### Directors' Fees

The Articles provide that the remuneration of the Directors shall be determined by a resolution of the Directors. It is expected that, in the current financial year, the aggregate remuneration of the directors will not be more than €65,000. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

#### Operating Expenses and Fees

The Company bears its own operating and other expenses. Where applicable, these expenses include (but are not limited to) (a) all investment expenses, (b) all fees and expenses of transactional, risk, market data and trade-related services, (c) all administrative expenses, (d) all of the charges and expenses of legal advisers, accountants and auditors, (e) all brokers' commissions, all fees for investment research and/or trade ideas, all borrowing charges on short positions taken through Financial Derivative Instruments and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions, (f) all entity-level taxes and corporate fees payable to governments or agencies, (g) all Directors' fees and expenses, (h) all interest on borrowings (i) all communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (j) all of the costs of insurance for the benefit of the Directors (if any), (k) all litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (l) the fees of the Central Bank, (m) the cost of termination of the Company or any Fund and (n) all other organisational and operating expenses.

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 and each Fund 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 out of the assets of each Fund shall be borne by all Shares in proportion to the Net Asset Value of each Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Class shall be borne solely by the relevant Class.

#### Allocation of Assets, Charges and Expenses

All fees, duties, charges and expenses are charged to the relevant Fund in which they were incurred.

### Costs of Establishment

The costs of establishing the Company have been fully amortised. The costs and expenses of establishing a Fund will be disclosed in the relevant Fund Supplement and may at the discretion of the Directors be amortised on a straight-line basis over a period of up to 3 years from the date on which the Fund commences business. The Directors may, in their sole discretion, shorten the period over which such costs and expenses are amortised. These establishment expenses are being charged as between the various Funds established by the Company within the amortisation period on such terms and in such manner as the Directors (with the consent of the Custodian) deem fair and equitable and provided that each Fund bears its own direct establishment costs and costs of listing its Shares on any stock exchange. It is expected that such accounting treatment will not be material to the financial statements of the Company. If the effect of the accounting treatment becomes material in the future and there is a requirement to write off any unamortised balance of establishment expenses in the financial statement, the Directors will reconsider this policy.

### Charges to Capital

Where the Investment Manager determines that the generation of income in a Fund has equal or higher priority to capital growth, all or part of the fees and expenses of that Fund may be charged against capital instead of against income. This will constrain and may forego the potential for future capital growth.

## TAXATION

### General

The sections below on Irish and United Kingdom taxation are brief summaries of the tax advice received by the Directors relating to current law and practice which may be subject to change and interpretation.

### **THE ATTENTION OF US PERSONS IS ALSO DRAWN TO THE RELEVANT APPLICATION FORM FOR A DISCUSSION OF CERTAIN US TAX CONSIDERATIONS.**

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the possible tax consequences of buying, selling, exchanging, 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, exchanging, redeeming or disposing of Shares in the Company will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed gains of the Company. These consequences will vary with the law and practice of the Shareholder's country of residence, domicile or incorporation and with his personal circumstances. The Directors, the Company and each of the Company's agents shall have no liability in respect of the individual tax affairs of Shareholders.

Dividends, interest and capital gains (if any) which the Company 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.

### **Ireland**

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.

### "Exempted Irish Investor"

means:

- 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 management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of 739J of the Taxes Act;
- a personal retirement savings account ("PRSA") administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of Section 37 of the National treasury Management Agency (Amendment Act) 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;

- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the 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"

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.

#### "Irish Resident"

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

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident 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;

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 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"

means

- 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 2015 to 31



December 2015 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2018 to 31 December 2018.

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

#### "Relevant Declaration"

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

#### "Relevant Period"

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

#### "Taxes Act"

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

### **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(1) 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 point made in the previous paragraph in relation to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable event.

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

The 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 (i) the Company satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the 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 (i) the Company has satisfied and availed of the equivalent measures or (ii) 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 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 minimus limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Shareholder on a self-assessment basis (“self-assessors”) as opposed to the 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 30<sup>th</sup> June or 31<sup>st</sup> December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group shares in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

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

Shareholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Shares. Alternatively they may be entitled to a refund of all or part of any tax deducted by the 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 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. 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 that gave rise to the chargeable event and occurs on or after 20<sup>th</sup> February 2007, will be taxed at the rate of 60%. Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.



For the avoidance of doubt the above PPIU provisions are not relevant for Shareholders who are (i) neither Irish Resident nor Ordinarily Resident in Ireland, or (ii) Exempt Irish Investors, provided in both cases a Relevant Declaration is in place in respect of each such Shareholder and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

## **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;

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

## **United Kingdom**

### The Company

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company is not trading in the United Kingdom through a fixed place of business or agent situated therein that constitutes its "permanent establishment" for United Kingdom taxation purposes and that all its trading transactions in the United Kingdom are carried out through a broker or investment manager acting as an agent of independent status in the ordinary course of its business, the Company should not be subject to United Kingdom corporation tax or income tax on its profits (other than potential income tax levied by way of withholding from United Kingdom source income, as described below). . The Directors and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager should be conducted so that these requirements are met, insofar

as this is within their respective control. However it cannot be guaranteed that the necessary conditions will at all times be satisfied.

Interest and certain other kinds of income received by the Company which have a United Kingdom source may be subject to withholding taxes in the United Kingdom.

### UK Investors

Subject to their personal circumstances, Shareholders resident in the United Kingdom for United Kingdom tax purposes will generally be liable to United Kingdom income tax or corporation tax in respect of dividends or other distributions of an income nature made by the Company (including deemed distributions or distributions that are automatically reinvested). However, United Kingdom resident corporate Shareholders may be exempt from taxation on dividends or other income distributions, subject to certain conditions being satisfied. Further, United Kingdom resident individual Shareholders may, in certain circumstances, be entitled to a non-payable tax credit, which may reduce their liability to United Kingdom income tax in respect of such distributions. Individual Shareholders who are not domiciled in the United Kingdom (and who, where relevant, elect for the remittance basis of taxation for the tax year in which such dividends or other distributions are received) will be subject to United Kingdom income tax on such dividends or distributions only to the extent that such dividends or distributions are remitted to the United Kingdom.

The Offshore Funds (Tax) Regulations 2009 (as amended) (the "Regulations") introduced a regime for the taxation of United Kingdom resident persons holding interests in an "offshore fund" (as defined in section 355 of the Taxation (International and Other Provisions) Act 2010) which operates by reference to whether or not the "offshore fund" elects to be treated as a "reporting fund" for purposes of the Regulations. Subject to transitional provisions, this "reporting fund" regime replaces the previous "distributing fund" regime (which operated by reference to whether or not the offshore fund obtained certification from HM Revenue & Customs ("HMRC") as a "distributing fund" for each of its periods of account during any part of which such a person held their interest) for all periods of account of the offshore fund commencing on or after 1 December 2009.

Shareholders who are resident in the United Kingdom for United Kingdom taxation purposes should be aware that their Shares will constitute interests in an "offshore fund" for the purposes of the Regulations. Any gain arising to such a Shareholder on the sale, redemption or other disposal of their Shares (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income and not as capital gain, unless the Class of Shares held by that Shareholder (each class of interests in a fund being deemed to be a separate "offshore fund" for these purposes) has been for United Kingdom tax purposes either a "distributing fund" or a "reporting fund" throughout any period during which that person has held that interest.



The Company has previously obtained certification as a "distributing fund" in respect of only certain Classes of Shares. For the period of account of the Company ending 30 June 2010, "distributing fund" certification was obtained in respect of all Classes of Shares. With effect from the beginning of the period of account of the Company commencing 1 July 2010, the Investment Manager has applied to HMRC for, and has been granted, "reporting fund" status for every Class of Shares (whether Distribution Shares or Accumulation Shares).

The effect of obtaining "distributing fund" certification in respect of all Classes of Shares for the period of account ending 30 June 2010 and the subsequent election for all Classes of Shares to have "reporting fund" status should be that any gain realised by United Kingdom resident Shareholders upon a sale, redemption or other disposal of Shares acquired on or after 1 July 2009 or of Shares of a Class that was certified as a "distributing fund" for all periods of account prior to 1 July 2009 during any part of which the Shareholder held his Shares will be taxed at the time of such sale, redemption or other disposal as capital gains and not as income. Further, Shareholders acquiring Shares (whether Distribution Shares or Accumulation Shares) on or after 1 July 2010 will hold Shares of a Class that has had "reporting fund" status throughout the time that the Shareholder has held his Shares, and accordingly any gain realised by United Kingdom resident Shareholders upon a sale, redemption or other disposal of such Shares will also be taxed at the time of such sale, redemption or other disposal as capital gains and not as income. However, such a Shareholder holding Shares acquired before 1 July 2009 of a Class that was not certified as shares in a "distributing fund" for periods of account prior to 1 July 2009 will be subject to United Kingdom taxation on the whole of any gain realised upon a sale, redemption or other disposal of such Shares as if such gain were income.

The precise consequences of the taxation of gains realised upon a disposal of Shares as capital gains rather than income will depend upon the particular tax position of each Shareholder, but United Kingdom resident Shareholders who are individuals should be aware that capital gains are generally taxed at lower rates of tax than income, and also that where gains are taxed as capital gains it may be possible to utilise capital gains tax exemptions and reliefs to reduce the tax liability on such gains where such exemptions and reliefs could not be utilised in the case of gains taxed as income. However, shareholders who are not domiciled in the United Kingdom (and who, where relevant, elect to be taxed on the remittance basis of taxation for the tax year in which such gain is realised) will only be subject to United Kingdom tax on gains realised upon the disposal of their Shares – whether such gains are in principle taxable as capital gains or as income - to the extent that they remit the proceeds of disposal of such Shares to the United Kingdom. Shareholders which are United Kingdom gross funds should also be unaffected by these rules, since their exemption from UK tax on capital gains will extend to gains treated as income.

Shareholders should also be aware, however, that under the "reporting fund" regime, a "reporting fund" is required to make available to each investor in the fund for each

period of account of the fund a report of the income of the fund for that period of account which is attributable to the investor's interest in the fund (whether or not such income has been distributed), and such reported income is treated as an additional distribution made by the fund to the investor. Shareholders (whether holding Distribution Shares or Accumulation Shares) may, therefore, now receive under the "reporting fund" regime for each period of account of the Company a report of the net income (if any) of the Company for that period of account which is attributable to their Shares, and may (subject to their particular United Kingdom tax position) be subject to United Kingdom tax on that reported income as if such reported income were a distribution upon their Shares.

The exchange of Shares in one Fund for Shares in another Fund (see under the heading "Exchanging Between Funds or Classes") will amount to a disposal of the original Shares for tax purposes and accordingly a chargeable gain (or taxable income where the Shares were held during a period of account prior to 1 July 2009 and certification of the original Shares as a "distributing fund" has not been obtained for such period of account) or an allowable capital loss may be realised. The exchange of Shares of one Class for Shares of another Class in the same Fund will only amount to a disposal if the original Shares were held during a period of account prior to 1 July 2009 and were not of a Class certified as a "distributing fund" for such period of account and the new Shares are of a Class so certified.

Persons within the charge to United Kingdom corporation tax should note that the regime for the taxation of most corporate debt contained in the Corporate Tax Act 2009 (the "loan relationships regime") provides that, if at any time in an accounting period such a person holds an interest in an offshore fund and there is a time in that period when that fund fails to satisfy the "qualifying investments test", 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 when more than 60% of its assets by market value comprise government and corporate debt securities or 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 Shares will constitute interests in an offshore fund. On the basis of the investment policies of certain Funds, such a Fund could invest more than 60% of its assets by market value in government and corporate debt securities or as 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" and could, therefore, fail to satisfy the "qualifying investments test". In that eventuality, the Shares in that Fund will be treated for corporation tax purposes as within the loan relationships regime with the result that all returns on the Shares in that Fund 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 "fair value accounting" basis. Accordingly, such a person who acquires Shares in the Company may, in that eventuality and 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 individuals resident in the United Kingdom for taxation purposes is drawn to the provisions of Sections 714 to 751 of the Income Tax Act 2007. These Sections contain anti-avoidance provisions dealing with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of undistributed profits of the Company.

The attention of companies resident in the United Kingdom is drawn to the fact that "controlled foreign companies" legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010, could apply to any United Kingdom resident company which is, either alone or together with persons connected or associated with it for taxation purposes, deemed to be interested in 25% or more of any chargeable profits of the Company arising in an accounting period, if at the same time the Company is controlled by persons (whether companies, individuals or others) who are resident in the United Kingdom for taxation purposes or is controlled by two persons taken together, one of whom is resident in the United Kingdom for tax purposes and has at least 40% of the interests, rights and powers by which those persons control the Company and the other of whom has at least 40% and not more than 55% of such interests, rights and powers. The "chargeable profits" of the Company are determined according to certain statutory "gateway" tests (with only those profits of the Company that pass through one or more "gateways" comprising chargeable profits) and do not, in any event, include any of its capital gains. The effect of these provisions would be to render such companies liable to United Kingdom corporation tax in respect of the undistributed income of the Company.

The attention of person resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 Taxation of Chargeable Gains Act 1992 ("section 13"). Section 13 could be material to any such person who has an interest in the Company as a "participator" for United Kingdom taxation purposes (which term includes a shareholder) at a time when any gain accrues to the Company (such as a disposal of any of its investments) which constitutes a chargeable gain or offshore income gain if, at the same time, the Company is itself controlled in a manner and by a sufficiently small number of persons as to render the Company a body corporate that would, were it have been resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. The provisions of section 13 would result in any such person who is a Shareholder being treated for the purposes of United Kingdom taxation as if a part of any chargeable gain or offshore income gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company. No liability under section 13 could be incurred by such a person, however, in respect of a chargeable gain or offshore income gain accruing to the Company if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons

connected with him for United Kingdom taxation purposes does not exceed one-quarter of the gain. Finance Act 2008 extends section 13 with effect from 6 April 2008 to Shareholders who are individuals domiciled outside the United Kingdom subject to the remittance basis in particular circumstances.

Transfers of Shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within the United Kingdom when the transfer will be liable to United Kingdom ad valorem stamp duty at the rate of 0.5% of the consideration paid (rounded up where necessary to the nearest £5). No United Kingdom stamp duty reserve tax is payable on transfers of Shares, or agreements to transfer Shares.

It should be noted that the levels and basis of, and reliefs from taxation can change.

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

Dividends and other distributions made by the Company, together with payment of the proceeds of sale and/or redemption of Shares in the Company, may (depending on the investment portfolio of the Company and the location of the paying agent – the definition of a paying agent for the purposes of the Directive is not necessarily the same person who may legally be regarded as the paying agent) be subject to the exchange of information regime or withholding tax regime imposed by EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If a payment is made to a Shareholder who is an individual resident in a Member State of the European Union (or a “residual entity” established in a Member State) by a paying agent resident in another Member State (or in certain circumstances the same Member State of the Shareholder) then the Directive may apply. The Directive applies to payments of “interest” (which may include distributions or redemption payments by collective investment funds) or other similar income made on or after 1 July 2005. Accordingly, applicants for Shares in the Company will be requested to provide certain information as required under the Directive. It should be noted that the imposition of exchange of information and/or withholding tax on payments made to certain individuals and residual entities resident in a Member State also applies to those resident or located in any of the following countries; Anguilla, Aruba, British Virgin Islands, Cayman Island, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles and Turks and Caicos Islands.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds (in the case of EU domiciled funds, the Directive currently only applies to UCITS), to the extent that the fund has invested more than 15% of its assets directly or indirectly in interest bearing securities and income realised upon the sale, repurchase or redemption of fund units to the extent that the fund has invested 25% of its assets directly or indirectly in interest bearing securities.

The following countries, Andorra, Liechtenstein, Monaco, San Marino and Switzerland, will not be participating in automatic exchange of information. To the extent that they will exchange information it will be on a request basis only. Their participation is confined to imposing a withholding tax.

On 24<sup>th</sup> March 2014 the European Commission formally adopted a directive amending the EU Savings Directive (2003/48/EC). If implemented into domestic legislation the amendments will, inter alia, (i) extend the scope of the Directive to payments made through certain Non-EU intermediate structures for the ultimate benefit of an EU resident individual and (ii) include certain EU entities and legal arrangements which are not subject to effective taxation within the definition of a “residual entity” and (iii) expand the definition of interest to cover other income substantially equivalent to interest.

The Member States will have until January 2016 to adopt the national legislation necessary to comply with the Directive and implementation is expected from 2017.

### **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 has developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement (“**Irish IGA**”) on the 21<sup>st</sup> December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting

Guidance Notes (which will be updated on an ad-hoc basis) were issued by the Irish Revenue Commissioners on 1 October 2014.

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

Under the Irish IGA, FFIs should generally not be required to apply 30% withholding tax. To the extent the 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 to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding.

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



## **CERTAIN RISK FACTORS**

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. Different risks may apply to different Fund. Details of Fund specific risks in relation to a particular Fund 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 should consider, among others, the following factors before subscribing for Shares:

### **General Risks**

Investors should be aware that there are risks inherent in the holding of securities:-

- (A) There is no assurance that any appreciation in the value of investments will occur, or that the investment objectives of any Fund will be achieved. Past performance is no guide to the future. The value of Shares, and any income from them, can go down as well as up, particularly in the short term, meaning that an investment may not be returned in full.
- (B) The tax treatment of the Funds may change and such changes cannot be foreseen.
- (C) Where regular investments are made with the intention of achieving a specific capital sum in the future, this will normally be subject to maintaining a specified level of investment.
- (D) The difference at any one time between subscription and redemption prices for Shares means that an investment in any Fund should be viewed as a medium to long term investment. An investment should only be made by those persons who are able to sustain a loss on their investment

### **Amortisation of Organisational Costs**

The Company's financial statements will be prepared in accordance with IFRS. IFRS restrict the amortisation of organisational costs. Notwithstanding this, the Directors may amortise the costs and expenses of establishing a Fund over a period of time and the Company's financial statements may be qualified in this regard.



### Business Risk

There can be no assurance that the Company will achieve its investment objective in respect of any of the Funds. The investment results of each Fund are reliant upon the success of the Investment Manager.

### Charges to Capital

Where all or part of fees and/or charges in respect of any Class or Fund may be charged against capital rather than income, this will enhance income returns but may constrain future capital growth.

### Effect of Preliminary Charge

Where an initial charge is imposed, an investor who realises his Shares after a short period may not, even in the event of a rise in the value of the relevant investments, realise the amount originally invested.

The Shares therefore should be viewed as medium to long-term investments.

### Limited Operating History

The Company has a limited operating history upon which prospective investors can evaluate the likely performance of the Company. The past investment performance of the Investment Manager or any of its affiliates, or entities with which it has been associated, may not be construed as an indication of the future results of an investment in the Company. The Funds' investment approaches should be evaluated on the basis that there can be no assurance that the assessment of the investment of the short-term or long-term prospects of investments will prove accurate or that the Funds will achieve their investment objective.

### Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of exchanging) may be suspended (see "Suspension of Valuation of Assets").

### Segregation of Liabilities between Funds

The assets of each Fund are ring-fenced. As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on behalf of or be subject to claims in other jurisdictions (such as the United Kingdom) which may not necessarily recognise such ring-fencing and, in such circumstances, the assets of one Fund may be exposed to the liabilities of another.

Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to or from the 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 and (b) redemption monies payable by such intermediate entity to the relevant Shareholder.

### Custodian 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 Custodian. These risks include without limitation: the loss of all cash held with the Custodian 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 Custodian 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 Custodian 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 Custodian; 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 a Fund.

### Custodian Liability

In the event of loss suffered by the Company as a result of the Custodian's actions or omissions, the Company would generally, in order to bring a successful claim against the Custodian, have to demonstrate that it has suffered a loss as a result of Custodian's unjustifiable failure to perform its obligations or its improper performance of them. The Company may also demonstrate that it has suffered a loss as a result of the Custodian's negligence.

### Sub-Custodians and Other Depositories

Where securities are held with a sub-custodian of the Custodian or by a securities depositary 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 Custodian is not obliged to appoint as its sub-custodians and in respect of the acts or defaults of which the Custodian shall have no liability. There may be circumstances

where the Custodian is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Custodian has complied with its duties.

#### Market Crisis and Governmental Intervention

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented 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 fulfil 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 a Fund's portfolio.

#### Identity of Beneficial Ownership; Withholding on Certain Payments

In order to avoid a US withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed US investments, the Company and/or each Fund generally will be required to timely register with the US Internal Revenue Service (the "Service"), and agree to identify certain direct and indirect US account holders (including debtholders and equityholders). A non-US investor in a Fund will generally be required to provide to the Company and/or such Fund information which identifies its direct and indirect US ownership. Any such information provided to the Company or such Fund will be shared with the Service. A non-US investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will also generally be required to timely register with the Service and agree to identify certain of its own direct and indirect US account holders (including debtholders and equityholders). A non-US investor who fails to provide such information to the Company or a Fund, or timely register and agree to identify or report information with respect to such account holders, may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed US investments of the Company or the Fund(s) in which it invests, and the Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding.

Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Company or a Fund.

#### Withholding Tax Risk

Where a Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. A Fund may not be able to recover such withheld tax and so any change would have an adverse effect on the Net Asset Value of the Shares. Where a Fund sells instruments short that are subject to withholding tax at the time of sale, the price obtained may reflect the withholding tax liability of the purchaser. In the event that in the future such instruments cease to be subject to withholding tax, the benefit thereof would accrue to the purchaser and not to the relevant Fund.

The attention of potential investors is drawn to the taxation risks associated with investing in any Fund. Please see the heading "Taxation" above.

#### 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*" above for further detail) on 21 December 2012.

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.

#### US Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the Company, or their engaging directly or indirectly through an investment in a Fund, in investment strategies of the types which the Funds may utilise from time to time. Each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisers as to the advisability and tax consequences of an investment in the Company. Investment in the Company by tax-exempt entities subject to ERISA and other US Tax-Exempt Investors, as well as other US Persons, requires special consideration. Such

investors are urged carefully to review the matters discussed in this Prospectus and the relevant application form.

US Persons that are not US Tax-Exempt Investors may be subject to potentially adverse US tax consequences if they invest in the Company; therefore, such investors are strongly urged to consult with their own tax advisers before investing in the Company and any particular Fund.

### Use of Systems

The Investment Manager may make extensive use of computer systems and software. The Investment Manager may use its own proprietary quantitative models as well as systems which are publicly available or provided by third parties. Accordingly, the Funds are exposed to the risk that computer hardware, software and other services used by the Investment Manager may cease to be available, for example due to the insolvency of the provider. In such circumstances, the Investment Manager would seek to obtain equivalent hardware, software and services from an alternative supplier.

### System Failure

As the Investment Manager makes extensive use of computer hardware, systems and software, the Funds are exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure of the underlying hardware, operating system, software or network, may leave a Fund unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, backup and disaster recovery plans have been put in place by the Investment Manager. Nevertheless, the Investment Manager may have to liquidate all the assets of a Fund as the only safe way to proceed should a crippling system outage occur.

### Operational Risk

The Funds depend on the Investment Manager to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of a Fund's operations. The Funds' business is dynamic and complex. As a result, certain operational risks are intrinsic to each Fund's operations, especially given the volume, diversity and complexity of transactions that each Fund is expected to enter into. The Funds' business is highly dependent on the ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Funds rely heavily on financial, accounting and other data processing systems as well as electronic execution systems (and may rely on new systems and technology in the future). The ability of such systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of the Investment Manager to properly manage the Funds. Systemic failures in the systems employed by the Investment Manager, the Funds, the Administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other

parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions may cause the Funds to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

## **Specific Risks**

### **Equity Securities**

The Funds may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. A Fund also may be exposed to risks that issuers will not fulfil contractual obligations.

Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by a Fund.

### **Convertible Securities**

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

The convertible securities in which the Funds may invest may embed derivatives and/or leverage.

A Fund with convertible securities may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on a Fund's ability to achieve its investment objective because the issuer may force conversion before the Fund would otherwise choose. While some countries or companies may be regarded as favourable investments, pure fixed income opportunities may be unattractive or limited due to insufficient supply, or legal or technical restrictions. In such cases, a Fund may consider convertible securities or equity securities to gain exposure to such investments.



### Debt Securities

The Funds may invest in debt securities which may be unrated by a recognised credit-rating agency or below investment grade and which may be subject to greater risk of loss of principal and interest than higher-rated debt securities. The Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Funds may invest in debt securities that do not include financial covenants or limitations on additional issuer indebtedness. Investments in debt securities are generally subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty, partly because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing debt securities.

### Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10% of the total number of Shares representing interests in a single Fund then in issue, redemption requests may be reduced rateably and pro rata and the redemption of Shares may be carried forward to the next following 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 on page 27).

### Currency Exposure

The Shares are denominated in Euro, US Dollars and Sterling. Unless otherwise stated in the relevant Supplement, the Investment Manager will generally seek to hedge out currency exposure at Fund level by entering into forward foreign exchange transactions.

Certain of the assets held by the Custodian on behalf of the Funds may be invested in securities and other investments which are denominated in currencies other than the base currency of a Fund. Unless otherwise stated in the relevant Supplement, the Investment Manager will generally seek to hedge the currency exposure of a Fund to currencies other than its base currency and it is anticipated that the currency exposure of a Fund will be predominantly hedged at all times. Nonetheless, prospective investors should be aware that the Investment Manager may take currency positions for a Fund where it considers this appropriate.

Notwithstanding the foregoing, and noting that foreign exchange hedging techniques may not be completely effective, where the currency exposure of the Fund is not fully hedged or where the Investment Manager operates a policy of not hedging the currency exposure of a Fund to currencies other than its base currency (as stated in the relevant Supplement), the value of the assets of the Fund may be affected favourably or



unfavourably by fluctuations in currency rates. To the extent that any hedging policy is successful, performance of the Class is likely to move in line with the performance of the underlying assets and investors in a hedged Class will not benefit if the Class currency falls against the base currency of the Fund. Furthermore, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro, the US Dollar and Sterling and such other currencies. 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.

#### Currency Options and Futures Trading

The Funds may buy and sell foreign currency options and / or foreign currency futures and may engage in foreign currency transactions either on a spot or forward basis, subject to the limits and restrictions set down by the Central Bank from time to time, to reduce the risks of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. The Funds may acquire and sell currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option.

Many of the risks applicable to trading the underlying currencies are also applicable to over-the-counter options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose his entire investment (the premium he pays). Also, such transactions may not be successful and may eliminate any chance for a Fund to benefit from favourable fluctuations in relevant foreign currencies. A Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

#### Hedging Transactions

A Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

#### Derivatives

The Funds may utilise both exchange-traded and over-the-counter derivatives, as listed in Appendix 3 to the Prospectus, and as disclosed in the Fund's investment policy, as part of their investment policies. These instruments can be highly volatile and expose

investors to a high risk of loss. The low initial margin deposits commonly to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of funds actually placed as initial margin and may result in losses exceeding any margin deposited, and such losses may be unlimited. Both exchange-traded and over-the-counter derivatives positions may suffer from market illiquidity. In addition, with regard to exchange-traded derivatives, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk resulting from such matters as mis-matches of contractual terms between apparently off-setting transactions, from the absence of a ready market on which to close out an open position, and from the difficulties of valuation and monitoring of risk exposure due to the fragmented and relatively opaque nature of over-the-counter markets. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Risk may be increased by contractual asymmetries and inefficiencies including break clauses such as net asset value decline provisions, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value of the Fund. Incorrect collateral calls or delays in collateral recovery also present risk.

Derivatives, in particular derivatives which are negotiated "over-the-counter" are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by the Company.

The prices of Financial Derivative Instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded Financial Derivative Instruments may also be subject to changes in price due to supply and demand factors.

#### Off-Exchange Transactions in Derivatives

The Company and each Fund will be subject to the risk of the inability of any counterparty to perform their financial and other obligations, including with respect to transactions, whether due to such counterparty's own insolvency or that of others, or for other reasons, which may include market illiquidity or disruption or other causes and whether resulting from systemic or other causes.

While some off-exchange holdings are highly liquid, transactions in off-exchange or "non transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be

established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

### Futures Contracts

The value of futures depends upon the price of the financial instruments, underlying them, for example equities in the case of futures on an equity index. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which a Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity 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 particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from promptly liquidating unfavourable positions and subject the Company and the Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

### Counterparty Risk

The Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons.

Some of the markets in which a Fund may effect transactions are "over-the-counter" (or "interdealer") markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such "over-the-counter" transactions. This could expose a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, and such failure may cause such Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where there is greater opportunity for events to intervene to prevent performance of obligations, or where a Fund has concentrated its transactions with a small group of counterparties. Moreover, although the Funds shall only transact with eligible counterparties, the Investment Manager does not have a formal credit function, which evaluates the creditworthiness of a Fund's counterparties. The ability of a Fund to transact business with any one or number of counterparties, the lack of any separate evaluation of such counterparties' financial capabilities and the

absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

### Short Selling

Typically, UCITS, such as the Company, invest on a “long only” basis. This means that their net asset value will rise (or fall) in value based on the market value of the assets they hold. A “short” sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make a delivery to the buyer, the seller must borrow the security and is obligated to return the security (or a security exchangeable for such security) to the lender, which is accomplished by a later purchase of said security. Although the Company is not permitted to enter into short sales under the Regulations, a Fund may, by employing certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a “synthetic short”), establish both “long” and “short” positions in individual stocks and markets. As a result, as well as holding assets that may rise or fall with markets, a Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position.

### Options

The seller (writer) of an option has the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. The buyer of an option has the right (but not the obligation) to exercise the option, thereby making or taking delivery of the underlying asset of the contract at a future date, or in some cases settling the position with cash. Options carry a high degree of risk. Options are described in further detail in Appendix 3.

### 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 other securities they trade or which they indirectly gain exposure to, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

## Contracts for Differences

A Fund may invest in contracts for differences ("CFDs"), which are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller may both be required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative, but the seller may have a right in certain circumstances to terminate the CFD and may also have a right to restrict termination by the buyer and/or delay payment of profits and losses from the CFD. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honour its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract, and of the Shares of the relevant Fund, may be reduced. The counterparty may also withhold payments in connection with tax, foreign exchange disruption and other issues and may seek to claw-back retrospectively tax and other liabilities incurred by it or its affiliates in hedging the CFD.

## CFDs and Swaps, including Total Return Swaps and Credit Default Swaps

The risks inherent in CFDs and equity swaps are dependent on the position that a Fund may take in the transaction: by utilising CFDs and equity swaps, a Fund may 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, a Fund may 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 relevant 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.

Whether a Fund's use of swap agreements and options on swap agreements will be successful will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid investments. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The swaps market is a relatively new market and is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund's ability to terminate existing swap agreements or to realise amounts to be received under such agreements. Swaps used by the Funds will be consistent with the investment policy of the relevant Fund as set out in the Supplement.

Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

#### Commodity-Related Instruments

A Fund may make investments, as listed in Appendix 3, linked to commodities. The performance of a commodity, and consequently investments linked to such commodity, is dependent upon various factors, including (without limitation) supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location, changes in tax rates and changes in laws, regulations and the activities of governmental or regulatory bodies. Commodity prices tend to be more volatile than most other asset categories, making investments in commodities more risky and more complex than other investments.

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

A Fund may seek to gain exposure indirectly to the commodity markets by investing in swap agreements on a commodities index, and may also invest in other derivatives giving exposure to commodities indices (for instance options on commodity indices). The value of a commodity-linked derivative investment generally is based upon the



price movements of a physical commodity (such as energy, mineral or agricultural products), a commodities index futures contract or commodity index, or other economic variable based upon changes in the value of commodities or the commodity markets.

The risk of loss in trading commodities can be substantial. If a Fund purchases a commodities index option, it may sustain a total loss of the premium and of all transaction costs. If a Fund purchases or sells a commodities index futures contract or sells a commodity index option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position. If the market moves against its position, the Fund may be called upon by its broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account.

### Repurchase Agreements

A Fund may enter into repurchase agreements with respect to securities. Repurchase agreements involve credit risk to the extent that counterparties may avoid their obligations in bankruptcy or insolvency proceedings, thereby exposing the Fund to unanticipated losses. The amount of credit risk incurred by the Fund with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the Fund's counterparty is secured by sufficient collateral.

### Exchange Traded Notes ("ETNs")

Although listed on an exchange, a trading market for any series of ETNs may not exist at any time and there are restrictions on the size and date of redemptions. ETNs can be traded on a secondary market but there is no guarantee that liquidity can meet the needs of a Fund.

### Developing Markets

A Fund may invest in developing market equities, foreign exchange instruments and debt securities, which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in developing market securities typically involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, investments in developing market securities may carry additional risks arising from, among other things, inferior publicly available information, more volatile markets, less strict securities market regulation, less favourable or less certain tax or legal regimes, and a greater likelihood of severe inflation, currency instability, possible constraints on convertibility or transferability of currency, war, and the possibility of



expropriation of personal property. In addition, the investment opportunities of a Fund in certain developing markets may be restricted by legal limits on foreign investment.

Developing markets may not be as efficient as developed markets. In some cases, a market for the security may not exist locally, and transactions may need to be made on a neighbouring exchange. Volume and liquidity levels in developing markets are generally lower than in developed countries. When seeking to sell developing market securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, and this might increase the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, sub-custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that a Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

With respect to any developing market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets of a Fund, political changes, government regulation, social instability or diplomatic developments (including war), which could affect adversely the economies of such countries or the value of a Fund's investments in those countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

### Sovereign Default Risk

In developed economies, it is generally anticipated that conventional sovereign debt will be paid as due, barring unexpected developments and there has been a perception that sovereign emerging market debt securities have a much greater risk of default. However, during 2010 and 2011, countries such as Greece, Portugal, Italy, Spain and Ireland have led a surge in the cost of insuring against default on sovereign debt to record levels on concern government funding costs are becoming unsustainable causing credit default swaps for these countries to rise. Economic disruptions in such countries could lead to increased volatility in equity and other markets and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions. In the event that such disruption leads to the exit of one or more countries from the Euro there may be additional difficulties in analysing and valuing holdings in such economy as a result of the change in reference currency. The full effects of one or more countries exiting the Eurozone or the Euro ceasing to exist in its current form is at this stage impossible to predict with any certainty. Such events could lead to a material, if not complete, loss of a Fund's investment in that economy. European sovereign debt risk and pressure on bond and currency markets have been a drag on financial markets and are a risk to recovery in those markets. The markets' perception of risk in countries such as Greece, Portugal, Italy, Spain and Ireland has increased, raising the prospect of financial contagion across European countries. A Fund may suffer from substantial losses in the countries mentioned if it is invested there.

### Short-Term Market Considerations

The Investment Manager's investment decisions may be made on the basis of short-term market considerations. Therefore, the portfolio turnover rate could result in significant trading-related expenses.

### Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require a Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the assets of such Fund and/or disrupting the Investment Manager's investment strategy. Reduction in the size of a Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

### Forward Foreign Exchange Contracts

A forward foreign exchange contract is a binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to size, or as to the time at which a currency is to be delivered, and such contracts are not usually traded on exchanges. Forward foreign exchange

contracts are generally effected through the inter-dealer market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages, or other electronic communications. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they normally guaranteed by an exchange or clearing house. The Funds are subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default could eliminate any profit potential and compel the Funds to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

#### Information Rights

Upon request by a Shareholder, the Investment Manager may provide a Shareholder with information about a Fund. This information may not be systematically provided to all other Shareholders in a Fund (but will be available to all Shareholders if requested). As a result, the Shareholder that has received this information may be able to act on such additional information (e.g., redeem their Shares) that other Shareholders may not systematically receive.

#### Dependence on Investment Manager and Key Personnel

The success of each Fund is significantly dependent upon the ability of the Investment Manager to develop and effectively implement a Fund's investment objective and upon the expertise of certain key personnel within the Investment Manager. If a Fund were to lose the services of the Investment Manager, or if the Investment Manager were to lose its key personnel, such Fund would be adversely affected.

The Investment Manager's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate its key personnel is important to the success of a Fund. There can be no assurance that the Investment Manager's key personnel will continue to be associated with the Investment Manager throughout the life of a Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on such Fund and its investors, including, for example, by limiting the Investment Manager's ability to pursue particular investment strategies. Competition in the financial services industry for qualified employees is intense and there is no guarantee that the talents of the Investment Manager's key personnel could be replaced.

Furthermore, some of the contractual arrangements in place with certain counterparties may provide the relevant counterparties with rights of termination, and with certain of its

investors that entitle them to redemption without penalty, if certain key employees and officers of the Investment Manager cease to have responsibility for managing a Fund's investments or similar provisions. The assertion of such rights to terminate contracts could result in a Fund's contractual positions being closed out on unsatisfactory terms and in a fewer number of potential counterparties in the future. The assertion of such rights may have a material adverse impact on the business and/or financial condition of a Fund. There can be no assurance that the Investment Manager would be able to mitigate the effects of the loss of any such key individual.

### Legal Risk

The Funds may be subject to a number of unusual or unexpected risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of the Funds' may be invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Funds and their operations.

### Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortised costs and expenses of establishing the Company or a Fund. In addition, where there is any conflict between IFRS and the valuation principles set out in the Articles and this document in relation to the calculation of Net Asset Value, the latter principles take precedence.

In calculating a Fund's Net Asset Value, 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 will endeavour to resolve any such conflict of interest fairly and in the interest of investors.

### Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

## Strategy Risk

Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple investment managers in the same investment or position, or general economic or other events that adversely affect particular strategies (e.g., the disruption of historical pricing relationships). The strategies employed by the Funds may be speculative and involve substantial risk of loss in the event of such failure or deterioration, in which event the performance of the Funds may be adversely affected.

## Tax Considerations

Interest, dividends, capital gains, other income or gross sales or disposition proceeds realised by the Funds and capital gains realised on the sale of securities may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of such tax the Funds will pay since the amount of the assets to be invested in various countries and the ability of the Funds to reduce such taxes are not known.

## Transaction Costs

The investment approach of the Funds may involve a high level of trading and turnover of the investments of the Funds which may generate substantial transaction costs which will be borne by each Fund separately.

## OTC Transactions and Global Regulation

Steps are also being taken to regulate OTC derivative contracts in Europe. The Investment Manager may enter into OTC derivative contracts on behalf of each Fund. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (“**EMIR**”) establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalised and it is therefore not possible to be definitive, investors should be aware that certain provisions of EMIR impose obligations on the Funds in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for the Funds include, without limitation, the following:

- (a) *clearing obligation*: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a

“CCP”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;

- (a) *risk mitigation techniques*: for those of its OTC derivatives which are not subject to central clearing, the Funds will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost of the Funds pursuing its investment strategy (or hedging risks arising from its investment strategy); and
- (b) each of the Funds’ OTC derivative transactions must be reported to a trade depository or the European Securities and Markets Authority. This reporting obligation may increase the costs to the Funds of utilising OTC derivatives.

The Investment Manager will monitor the position and react appropriately. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect the Investment Manager’s ability to implement its investment approach and achieve its investment objective.

#### Clearing House Protections

On many exchanges, the performance of a transaction by a broker (or a third party with whom it is dealing on the Company's behalf) is "guaranteed" by the exchange or clearing house or its members. However, this guarantee is unlikely in most circumstances to cover the Company and may not protect the Company if a broker or another party defaults on its obligations to the Company.

#### Profit Sharing

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share and accordingly the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a Performance Fee may be paid on unrealised gains, which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager to make investments for a Fund, which are riskier than would be the case in the absence of a fee based on the performance of a Fund.

#### Redemption Risks

Payment of redemption proceeds may be delayed if the Directors declare a temporary suspension of the determination of the Net Asset Value of a Fund in any of the exceptional circumstances as described under "Suspension of Valuation of Assets".



### Undervalued/Overvalued Securities

One of the key objectives of a Fund may be to identify and invest in undervalued and overvalued securities ("misvalued securities"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Funds may not adequately compensate for the business and financial risks assumed.

The Funds may make certain speculative investments in securities which the Investment Manager believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Funds may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the capital of the Funds may be committed to the securities, thus possibly preventing the Funds from investing in other opportunities.

### Volatility

Futures prices are highly volatile. Such prices are influenced by, amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in the foreign exchange markets with the specific intention of influencing exchange rates. The effect of such intervention is often heightened by a group of governments acting in concert. The other investments in which the Funds may invest, principally debt securities, will be subject to their own fluctuations in value as a result of, amongst other things, market, interest rate and currency movements. The Funds may be exposed to adverse changes in their Net Asset Values as a result of these factors.

### Availability of Investment Strategies

The success of the investment activities of the Funds will depend on the Investment Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies 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 the Funds involves a high 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 Funds' assets or to exploit discrepancies in the securities and derivatives markets. A reduction in market liquidity (including money market liquidity) or the pricing inefficiency of the markets in which the Funds seek to invest, as well as other market factors, will reduce the scope for the implementation of the Funds' investment strategies.



The Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

#### Russia: Political and Social Risks

Since 1985, Russia has been undergoing a substantial political transformation from a centrally controlled command economy under communist rule to a pluralist market-oriented democracy. A significant number of changes were undertaken during these years but there is still no assurance that the political and economic reforms necessary to complete such a transformation will continue or will be successful.

Russia is a federation composed of republics, regions, areas, cities of federal importance, autonomous districts and one autonomous region. The delineation of authority among the constituent entities of the Russian Federation and federal governmental authorities is subject to change from time to time. This process exists alongside the structure of Presidential representatives in the regions. The lack of consensus between local and regional authorities and the federal governmental authorities often result in the enactment of conflicting legislation at various levels, and may result in political instability and legal uncertainty. It may lead to negative economic effects on a Fund, which could have a material adverse effect on its business, financial conditions or ability to fulfil its investment objective.

In addition, ethnic, religious, and other social divisions periodically give rise to tensions and, in certain cases armed conflicts. In Chechnya, Russian armed forces have conducted anti-terrorist operations for a number of years, and some of them still remain there to keep law and order. Any escalation of violence may entail grave political consequences, which may adversely impact the investment climate in the Russian Federation.

#### Russia: Economic Risks

Simultaneously with the enactment of political reforms, the Russian Government has been attempting to implement policies of economic reform and stabilisation. These policies have involved liberalising prices, reducing defence expenditures and subsidies, privatising state-owned enterprises, reforming the tax and bankruptcy systems and introducing legal structures designed to facilitate private, market-based activities, foreign trade and investment.

The Russian economy has been subject to abrupt downturns. The events and aftermath of 17 August 1998 (the date of the Russian government's default on its short-term Rouble denominated treasury bills and other Rouble-denominated securities, the abandonment by the Central Bank of Russia of its efforts to maintain the Rouble/US dollar rate within the Rouble currency band and the temporary moratorium on certain

hard-currency payments to foreign counterparties) led to a severe devaluation of the Rouble, a sharp increase in the rate of inflation, a significant decrease in the credibility of the country's banking system with Western financial institutions, significant defaults on hard currency obligations, a significant decline in the prices of Russian debt and equity securities and an inability to raise funds on international capital markets. While the condition of the Russian economy has improved in a number of respects since 1998, there can be no assurance that this improvement will continue or that it will not be reversed.

The Rouble is not convertible outside Russia. A market exists within Russia for the conversion of Roubles into other currencies, but it is limited in size and is subject to rules limiting the purposes for which conversion may be effected. There can be no assurance that such a market will continue indefinitely.

### Russia Legal Risks

Risks associated with the Russian legal system include (i) the untested nature of the independence of the judiciary and its immunity from economic, political or nationalistic influences; (ii) inconsistencies among laws, Presidential decrees and Government and ministerial orders and resolutions; (iii) the lack of judicial and administrative guidance on interpreting applicable laws; (iv) a high degree of discretion on the part of government authorities; (v) conflicting local, regional and federal laws and regulations; (vi) the relative inexperience of judges and courts in interpreting new legal norms and (vii) the unpredictability of enforcement of foreign judgements and foreign arbitration awards.

There is no guarantee that further judicial reform aimed at balancing the rights of private and governmental authorities in courts and reducing grounds for re-litigation of decided cases will be implemented and succeed in building a reliable and independent judicial system.

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder's name on the Share register of the issues. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy.

Rules regulating corporate governance are undeveloped and therefore may offer little protection to shareholders.

## China-Related Risks

*China's Economic, Political, and Social Conditions, and Government Policies.* Many of the investments of certain Funds may be located in or exposed to markets in the People's Republic of China ("China").

The economy of China differs from the economies of most developed countries in many respects, including government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The economy of China has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The Investment Manager has no control over potential state policies and decisions and may be unable to anticipate such policies and decisions which could adversely affect the value of a Fund, including significant loss of capital.

In addition, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on income, limitations on the removal of funds or other assets of a relevant Fund, political or social instability or diplomatic developments that could adversely affect investments in China.

Recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of such countries.

The regulatory and legal framework for capital markets and companies in China may not be as well developed as those of developed countries. In addition, China's disclosure and regulatory standards are in many respects less stringent than and/or may deviate significantly from standards in many developed countries. There may be less publicly available information about Chinese companies than is regularly published by or about companies based in developed countries and such information as is available may be less reliable than that published by or about companies in developed countries. Chinese companies are subject to accounting standards and requirements that differ in significant respects from those applicable to companies established or listed in developed countries. As a result, the lower levels of disclosure and transparency of certain material information may impact on the value of investments

made by a relevant Fund and may lead to such Fund or its service providers coming to an inaccurate conclusion about the value of its investments.

Investors should also be aware that changes in China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of a Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities and be subject to retroactive review. In addition, a Fund's operations and financial results could be adversely affected by adjustments in China's state plans, political, economic and social conditions, changes in the policies of the Chinese government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the China is export-driven and, therefore, is affected by developments in the economies of China's principal trading partners.

*Government Intervention and suspensions of trading* In 2015 the Chinese authorities took a significant series of steps to intervene directly and indirectly in China A Shares. Such government intervention had a material impact on market liquidity and in the prices of individual stocks and of China A Shares as a whole. There is a perception amongst some market participants that the Chinese government will continue to intervene in the markets, actively. In 2015 government intervention included imposing restrictions on certain shareholders selling China A Shares and a crackdown on "malicious" short sellers. Whether as a result of government intervention or otherwise, a large number of China A-listed companies also suspended trading, sometimes for lengthy periods of time. Such government intervention and any restrictions on selling shares could reduce market confidence and liquidity and increase market volatility. Such interventions and restrictions are by nature unpredictable and may have a direct negative impact on a Fund to the extent that a Fund may be restricted or prevented from valuing or exiting from exposure to shares which have been suspended or from which government intervention prevents shareholders from selling shares.

*Suspension of trading of Chinese securities as a cause for suspension of determination of Net Asset Value of a Fund* In recent years large numbers of Chinese stocks have been suspended from trading, sometimes for long periods and often without initially providing any explanation as to why the suspension has been effected. In circumstances where a Fund holds significant Chinese positions, such suspension events may make it difficult accurately to value the Fund's portfolio and in such circumstances the Directors may consider suspending the determination of the Net Asset Value of the Fund. Shares may not be redeemed during any such suspension event, as more fully-described under "Suspension of Valuation of Assets" on page 35.

*Limited access to Chinese equities* Investors should be aware that investment in China A Shares may only be available to a Fund via the following means: 1. via OTC derivatives entered into with OTC swap counterparties who have (or whose affiliates

have) obtained Qualified Foreign Institutional Investor (“QFII”) status in China; and 2. via OTC derivatives entered into with OTC swap counterparties who have (or whose affiliates have) access to China A shares via the Shanghai-Hong Kong Stock Connect program (“Stock Connect”). A Fund may not have any other access to China A Shares. Access on swap via QFII allocations and via Stock Connect each carries significant risks to a Fund, as further detailed below, in addition to all the risks detailed in the Risk Factors relating to OTC swap contracts including CFDs.

*QFII Risks* Foreign investors can invest in China A Shares through institutions that have obtained QFII status in China. The Funds will be dependent on swap counterparties being willing to use portions of their QFII quotas for the purposes of facilitating access to China A Shares for the Funds and there can be no guarantee that a swap counterparty will continue to facilitate such access. As QFII regulations are subject to change, a Fund could lose QFII access to China A shares at short or no notice.

In extreme circumstances, a Fund may incur losses due to limited investment opportunities, or may not be able to fully implement or pursue its investment objectives or strategy, due to QFII investment restrictions, illiquidity of the China A Shares market, and/or delay or disruption in execution of trades or in settlement of trades. The uncertainty and change of the laws, policies and regulations in China may adversely impact a Fund. The QFII policy and regulation may also be subject to change with potential retrospective effect. Such Fund will be exposed to any fluctuation in the exchange rate between the Base Currency of the relevant Fund and the Renminbi in respect of such investments. Renminbi is not freely convertible and is subject to policies of exchange controls and repatriation restrictions. There is no assurance that Renminbi will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency or liquidity of currency hedging instruments (physical or synthetic) will not develop.

*Stock Connect* A Fund may invest and have access to certain eligible China A Shares via OTC derivatives referencing securities traded via the Stock Connect. The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited (“HKEx”), Shanghai Stock Exchange (“SSE”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”), with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect comprises a Northbound Trading Link (for investment in China A Shares) by which swap counterparties or their affiliates, for the purposes of facilitating China A Shares access for a Fund, may be able to place orders to trade eligible shares listed on SSE. Under the Stock Connect, overseas investors (including the swap counterparties or their affiliates) may be allowed, subject to rules and regulations issued / amended from time to time, to trade China A Shares listed on the SSE through the Northbound Trading Link. Further information about the Stock Connect is available online at the website:



[http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm). In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A Shares and regulatory risk.

*Stock Connect Quota limitations and re-call of eligible stocks* The Stock Connect is subject to quota limitations on investments, which may restrict a Fund's ability to access China A Shares through the Stock Connect on a timely basis. A stock may also be recalled from the scope of eligible stocks, meaning that the stock can be sold but no longer purchased. This could have a negative impact on a Fund's portfolio.

*Stock Connect Suspension risk* Both the Stock Exchange of Hong Kong Limited ("SEHK") and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Funds' ability to access the China A shares market.

*Differences in trading day* The Stock Connect only operates on days when both China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the China market but Hong Kong investors (such as the funds' swap counterparties) cannot carry out any China A Shares trading. Relevant Funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

*Stock Connect Restrictions on selling imposed by front-end monitoring* China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. This may limit a Fund's ability to implement its investment decisions on a timely basis.

*Stock Connect Clearing and Settlement Risks* The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote. Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Fund(s), under its OTC

swap terms, may suffer delay in the recovery process or may not be able to recover its losses in whole or in part.

*Stock Connect Nominee arrangements in holding China A Shares* HKSCC is the “nominee holder” of the SSE securities acquired by overseas investors (including the relevant fund(s)) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors enjoy the rights and benefits of the SSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in China may consider that any nominee or custodian as registered holder of SSE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognized under Chinese law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant swap counterparties cannot ensure that their ownership of these securities or title thereto is assured in all circumstances and under the terms of any OTC swap contract, a Fund may suffer losses as a result.

*Stock Connect Regulatory risk* The CSRC Stock Connect rules are departmental regulations having legal effect in China. However, the application of such rules is untested, and there is no assurance that Chinese courts will recognise such rules, e.g. in liquidation proceedings of Chinese companies. The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant Sub-Trusts which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

*The Chinese Legal System.* The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has promulgated laws and regulations dealing with financial and economic matters such as foreign investment, financing and provision of security, corporate organisation and governance, commerce, taxation and trade. As such, many of the laws that govern private and foreign investment, securities transactions, creditors' rights, intellectual property rights and contractual and other relationships in China are relatively new, unclear, unproven and continue to evolve, at times in an uncertain manner. As a result, the relevant Fund may be subject to a number of unusual risks related to laws and regulations, particularly those involving taxation, foreign investment, trade, title to property, securities, transfer of title and protection of intellectual property. Such Funds may be subject to inadequate investor protection, contradictory legislation (particularly between local, regional and national laws), incomplete, unclear and changing laws, a lack of established or effective avenues



for legal redress, including an underdeveloped judicial system, a lack of standard practices and confidentiality customs characteristic of developed markets and a lack of enforcement of existing regulations. Accordingly, there may be difficulty and uncertainty in such Fund's ability to protect and enforce its rights against Chinese state and private entities in China.

*Renminbi Exchange Risk.* The Renminbi ("RMB") is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is currently allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The RMB has been recently devalued by the Chinese authorities, and there can be no assurance that the RMB will not be subject to significant appreciation and/or devaluation events in the future, for reasons including, but not limited to, market forces and governmental intervention. Any such event for the RMB may adversely affect the value of a Fund's investments. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB. Further, the Chinese government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market in Hong Kong and reduce the liquidity of a Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and a relevant Fund's position may be adversely affected.

*Currency Conversion Risk.* Currently, the RMB is traded in two markets: one in mainland China, and one outside mainland China (primarily in Hong Kong). The RMB traded in mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of mainland China. The RMB traded outside mainland China, on the other hand, although freely tradable, is still subject to controls, limits and availability. While the RMB is traded freely outside mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, a relevant Fund may be exposed to greater foreign exchange risks.

Investments acquired by a Fund may be denominated in or have exposure to RMB and investors may be exposed to foreign exchange fluctuations between the RMB and the relevant currency of their Shares and may suffer losses arising from such fluctuations. The RMB is the only official currency of China. While both onshore Renminbi (CNY) and offshore Renminbi (CNH) are the same currency, they are traded in different and separated markets. Since the two Renminbi markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. There may be significant bid and offer

spreads. The CNH rate may be at a premium or discount to the exchange rate for CNY rate.

*Chinese Credit Rating Agencies.* A Fund may have exposure to securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. A Fund may invest in securities which are rated at or above investment grade by local credit rating agencies although the same rating may not be given using the standard rated by international credit rating agencies. As a result, if such debt securities are rated below investment grade based on the standard of international credit rating agencies, such Fund may be exposed to higher risks associated with below investment grade securities.

*Severe Acute Respiratory Syndrome and Avian Flu.* In December 2002, China and certain other countries experienced an outbreak of a new and highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome. In January 2004, China announced that it had a confirmed outbreak of a highly pathogenic strain of avian flu. The Investment Managers cannot predict at this time the effect further outbreaks of these or other contagious diseases or illnesses could have on a Fund. Such outbreaks may severely restrict the level of economic activity in affected areas, which may also adversely affect a relevant Fund's operations and success.

*Natural Disasters.* In recent years, China and other Asian countries have experienced a series of natural disasters including tsunamis, floods and earthquakes. Such natural disasters may affect the value of the assets held by a Fund.

*Volatility* Chinese equities markets are highly volatile. In 2015 the daily volatility over any monthly period of MSCI China A + H Net TR USD, a Chinese equities index ("China Index") exceeded five times the level seen by the MSCI Daily TR Net World Index, a global developed equity markets index. Downside risk from high volatility includes large performance drawdowns, as demonstrated by the China Index which lost in excess of 30% over 18 trading days between 12th June 2015 and 8th July 2015. Movements in equity prices are influenced by amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; fluctuations in commodity prices; and changes in interest rates. In addition, the Chinese government from time to time intervenes, directly and by regulation, in the equities markets and foreign exchange markets with the specific intention of influencing equity prices and exchange rates. A Fund may be exposed to adverse changes in its Net Asset Value as a result of these factors.

### Trading Based on Technical Analysis

The investment policy of a particular Fund may base trading decisions on mathematical analyses of technical factors relating to market performance rather than fundamental analysis.

The buy and sell signals are generated by various statistical models which are derived from a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of such models depends upon the occurrence in the future of significant, sustained statistical price or correlation behaviour in some of the markets traded. A danger for such statistical trading strategies is the breakdown of certain statistical stabilities across markets. In the past, there have been prolonged periods with such statistical breakdown. It is expected that these periods could continue to occur. Periods without such statistical significance across financial markets may produce substantial losses for the Funds.

### Model Risk

The investment policy of a particular Fund may employ a number of quantitative fundamental or technical models that involve assumptions based upon a limited number of variables abstracted from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. The outputs of models may differ substantially from the reality of the markets, resulting in major losses.

### Computer-generated Allocation

The investment policy of a particular Fund may be based upon a computer-generated systemic trading strategy of the Investment Manager that provides exposure to investments based on complex statistical research. The operation of the Investment Policy is therefore dependent on the effective operation of the technology used by the Investment Manager to employ the models upon which the Investment Policy is based. Certain unforeseen events may result in the failure of the effective operation of the technology used by Investment Manager to operate the Investment Policy. Any such failure may have an adverse effect on the operation of the Investment Strategy and/or the Net Asset Value of the Fund.

### Model and Data Risk

The Investment Manager relies heavily on quantitative models (proprietary models developed by the Investment Manager, collectively "Models") and information and data

both developed by the Investment Manager and those supplied by third parties (collectively, "Data") rather than granting trade-by-trade discretion to the Investment Manager's investment professionals. Models and Data are used to construct sets of transactions and investments, to value investments or potential investments (including, without limitation, for trading purposes and for purposes of determining the Net Asset Value of the Company), to provide risk management insights and to assist in hedging a Fund's investments. Models and Data are known to have errors, omissions, imperfections and malfunctions (collectively, "System Events"). System Events in third-party Models are generally entirely outside of the control of the Investment Manager. The Investment Manager seeks to reduce the incidence and impact of System Events through a certain degree of internal testing and real-time monitoring, and the use of independent safeguards in the overall portfolio management system and often, with respect to proprietary models, in the software code itself. Despite such testing, monitoring and independent safeguards, System Events will result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, delays to the execution of anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s)—all of which may have materially negative effects on a Fund and/or its returns. The investment strategies of the Funds may be highly reliant on the gathering, cleaning, culling and analysis of large amounts of Data. Accordingly, Models rely heavily on appropriate Data inputs. However, it is not possible or practicable to factor all relevant, available Data into forecasts and/or trading decisions of the Models. The Investment Manager will use its discretion to determine what Data to gather with respect to each investment strategy and what subset of that Data the Models take into account to produce forecasts which may have an impact on ultimate trading decisions. In addition, due to the automated nature of Data gathering, the volume and depth of Data available, the complexity and often manual nature of Data cleaning, and the fact that the substantial majority of Data comes from third-party sources, it is inevitable that not all desired and/or relevant Data will be available to, or processed by, the Investment Manager at all times. If incorrect Data is fed into even a well-founded Model, it may lead to a System Event subjecting the relevant Funds to loss. Further, even if Data is input correctly, "model prices" anticipated by the Data through the Models may differ substantially from market prices, especially for securities with complex characteristics, such as derivatives. Where incorrect or incomplete Data is available, the Investment Manager may, and often will, continue to generate forecasts and make trading decisions based on the Data available to it. Additionally, the Investment Manager may determine that certain available Data, while potentially useful in generating forecasts and/or making trade decisions, is not cost effective to gather due to the technology costs and, in such cases, the Investment Manager will not utilize such Data. Shareholders should be aware that there is no guarantee that any specific Data or type of Data will be utilized in generating forecasts or making trading decisions with respect to the Models, nor is there any guarantee that the Data actually utilized in generating forecasts or making trading decisions underlying the Models will be (i) the most accurate data available or (ii) free of errors. Shareholders should assume that the Data set used in connection with the Models is limited and

should understand that the foregoing risks associated with gathering, cleaning, culling and analysis of large amounts of Data are an inherent part of investing with a process-driven, systematic adviser such as the Investment Manager. When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose the relevant Funds to potential risks. For example, by relying on Models and Data, the Investment Manager may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favourable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful and when determining the Net Asset Value of the relevant Funds, any valuations of the relevant Fund's investments that are based on valuation Models may prove to be incorrect. In addition, Models may incorrectly forecast future behaviour, leading to potential losses on a cash flow and/or a mark-to-market basis. Furthermore, in unforeseen or certain low probability scenarios (often involving a market disruption of some kind), Models may produce unexpected results which may or may not be System Events. Errors in Models and Data are often extremely difficult to detect, and, in the case of proprietary models, the difficulty of detecting System Events may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some System Events will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these System Events can compound over time. Finally, the Investment Manager will detect certain System Events that it chooses, in its sole discretion, not to address or fix, and the third party software will lead to System Events known to the Investment Manager that it chooses, in its sole discretion, not to address or fix. The Investment Manager believes that the testing and monitoring performed on its models will enable the Investment Manager to identify and address those System Events that a prudent person managing a process-driven, systematic and computerized investment program would identify and address by correcting the underlying issue(s) giving rise to the System Events or limiting the use of proprietary models, generally or in a particular application. Shareholders should assume that System Events and their ensuing risks and impact are an inherent part of investing with a process-driven, systematic investment manager such as the Investment Manager. Accordingly, the Investment Manager does not expect to disclose discovered System Events to the Company or to Shareholders. The Funds will bear the risks associated with the reliance on Models and Data including that the Funds will bear all losses related to System Events unless otherwise determined by the Investment Manager in accordance with its internal policies or as may be required by applicable law (including ERISA).

## Cyber Security Risk

The Company and its service providers (including the Investment Manager, the Administrator, the Custodian and any distributors) ("Affected Persons") may be 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 unauthorised 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 unauthorised 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 Affected Persons have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Fund's ability to calculate its net asset value; impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with a Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Fund invests, counterparties with which a Fund 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.

#### Obsolescence Risk

The Funds are unlikely to be successful in their quantitative trading strategies unless the assumptions underlying the Models (as defined under the risk factor "Model and Data Risk" above) are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the Models do not reflect certain factors, and the Investment Manager does not successfully address such omission through its testing and evaluation and modify the Models accordingly, major losses may result – all of which will be borne by the Funds. The Investment Manager will continue to test, evaluate and add new Models, which may lead to the Models being modified from time to time. Any modification of the Models or strategies will not be subject to any requirement that Shareholders receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification to the Models or strategies on the Fund's performance.

#### Crowding/Convergence Risk

There is significant competition among quantitatively-focused managers and the ability of the Investment Manager to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on their ability to employ Models (as defined under the risk factor "Model and Data Risk" above) that are

simultaneously profitable and differentiated from those employed by other managers. To the extent that the Investment Manager is not able to develop sufficiently differentiated Models, the Funds' investment objective may not be met, irrespective of whether the Models are profitable in an absolute sense. In addition, to the extent that the Models come to resemble those employed by other managers, there is an increased risk that a market disruption may negatively affect predictive Models such as those employed by the Funds, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of funds utilizing Models (or similar quantitatively-focused investment strategies) in the marketplace.

#### Involuntary Disclosure Risk

The ability of the Investment Manager to achieve its investment goals for the relevant Fund is dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models (as defined under the risk factor "Model and Data Risk" above) and Data (as defined under the risk factor "Model and Data Risk" above) are largely protected by the Investment Manager through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer the Investment Manager's models, and thereby impair the relative or absolute performance of the Company and its Funds.

#### **Legal and Operational Risks Linked to Management Collateral**

OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested

The management of operational risk is established through Marshall Wace policies. The policies set by the Marshall Wace are implemented by the Investment Manager. These policies set standards for the high level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.



### **Fund Specific Risks**

Please review the particular Fund Supplement for specific risks associated with each particular Fund.

## CONFLICTS OF INTEREST

The Directors, the Investment Manager, the Custodian and the Administrator and/or their respective affiliates or any person connected with them may from time to time act as directors, investment manager, manager, distributor, trustee, custodian, registrar, broker, administrator, investment adviser or dealer in relation to, or be otherwise involved in, other investment funds which have similar or different objectives to those of the Funds or which may invest in the Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Funds. The Directors and each of the other foregoing entities will, at all times, have regard in such event to its obligations to the Funds and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and are consistent with the best interests of Shareholders. Any of the Directors, the Investment Manager, the Custodian and the Administrator and/or their respective members, directors or employees may deal with the Company as principal or as agent, provided that:-

- (i) there is obtained a certified valuation of the transaction by a person approved by the Custodian (or a person who has been approved by the Directors as being independent and competent in the case of a transaction with the Custodian) as independent and competent; or
- (ii) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or
- (iii) where (i) and (ii) are not practical, execution is on terms which the Custodian (or the Directors in the case of a transaction with the Custodian) is satisfied conforms with the principle that the transaction is in the best interest of the Shareholders and is carried out as if effected on normal commercial terms negotiated at arm's length.

The Custodian (or the Company in the case of transactions involving the Custodian) must document how it has complied with the provisions of paragraph (i), (ii) or (iii) above. Where transactions are conducted in accordance with (iii) above, the Custodian (or the Company in the case of transactions involving the Custodian) must document their rationale for being satisfied that the transaction conformed to the principles outlined above.

The Investment Manager or any of its affiliates or any person connected with the Investment Manager may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Funds. Neither the Investment Manager nor any of its affiliates nor any person connected with the Investment Manager is under any obligation to offer

investment opportunities of which any of them becomes aware to the Funds or to account to the Funds in respect of (or share with the Funds or inform the Funds 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 Funds and other clients.

In calculating a Fund's Net Asset Value, the Administrator may consult with the Investment manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the Net Asset Value of a Fund and the entitlement of the Investment Manager to a management fee and/or performance fee which is calculated on the basis of the Net Asset Value of the Fund.

## **USE OF DEALING COMMISSIONS**

The Investment Manager may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager. The services which can be paid for under such arrangements are those permitted under the rules of the FCA, namely those that relate to the execution of transactions on behalf of customers or the provision of investment research to the Investment Manager. The benefits provided under such arrangements will assist the Investment Manager in the provision of investment management services to the Company and to other third parties. Specifically, the Investment Manager may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Such services may be used by the Investment Manager in connection with transactions in which the relevant Fund will not participate. Such services may take the form of research, analysis and advisory services and such other services as are permitted by Rule 11.6 of the FCA's Conduct of Business Sourcebook. In such case, the Investment Manager will ensure that such arrangements assist in the provision of investment services to the relevant Fund and the broker to the arrangement has agreed to provide best execution.

Subject to applicable laws and regulations, authorised delegates of the Investment Manager may enter into similar arrangements with brokers.

## GENERAL INFORMATION

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

(A) The Company was incorporated in Ireland on 11 December, 2008 as an investment company with variable capital with limited liability under registration number 465375.

(B) The registered office of the Company is as stated in the Directory at the front of this Prospectus.

(C) Clause 3.00 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment in either or both transferable securities and other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public. Clause 3.00 further provides that the Company operates on the principle of risk spreading.

(D) The authorised share capital of the Company is 500,000,000,000 participating Shares of no par value and 300,000 redeemable non-participating shares of €1.00 each. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot Shares in the capital of the Company on such terms and in such manner as they may think fit. There are two redeemable, non-participating Shares currently in issue.

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

(A) The rights attaching to the Shares issued in any Class or Fund may, whether or not the 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 an ordinary 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.

### 3. **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 a Class or any Shareholder of a Class present in person or by proxy at a meeting of a Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (D) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and 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) Every Shareholder entitled to attend and vote at a general meeting may appoint any person (whether a Shareholder or not) to act as a proxy to attend, speak and vote on his behalf. 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 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 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 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.

#### 4. **Meetings**

The Directors may convene extraordinary general meetings of the Company at any time.

Not less than 21 calendar days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and 14 calendar days' notice must be given in the case of any other general meeting.

Two Shareholders 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 Shareholders present shall be a quorum and in the case of a meeting of a Class convened to consider the variation of rights of Shareholders in such Class the quorum shall be one Shareholder holding Shares of the Class in question or his proxy. All general meetings will be held in Ireland.

The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Classes and, subject to the Companies Act 2014, have effect with respect to separate meetings of each Class at which a resolution varying the rights of Shareholders in such Class is tabled.

#### 5. **Reports, Accounts and documents available for inspection**

The financial year of the Company will end on 30 June in each year.

An annual report and audited financial statements for each Fund in respect of each financial year prepared in accordance with IFRS will be made available or sent to Shareholders as soon as practicable and in any event within four months of the end of such Fund's financial year.

Half-yearly unaudited reports of the Company, incorporating unaudited accounts, will also be made available or sent to Shareholders within two months of the period to which they relate. Half-yearly unaudited reports will be prepared as of 31 December each year.

The annual report and audited annual financial statements of the Company and half-yearly reports incorporating unaudited accounts will be made available or where sent, will be sent to each Shareholder at his registered address or email address, free of



charge and a paper copy may also be obtained, together with the Articles, at the registered office of the Administrator and the Company.

The Company provides certain tax information to taxable US investors on an annual basis.

## 6. **Directors**

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

(A) Unless otherwise determined by an ordinary resolution of the Company in a 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 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 this Prospectus under "Directors' Fees" under "Fees and Expenses" 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:-

- (1) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
- (2) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (3) if he becomes of unsound mind;
- (4) 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;
- (5) 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;
- (6) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (7) if he is removed from office by ordinary resolution of the Company.

## **7. 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) Each of the Directors is independent of the Investment Manager.
- (B) Apart from the agreement set out in (B) above, there are no existing or proposed service agreements between the Company and any of the Directors.
- (C) The Directors or companies of which they are officers or employees, including the Investment Manager, may subscribe for Shares in the Fund. Their applications for Shares will rank *pari passu* with all other applications. As at the date of this Prospectus, save as described herein, none of the Directors, nor any connected person has or intends to have an interest (direct or indirect) in the Shares of the Fund.
- (D) Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Company and no Director has a material interest in any contract or arrangement entered into by the Company which is unusual in nature or conditions or significant in relation to the business of the Company, nor has any Director had such an interest since the Company was incorporated.
- (E) No Director has: (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, while he was a director with an executive function or within twelve months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within twelve months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

## **8. Winding Up**

- (A) The Company may be wound up if:
  - (1) At any time the Net Asset Value of the Company or the relevant Fund falls below €10 million on each Dealing Day for a period of six consecutive weeks;

- (2) Within a period of three months from the date on which (a) the Custodian notifies the Company of its desire to retire in accordance with the terms of the Custodian Agreement and has not withdrawn notice of its intention to so retire, (b) the appointment of the Custodian is terminated by the Company in accordance with the terms of the Custodian Agreement, or (c) the Custodian ceases to be approved by the Central Bank to act as a custodian; no new Custodian has been appointed, the Directors shall instruct the Secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an ordinary resolution to wind up the Company;
  - (3) The Shareholders resolve by ordinary resolution that the Company or the relevant Fund by reason of its liabilities cannot continue its business and that it be wound up; or
  - (4) 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 apply the assets of each Fund in satisfaction of liabilities incurred on behalf of or attributable to such Fund and shall not apply the assets of any Fund in satisfaction of any liabilities incurred on behalf of or attributable to any other Fund.
- (D) The assets available for distribution among the Shareholders shall be applied in the following priority:
- (1) first, 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;
  - (2) secondly, in the payment to the holders of non-participating Shares of sums up to the consideration paid in respect thereof out of the assets of the Company not comprised within any Funds provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (3) 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 Fund or Class; and

- (4) 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 the relevant 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 less the costs of any such sale which shall be borne by the relevant Shareholder. 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, should the Directors at any time and in their sole 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 Articles.

## **9. Indemnities and Insurance**

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Articles to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## 10. **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

(A) An Investment Management and Distribution Agreement dated 5 February, 2009 between (1) the Company and (2) the Investment Manager whereby the Investment Manager has been appointed the responsibility for managing the investments of the Company and for distributing the shares of the Company. The Investment Management and Distribution Agreement will continue in force until terminated by either party on 90 calendar days' notice in writing to the other party. It may be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within 30 calendar days of receipt of written notice requiring the same, or if the other party is dissolved or otherwise enters into insolvency proceedings. The Investment Manager will not be liable for any loss suffered by the Company in connection with the performance or non-performance of its obligations and duties under the Investment Management and Distribution Agreement in the absence of negligence, bad faith, recklessness, wilful default or fraud on the part of the Investment Manager. The Company has agreed to indemnify the Investment Manager and the directors, officers and employees of the Investment Manager against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager other than those resulting from the negligence, wilful default or fraud on its part and other than expenses incurred by the Investment Manager for which the Investment Manager is responsible.

(B) the Administration Agreement dated and effective as of 11:59pm on the 31 March, 2012 between the Company and the Administrator, whereby the Administrator has been appointed to provide registrar and transfer agency, accounting and other administrative services to the Company. The Administration Agreement will continue in force until terminated by either party without cause on not less than 90 days' prior notice in writing to the other party and may be terminated by either party immediately by notice in writing if (i) the other party has materially breached any of its obligations thereunder and such material breach is not capable of remedy or is a persistent material breach or (ii) the other party fails to remedy such material breach (if capable of remedy) within thirty days of receipt of notice from the non-defaulting party requiring it to do so. The Administration Agreement may also be terminated immediately by either party by notice in writing if (i) the other party is unable to pay its debts as they fall due, commences liquidation proceedings (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the terminating party) or if a receiver is appointed over any assets of the other party, (ii) it is or becomes unlawful for the other party to carry on its business or (iii) the other party is or becomes subject to any formal proceeding by any regulatory body in any applicable jurisdiction having jurisdiction over any such party (as the case may be) or any other event occurs in relation to the other party in circumstances where the terminating party in its reasonable



opinion determines that the other party's continued performance of its obligations under the Administration Agreement could reasonably be expected to have a material adverse effect on the business or reputation of such terminating party.

The Administration Agreement provides that, in the absence of material breach of the Administration Agreement by the Administrator or the negligence, fraud or wilful misconduct by the Administrator in the provision of the services thereunder, the Administrator will not be liable to the Company on account of anything done, omitted or suffered by the Administrator in good faith in the provision of the services pursuant to the Administration Agreement. The Administration Agreement also provides that the Company will indemnify and keep indemnified, out of the assets of the relevant Fund(s), the Administrator from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against any of them howsoever arising (other than by reason of negligence, bad faith, fraud, wilful misconduct on the part of the Administrator or the material breach of the Administration Agreement by the Administrator) in connection with the provision of the services under the Administration Agreement.

(C) A Custodian Agreement dated 5 February, 2009 between (1) the Company and (2) the Custodian whereby the Company appointed the Custodian to provide custodian services to the Company. The Custodian Agreement will continue in force until terminated by either party with or without cause by giving the other party ninety (90) days' written notice. The Custodian Agreement may be terminated by either party immediately on the occurrence of certain events outlined in the Custodian Agreement. The Custodian Agreement contains indemnities in favour of the Custodian excluding matters arising by reason of its unjustifiable failure to perform its obligations or its improper performance. The indemnity also excludes matter arising by reason of the Custodian's negligence. The Custodian Agreement contains provisions whereby the Custodian will not be liable for any loss suffered by the Company and its shareholders except as a result of the Custodian's unjustifiable failure to perform its obligations or its improper performance of them. The Custodian will be liable for any losses suffered by the Company as a result of its negligence.



## **11. Side Letters**

The Company will not enter into side letters with investors in any case which would afford favourable treatment to such investor with respect to liquidity or transparency in a Fund. Further, the Company will at all time observe the Articles of Association of the Company and the rules of the Central Bank of Ireland in respect of equal treatment of Shareholders.

## **12. General**

(A) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles, the general law of Ireland, the UCITS Regulations and the Companies Act 2014.

The material contracts referred to in paragraph 10 above will be available for inspection during normal business hours at the offices of the Company at Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland.

At the date of this Prospectus, the Company consists of five Funds, approved by the Central Bank:

MW TOPS UCITS Fund

MW Liquid Alpha UCITS Fund

MW Liquid Protection Fund

MW Liquid Trading Strategies Fund

MW TOPS China Equities UCITS Fund

## **APPENDIX 1**

### **INVESTMENT AND BORROWING POWERS**

#### **1. Permitted Investments**

Investments of each Fund are confined to:

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

#### **2. Investment Restrictions**

- 2.1 Each Fund may invest no more than 10% of net assets in transferable securities and Money Market Instruments other than those referred to in paragraph 1 above.
- 2.2 Recently Issued Transferable Securities

Subject to this paragraph (2) each Fund shall not invest any more than 10% of its assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply. Paragraph (1) (above) does not apply to an investment by a Fund in US Securities known as “ Rule 144 A securities” provided that;

(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and

(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.

- 2.3 Each Fund may invest no more than 10% of net assets in transferable securities or Money Market Instruments issued by the same body provided that the total value of transferable securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 Subject to the prior approval of the Central Bank the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS.
- 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and Money Market Instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 Deposits with any single credit institution,– other than specified in Regulation 7 of the Central Bank Regulations held as ancillary liquidity,–shall not exceed:  
(a) 10% of the net asset value of the UCITS; or  
–(b) where the deposit is made with the Depositary 20% of the net assets of the UCITS.
- 2.8 The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

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

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- (A) investments in transferable securities or Money Market Instruments;
  - (B) deposits, and/or
  - (C) risk exposures arising from OTC derivatives transactions.
- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and Money Market Instruments within the same group.
- 2.12 Each Fund may invest up to 100% of net assets in different transferable securities and Money Market Instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members. (See Appendix 4)

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

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

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

- 3.1 If provided for in the relevant Supplement in respect of a particular Fund, investments made by a Fund in units of other CIS will not exceed, in aggregate, 10% of the Net Asset Value of the Fund.
- 3.2 If no express limit is provided for in the relevant Supplement, the following restrictions shall apply instead:
- (a) Each Fund may not invest in more than 20% of its Net Asset Value in any one CIS.
  - (b) Investments in non-UCITS CIS may not, in aggregate, exceed 30% of its Net Asset Value.
- 3.3 The CIS in which a Fund invests must be prohibited from investing more than 10% of net assets in other CIS.

- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, exchange or redemption fees on account of the Fund investment in the units of such other CIS. Furthermore, the Investment Manager may not charge, in the foregoing circumstances, any Investment Management Fee to the Fund on the portion of the Fund's assets invested in such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, the UCITS, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission) the UCITS shall ensure that the relevant commission is paid into the property of the relevant Fund.

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

- 4.1 Each Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the CBI Regulations and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

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

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A Fund may acquire no more than:
- (A) 10% of the non-voting shares of any single issuing body;
  - (B) 10% of the debt securities of any single issuing body;
  - (C) 25% of the units of any single CIS;
  - (D) 10% of the Money Market Instruments of any single issuing body.

NOTE: The limits laid down in (B), (C) and (D) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

5.3 5.1 and 5.2 shall not be applicable to:

- (A) transferable securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
- (B) transferable securities and Money Market Instruments issued or guaranteed by a non-Member State;
- (C) transferable securities and Money Market Instruments issued by public international bodies of which one or more Member States are members;
- (D) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
- (E) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

5.4 The Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or Money Market Instruments which form part of its assets.

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;

- Money Market Instruments\*;
- units of CIS; or
- financial derivative instruments.

\* Any short selling of Money Market Instruments by UCITS is prohibited.

5.8 A Fund may hold ancillary liquid assets.

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

- 6.1 The global exposure of a Fund relating to FDI must not exceed its total Net Asset Value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or Money Market Instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the CBI Regulations/Guidance. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the CBI Regulations.)
- 6.3 Funds may invest in FDIs dealt in OTC provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs is subject to the conditions and limits laid down by the Central Bank.

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

- 7.1 The Company may borrow in respect of any Fund up to 10% of its Net Asset Value provided such borrowing is on a temporary basis. The Company may charge its assets as security for such borrowings.
- 7.2 A Fund may acquire foreign currency by means of a "back to back" loan agreement. The UCITS shall ensure that a Fund with foreign currency borrowings which exceed the value of a back-to-back deposit treats that excess as borrowings for the purpose of Regulation 103 of the UCITS Regulations.7.3  
The Company will adhere to any investment or borrowing restrictions and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Class in the Company, subject to the UCITS Regulations.
- 7.4 It is intended that a Fund shall have the power (subject to the prior approval of the Central Bank) and as disclosed in an updated Prospectus to avail itself of any change in the investment and borrowing restrictions laid down in the UCITS



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



## APPENDIX 2

### Stock Exchanges and Regulated Markets

With the exception of permitted investment in unlisted securities, investment in securities will be restricted to those traded on stock exchanges and markets listed below in this Prospectus or any Supplement thereto or revision thereof each of which stock exchanges and markets is regulated, operates regularly, is recognised and is open to the public. These stock exchanges and markets are listed in accordance with the regulatory criteria defined in the CBI Regulations. The Central Bank does not issue a list of approved markets and exchanges.

1. All stock exchanges of the EEA States, Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland and the United States of America on which transferable securities admitted to official listing are dealt in or traded.

in Argentina	Bolsa de Comercio de Buenos Aires Bolsa de Comercio de Cordoba Bolsa de Comercio de Rosario Mercado de Valores de Buenos Aires
in Bahrain	Bahrain Bourse
in Bangladesh	Dhaka Stock Exchange Chittagong Stock Exchange
in Bermuda	Bermuda Stock Exchange
in Botswana	Botswana Stock Exchange
in Brazil	Bolsa de Valores do Rio de Janeiro Bolsa de Valores de Sao Paulo BM&F Bovespa
in Chile	Bolsa de Comercio de Santiago Bolsa Electronica de Chile
in China	the Shanghai Stock Exchange Shanghai Futures Exchange the Shenzhen Stock Exchange
in Colombia	Bolsa de Bogota Bolsa de Medellin Bolsa de Occidente Bolsa de Valores de Colombia

in Croatia	the Zagreb Stock Exchange
in Egypt	Alexandria Stock Exchange Cairo Stock Exchange Egyptian Exchange
in Ghana	Ghana Stock Exchange
in India	the National Stock Exchange the Mumbai Stock Exchange the Delhi Stock Exchange the Bangalore Stock Exchange the Bombay Stock Exchange
in Indonesia	the Jakarta Stock Exchange Surabaya Stock Exchange Bursa Efek Indonesia
in Israel	the Tel Aviv Stock Exchange
in the Ivory Coast	Bourse des Valeurs d'Abidjan
in Jamaica	Jamaican Stock Exchange
in Jordan	Amman Financial Market
in Kazakhstan	Central Asian Stock Exchange Kazakhstan Stock Exchange
in Kenya	Nairobi Stock Exchange
in Lebanon	Beirut Stock Exchange
in Malaysia	Bursa Malaysia
in Mauritius	Stock Exchange of Mauritius
in Mexico	Bolsa Mexicana de Valores MexDer, Mercado Mexicano de Derivados
in Morocco	Casablanca Stock Exchange

in Namibia	Namibian Stock Exchange
in Nigeria	Nigerian Stock Exchange
in Oman	Muscat Securities Market
in Pakistan	Islamabad Stock Exchange Karachi Stock Exchange Lahore Stock Exchange
in Peru	Bolsa de Valores de Lima
in Philippines	the Philippines Stock Exchange
in Qatar	Qatar Exchange
in Russia	Moscow Interbank Currency Exchange the Russian Trading System Stock Exchange Moscow Exchange
in Saudi Arabia	Saudi Stock Exchange
in Serbia	Belgrade Stock Exchange
in Singapore	the Singapore Exchange
in South Africa	the Johannesburg Stock Exchange
in South Korea	Korea Exchange KOSDAQ Market
in Sri Lanka	Colombo Stock Exchange
in Taiwan (Republic of China)	the Taiwan Stock Exchange Corporation the Taiwan Futures Exchange the GreTai Securities Market
in Thailand	the Stock Exchange of Thailand the Thailand Futures Exchange
in Tunisia	Bourse des Valeurs Mobilières de Tunis
in Turkey	Borsa Istanbul
in United Arab Emirates	Abu Dhabi Securities Exchange

	Dubai Financial Market Nasdaq Dubai
in Ukraine	Ukrainian Stock Exchange Ukrainian Exchange
in Uruguay	Bolsa de Valores de Montevideo
in Venezuela	Bolsa de Valores de Caracas the Maracaibo Stock Exchange Venezuela Electronic Stock Exchange
in Vietnam	Ho Chi Minh Stock Exchange
in Zimbabwe	Zimbabwe Stock Exchange
in Zambia	Lusaka Stock Exchange

2. The following regulated markets:-

the markets organised by the International Securities Market Association;

NASDAQ in the United States;

NASDAQ Europe;

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

the market in US Government Securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;

the over-the-counter market in the United States regulated by the US Financial Industry Regulatory Authority, Inc ("FINRA") also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by FINRA and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;

the market conducted by the "listed money market institutions", as described in the FCA publication "The Investment Business Interim Prudential Sourcebook" (which replaces the "Grey Paper") as amended from time to time;

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

the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

the French market for "Titres de Creance Negotiable" (over-the-counter market in negotiable debt instruments); and

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

Any approved derivative market in any region which is not listed in paragraphs 1 or 2 above on which Financial Derivative Instruments are traded.

The above markets are listed in accordance with the requirements of the Central Bank, it being noted the Central Bank does not issue a list of approved markets or stock exchanges.



## APPENDIX 3

### Financial Derivative Instruments and Efficient Portfolio Management

#### Financial Derivative Instruments

The Financial Derivative Instruments which the Investment Manager may use on behalf of the Company and the expected effect of investment in such Financial Derivative Instruments on the risk profile of the Company are set out below. In addition, the attention of investors is drawn to the risks described under the "Certain Risk Factors" section of this Prospectus.

Where considered appropriate, the Company may invest in Financial Derivatives Instruments and/or utilise techniques and instruments for investment purposes, for efficient portfolio management (as described in further detail below) to gain currency exposure and/or to protect against foreign exchange risks, subject to the conditions and within the limits laid down by the Central Bank.

The Company will typically use these instruments and/or techniques as described below and under the "Investment Policy" section in the relevant Supplement.

In the event a Fund gains exposure to a financial index, where the weighting of a particular constituent in the financial index exceeds the UCITS investment restrictions, the Investment Manager of the relevant Fund will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the Company.

#### Over-the-counter swaps including contracts for differences and basket/portfolio swaps

Swap agreements are two-party contracts for periods ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular pre-determined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount", i.e., the return on or increase in value of a particular currency amount invested at a particular interest rate, in particular, foreign currency, or in a "basket" of securities representing a particular index.

A Fund may invest in the following types of swaps:

*Variance and Volatility Swaps:* Variance and volatility swaps are over-the-counter financial derivatives that enable one to hedge risk and/or efficiently manage exposure associated with the magnitude of a movement as measured by the volatility or variance of some underlying product like an exchange rate, interest rate or stock rate and may be used in circumstances where, for example, the Investment Manager is of the view that

realized volatility on a specific asset is likely to be different from what the market is currently pricing.

*Interest rate swaps.* An interest rate swap is an agreement negotiated between two parties to exchange LIBOR and/or other similarly recognised interest rate cash flows, calculated on a notional amount, at specified dates during the life of the swap. The use of interest rate swaps allows the interest rate sensitivity of the Fund to be changed faster and more cheaply than through the use of physical cash markets and more precisely than through exchange traded derivative markets. They may also be used to express views on the direction of interest rate movements.

*Credit default swaps:* A credit default swap (CDS) is a financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event. The buyer of the CDS makes a series of payments (the CDS "fee" or "spread") to the seller and, in exchange, receives a payoff if the loan defaults. These contracts allow a Fund to manage its exposures to certain securities or securities indexes.

*Index Swaps:* Index swaps allow the Fund to achieve exposure to indices on a synthetic basis.

The Investment Manager may enter into index swap contracts to limit or eliminate its exposure to a particular market sector while gaining exposure to another sector by exchanging the performance of what it believes is an overvalued or non-performing sector for that of an undervalued or performing sector, which will generally involve swapping the performance of two relevant market indices. The Investment Manager may also enter into "mid-cap" index swap contracts, which are swap contracts where the underlying is an index comprising companies of medium sized market capitalisation. "Mid-cap" index swaps will be used to hedge market risks associated with long or synthetic short positions in individual equity securities.

*Custom Index Swaps:* Index swaps allow the Fund to achieve exposure to custom indices or "baskets" of equities on a synthetic basis.

*Inflation Swaps:* An inflation swap operates in a similar way to an interest rate swap except that it is an agreement negotiated between two parties to exchange payments at a fixed or floating rate in return for payments based on realised inflation over the relevant period. Inflation swaps allow the inflation sensitivity profile of a Fund to be changed faster and more cheaply than through the use of physical cash markets. They may also be used to express views on the future level of inflation.

*Currency Swaps:* A currency swap is an agreement between two or more parties to exchange sequences of cash flows over a period in the future. The cash flows that the counterparties make are tied to the value of foreign currencies including, but not limited to Sterling, US Dollar, Euro and Yen. Currency Swaps may be used as an alternative to

spot and forward foreign exchange contracts. Currency swaps allow the Investment Manager to take positive and negative views on the direction of currency movements and hedge currency risk.

*Asset Swaps:* An asset swap is an agreement negotiated between two parties to exchange the cash flows resulting from a purchased asset, typically government bonds, for a return in excess of LIBOR or other similarly recognised interest rate cash flows, calculated and paid at specified dates during the life of the swap or at the maturity of the swap.

*Equity Swaps and Contracts For Difference:* Equity swaps allow the Investment Manager to either offset equity exposures or increase exposures efficiently and cheaply. An equity CFD is a derivative instrument designed to replicate the economic performance and the cash flows of a conventional share investment. The Funds may use equity swaps including CFDs (also known as synthetic swaps) to secure a profit or avoid a loss to the Fund by reference to fluctuations in the value or price of equities or financial instruments or in an index of such equities or financial instruments. CFDs may be used either as a substitute for direct investment in the underlying equity security or as an alternative to and for the same purposes as futures and options, particularly in cases where there is no futures contract available in relation to a specific security, or where an index option or index future represents an inefficient method of gaining exposure because of pricing risk or the risk of delta or beta mismatches. Where the Investment Manager wishes to take short positions in equities, it will only do so synthetically and primarily through the use of basket and portfolio swaps, single stock contracts for difference and equity index forward contracts. For long exposures to equities, the Investment Manager will utilise equity derivatives where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Funds will take long and short positions over a variety of time periods, however the combination of long and short positions will never result in uncovered short positions.

#### Equity Index futures/forwards and options

##### Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. The purchase or sale of a futures contract differs from the purchase or sale of the underlying security or option in that no price or premium is paid or received. Instead, an amount of cash or other liquid assets generally must be deposited with the broker. This amount is known as initial margin. Subsequent payments to and from the broker, known as variation margin, are made on a daily basis as the price of the underlying futures currency contract fluctuates making the long and short positions in the futures contract more or less valuable, a process known as

“marking to market.” In most cases futures contracts are closed out before the settlement date without the making or taking of delivery. Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the relevant currency and the same delivery date. If the price of the initial sale of the futures contract exceeds the price of the offsetting purchase, the seller is paid the difference and realizes a gain. Conversely, if the price of the offsetting purchase exceeds the price of the initial sale, the seller realizes a loss. Similarly, the closing out of a futures contract purchase is effected by the purchaser entering into a futures contract sale. If the offsetting sale price exceeds the purchase price, the purchaser realises a gain, and if the purchase price exceeds the offsetting sale price, a loss will be realized. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract’s delivery date. Frequently using futures to achieve a particular strategy rather than the underlying or related security or index, or index sector or basket of debt securities often results in lower transaction costs.

The Fund may invest in the following types of futures:

*Index Futures:* The Investment Manager may enter into index futures, including those on commodity indices, to reflect its views on the direction of particular markets whether on an outright directional view or on a relative basis. The Investment Manager may use index futures to hedge market risk associated with long or synthetic short positions in individual equity securities. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank.

*Single Equity Futures:* The Investment Manager may enter into single equity futures to either offset equity exposures or increase exposures efficiently and cheaply.

*Currency Futures:* Currency futures allow the Investment Manager to take positive and negative views on the direction of currency movements and hedge currency risk. A currency future is an agreement to buy or sell a currency pair on a specific date. Currency futures differ from currency forwards (see below) in that they are traded on Recognised Exchanges thereby reducing counterparty risk.

*Dividend Futures:* Dividend futures allow the Investment Manager to take positions on future dividend payments on a single company, a basket of companies or on an equity index.

*Interest Rate Futures (including Short Term Interest Rate Futures):* Interest rate futures (including short term interest rate futures) may be used to express the Investment Manager’s view that the yield curve will move in a particular way. The Investment Manager may use these instruments to mitigate the interest rate exposure of fixed rate bonds.

*Bond Futures:* Bond futures allow the Investment Manager to take positive or negative views on the direction of bond prices and seek to reduce the interest rate exposure of fixed rate bonds.

*Volatility Index Futures:* A Fund may go long or short volatility index futures to express views about the expected outcome of the underlying volatility of markets

*Property Index Futures:* Property index futures allow a Fund's exposure to property to be increased or decreased quickly and cheaply. Any property indices to which exposure is achieved must be cleared in advance by the Central Bank.

*Commodity Index Futures:* Commodity index futures allow a Fund's exposure to commodity indices to be increased or decreased. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank.

*Money Market Futures:* Money market futures allow a Fund to provide a cost effective and efficient alternative to a deposit with a specific credit institution.

## Options

There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) to the contract, a specific quantity of a particular product or financial instrument at a specified price or premium. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price or discount. Options may also be cash settled. The Fund may be a seller or buyer of put and call options. The Fund may purchase or sell these instruments either individually or in combinations. For example, purchasing a call option would allow the Fund to benefit from any upside in the performance, while limiting its overall exposure to the original premium paid by the Fund. Options may also be used to take a positional view on the volatility of certain bonds. For example, a combination of buying put and call options could be used to implement a "long straddle" position, a strategy that will make money if the underlying asset falls materially or rises materially over a pre-determined period, but will lose money if the value of the underlying asset stays close to its original value.

The Fund may invest in the following types of options:

*Currency Options (including Barrier Options):* Currency options allow the Investment Manager to take views on the direction of currency movements and hedge currency risk. Barrier options require the striking of one or more price barriers for the option to be created or destroyed.

*Equity Options (single name, index, sector, custom basket):* Equity Options may be used to express views as to the direction of single name equities, an equity index or a custom basket of equities.

*Index Options:* The Fund may enter into options to seek exposure to certain indices, including commodity indices. This would allow the Fund to benefit from any upside in the performance of the index while limiting its overall exposure to the premium paid by the Fund. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank.

*Options on Credit Default Swaps:* Protection in option format may be purchased to offset the risk of spread widening on a portfolio of Credit Default Swap (CDS) holdings. They can also be used in a similar way to other CDS instruments, e.g. if the Investment Manager believes that a particular credit or index will go up or down it may buy a call or put option on it.

*Dividend Options:* Dividend options allow the Investment Manager to take positions on future dividend payments.

*Options on interest rate futures:* Options on interest rate futures and may be used to express similar views as described for interest rate futures or alternatively to express the Investment Manager's view on interest rate volatility.

*Bond Options:* Bond options may be used to express similar positional views as would be the case as buying or selling the underlying bond or alternatively to express the Investment Manager's view on the bond's volatility.

*Options on Dividend Futures:* Options on dividend futures may be used to express similar positional views as described for dividend futures or to express the Investment Manager's view on the volatility of dividends.

*Options on Currency Futures:* Options on currency futures allow a Fund to increase or reduce exposure to a specific currency. Such an option involves the right to buy or sell a currency future at a specified strike price during a specified time which protects against exchange risk.

*Options on Equity Futures:* Options on equity futures allow a Fund to gain or reduce exposure to a market, asset class or sector without having to purchase or sell securities directly.

*Swaptions:* A swaption is an option giving the purchaser the option of the right but not the obligation to enter into an interest rate swap agreement.



## Forwards

A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency contracts the contract holders are obliged to buy or sell the currency at a specified price at a specified quantity and on a specified future date. Currency forward settlement can be on a cash (non-deliverable) or a delivery basis provided it has been specified beforehand.

Forward foreign exchange contracts may be used to hedge, at the discretion of the Investment Manager, any currency exposure back to the base currency. They may also be used to change the currency composition of all or part of the Fund without necessarily hedging back to the base currency of the Fund.

The Funds may employ forward currency exchange contracts to purchase or sell a specific currency at a future date at a price set at the time of the contract. The Funds may acquire and sell currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. The Funds may enter into these contracts to gain currency exposure or to hedge against changes in currency exchange rates. The Funds may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

These hedges may be entered into to hedge the exposure of the denominated currency of a Class of Shares (for example, US\$ denominated shares) against the base currency of the relevant Fund (for example, Euro). Further detail on this type of hedging is found under the heading "The Company and the Funds".

These hedges may also be used to hedge the exposure of a Fund to assets which are denominated in currencies other than the Fund's base currency. Unless otherwise stated in the relevant Supplement, the Investment Manager will generally seek to hedge the currency exposure of a Fund to currencies other than its base currency and it is anticipated that the currency exposure of a Fund will be predominantly hedged at all times. Nonetheless, prospective investors should be aware that the Investment Manager may take currency positions for a Fund where it considers this appropriate

There may be occasions when the Investment Manager uses a future/forward or option to gain long or short exposure to a market without purchasing the relevant securities. An equity index future/forward or option will generally perform in a similar manner to the relevant index. Examples of such occasions would be:

- If a significant cash in-flow was received and a future could be used to gain exposure to the market immediately allowing the Investment Manager to invest into securities over time;



- If the Investment Manager wanted to gain exposure to a particular market, but felt that the amount to be invested would not give an adequate spread or would be too expensive.

### Rights

Rights generally refers to a right to take up an offer made by a company to its existing shareholders to subscribe for new shares in the company, the subscription price often being at a discount to the traded price of the existing shares. If not taken up within the time limit for the offer, the offer will normally lapse without any value, creating a similar economic effect to the issue of an option with a zero premium.

### Warrants

A warrant gives the holder the right to subscribe to a specified amount of the issuing corporation's capital stock at a set price for a specified period of time. The Fund may purchase warrants to provide a mechanism for taking position in securities without the need to purchase and hold the security.

### Exchange Traded Notes ("ETNs")

ETNs are structured debt instruments with returns linked to the performance of security or an Index minus fees. As such they are subject to both Credit Risk and Market Risk. Price movements of ETNs are influenced by, among other things, the performance of the security or Index, the credit worthiness of the issuer, interest rates, and changing supply and demand relationships.

ETNs may embed derivatives and or leverage.

## **Efficient Portfolio Management**

The following instruments may be used in relation to the Company for the purposes of hedging or risk reduction or management and/or performance enhancement such as reduction of cost and/or generation of additional capital or income for the Company, with an appropriate level of risk, taking into account the risk profile of the Company and the general provisions of the UCITS Directive. The Company's ability to use these instruments may be limited by market conditions, regulatory limits and tax considerations and these instruments may be used only in accordance with the investment objectives of the Company. The attention of investors is drawn to the risks described under the "Certain Risk Factors" section of this Prospectus.

## **When Issued/Delayed Delivery Securities**

The Company may purchase or sell securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management. In this instance payment for and delivery of securities takes place in the future at a stated price in order to secure what is considered to be an advantageous price and yield to the Company at the time of entering into the transaction. Securities are considered "delayed delivery" securities when traded in the secondary market, or "when-issued" securities if they are an initial issuance of securities. Delayed delivery securities (which will not begin to accrue interest until the settlement date) and when-issued securities will be recorded as assets of the Company and will be subject to risks of market value fluctuations. The purchase price of delayed delivery and when-issued securities will be recorded as a liability of the Company until settlement date and when issued or delivered as the case may be such securities will be taken into account when calculating the limits set out in Appendix 1 under the heading Investment Restrictions.

## **Repurchase/Reverse Repurchase and Stocklending Agreements**

Subject to the conditions and limits set out in the CBI Regulations, the Company may use repurchase agreements, reverse repurchase agreements and/or stock lending agreements for the purposes of efficient portfolio management. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby the Company purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A stocklending agreement is an agreement under which title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date.

## **Use of Collateral**

In accordance with the requirements of the Central Bank, the Company will also employ a collateral management policy for and on behalf of each Fund in respect of collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes. Any collateral received by the Company for and on behalf of a Fund on a title transfer basis shall be held by the Custodian. For other types of collateral arrangements, the collateral may be held with a third party custodian which is subject to prudential supervision and which is unrelated to the collateral provider. Particulars of the collateral management policy are set out below.

### ***Collateral Policy***

Where appropriate, collateral may be accepted from borrowers by or on behalf of a Fund in order to reduce counterparty risk exposure generated through the use of a stock lending programme. The Company does not currently receive non-cash collateral in respect of over the counter derivative instruments or any other efficient portfolio management techniques.

Any collateral received by or on behalf of a Fund pursuant to a stock lending programme shall normally comprise of securities issued or guaranteed by certain member states of the OECD or by their public or local authorities or by their supranational institutions and organizations and equities provided however that such collateral must comply with the requirements of the Central Bank. Collateral in the form of cash will not generally be received for these purposes.

The aggregate market value of the collateral provided pursuant to the stock lending programme shall never be less than the minimum percentage required by the Central Bank. The haircut policy applied to posted collateral will vary depending on the class of asset received from the borrowers but will generally range from 102% (where the loaned securities and collateral are denominated in the same currency and are government bonds) to 110% (for all other loaned securities).

Where a Fund receives collateral for at least 30% of its net assets, the Investment Manager will employ an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Investment Manager to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall be disclosed in the risk management process employed by the Investment Manager. The Fund does not currently engage in any such stock-lending or receive any non-cash collateral.

## **APPENDIX 4**

### **GOVERNMENT AND PUBLIC SECURITIES**

List of issuers of Government and public securities in which the Company may invest up to 100% of the assets of each Fund. These are the only public bodies in which the Company may invest more than 35% of the assets of each Fund:

1. the government of any of the following countries or territories outside Ireland:
  - 1.1 Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom; or
  - 1.2 Australia, Canada, Japan, New Zealand, Switzerland and the United States of America.

## **SUPPLEMENT 1: MW TOPS UCITS Fund**

**This Supplement contains information relating specifically to MW TOPS UCITS Fund, a sub-fund of Marshall Wace UCITS Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank on 5 February, 2009 as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. This Supplement forms part of and should be read in conjunction with the Prospectus of the Company dated 10 March, 2016.**

**The Net Asset Value of the Fund is likely to have a high volatility due to its investment policy and portfolio management techniques.**

**The Fund may invest a substantial portion in Financial Derivative Instruments for investment purposes and for the purposes of hedging. Investors should read the section entitled "Certain Risk Factors" before investing in the Fund.**

**Name of Fund:** MW TOPS UCITS Fund.

**Investment Objective:** The investment objective of the Fund is to seek to provide investors with consistent absolute returns primarily through investing in equities of companies incorporated in or whose principal operations are in Europe.

There can be no assurance that the Fund will achieve its investment objective.

**Investment Policy:** The assets of the Fund will be used to invest systematically in equities and equity-related instruments of companies incorporated in or whose principal operations are based in Europe on the basis of those investment ideas of the brokerage community selected by the TOPS investment process (described more fully in the Investment Approach section below) and to effect additional investment opportunities identified by the Investment Manager.

The majority of the Fund's assets will be invested in European equities either directly (predominantly in common and preferred stock) or through equity-related instruments such as financial derivative instruments as more fully described in Appendix 3, including (without limitation) over-the-counter swap transactions, options, warrants, futures and forward

contracts with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The approach that the Fund will use to implement its investment policy will be to invest on the basis of investment ideas driven by (a) general factors such as stock and market momentum and prevailing market themes and events affecting an individual stock in particular (e.g. a merger or takeover, an earnings release, changes to the management of the issuer, or any other commercially significant event); and (b) valuation and fundamental criteria such as earnings growth and outlook for a specific stock. The resulting portfolio is expected to be relatively liquid and diversified. When making investments on behalf of the Fund, the Investment Manager will focus on investments which will generate a return for shareholders and will not focus on any specific country or sector within Europe. All investments will be made in accordance with the investment restrictions as described in Appendix 1 of the Prospectus.

The equity exposure of the Fund will primarily be confined to companies which are listed or traded on (i) a regulated market or (ii) stock exchange in the European Union, the Organisation for Economic Co-operation and Development, Hong Kong, Singapore and South Africa, (iii) NASDAQ, (iv) NASDAQ Europe, (v) the market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, (vi) the market in transferable securities conducted by primary dealers and secondary dealers which are regulated by the US Securities and Exchange Commission and by the Financial Industry Regulatory Authority, Inc., and (vii) the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan and (viii) any other eligible regulated exchange or market in accordance with the investment restrictions as laid down in Appendix 1 of the Prospectus.

Where the Investment Manager wishes to take short positions in equities, it will only do so synthetically

through the use of equity derivatives, as more fully described in Appendix 3, including without limitation, basket and portfolio swaps, single stock contracts for difference and equity index forward contracts. For long exposures to equities, the Investment Manager will utilise equity derivatives where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Fund will take long and short positions over a variety of time periods, however the combination of long and short positions will never result in uncovered short positions. The net equity exposure of the Fund will not normally exceed a range from 50 per cent net short to 150 per cent net long.

Leverage will only be achieved through Financial Derivative Instruments. The Investment Manager will calculate and regularly monitor leverage in respect of the Fund as the sum of the notionals involved and this may be supplemented by leverage calculated on the basis of a commitment approach. The level of leverage utilised by the Fund (for this purpose calculated on the basis of a commitment approach) will not exceed 200% of the Net Asset Value of the Fund and will in any event operate within the limitations set out in the UCITS Regulations. The level of leverage calculated using the sum of the notionals of the derivatives utilised by the Fund will generally under normal market conditions not exceed 400% of the Net Asset Value of the Fund. The leverage figure calculated using the sum of the notionals of the derivatives used does not take into account any netting and hedging arrangements that the Fund has in place at any time. The Fund may invest in financial derivatives which, based on the sum of notionals, generate high leverage figures. This has the potential to magnify investment gains



and losses to investors.

The “absolute” value-at-risk (“VaR”) approach is the primary risk indicator used by the Investment Manager to measure global exposure, details of which are set out in page 10 of the main body of the Prospectus. The VaR of the Fund will not exceed 8% of the Net Asset Value of the Fund.

In addition, the Fund's assets may be invested on an ancillary basis in AAA- or Aaa-rated fixed or floating rate government debt. Some of the Fund's assets may also be held on an ancillary basis in cash or cash equivalents (including, without limitation, via a holding in money market funds), pending reinvestment, if this is considered appropriate to the objective of maximising returns. In addition, the Fund's assets may be invested in equities listed on the Russian Trading System stock exchange, as well as on the Moscow Interbank Currency Exchange.

The Fund will seek to preserve capital through the use of various risk management techniques, given its long term investment strategy. The Investment Manager will pursue a discretionary hedging policy to seek to preserve investors' capital in line with its long term investment strategy, which will include the use of index futures and index swaps for sector and midcap stock hedging as more fully described in Appendix 3.

## **Investment approach**

As stated above, the Fund's assets will be invested systematically on the basis of those investment ideas of the brokerage community selected by the TOPS (“Trade Optimised Portfolio System”) investment process. The TOPS investment process comprises a framework of proprietary applications and models which seeks to capture, appraise, optimise and act upon the investment ideas of contributors from the brokerage community and to aggregate them in a dynamic portfolio construction process. This involves five key elements, which are described below: investment idea collection, contributor relationship management, optimisation, risk management, and trade execution.

### *Idea Collection*

The Investment Manager developed the TOPS process to capture what it considers to be the substantial and valuable investment information generated by investment banks and regional brokers, through their sales and research departments, and specialist research boutiques. The Investment Manager selects individual contributors with appropriate expertise from certain firms to contribute their ideas based on the information resource of their firms to TOPS.

### *Contributor Relationship Management*

Contributor relationships are actively managed by the Investment Manager to ensure that each contributor regularly appraises the ideas they have supplied.

### *Optimisation*

The optimisation process seeks systematically to identify those ideas that can be combined in a diversified portfolio and which target the stated risk-return profile. It further ensures diversification both at the position level and also by theme and style.

### *Risk Management*

Risk management is an integral part of the investment process. The primary risk management measures that are built into the portfolio construction process, at security level, are liquidity, position size, instrument volatility and directional exposure.

On a portfolio level, the primary risk measures are volatility and stock, sector, market and factor exposures.

### *Trade Execution*

The Investment Manager manages the execution of each order relative to the trading volume in the relevant security in order to minimise the price impact on the security and the cost to the portfolio,

and to ensure that commission costs are controlled.

**Investment in collective investment schemes:**

The Fund will not invest more than 10% of its net assets in aggregate in the units of other UCITS or other collective investment schemes

**Valuation Point:**

11.59p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day.

**Dealing Day:**

Every Wednesday or the next following Business Day if such day is not a Business Day.

**Dealing Request Deadline:**

9.00a.m. (Irish time) two Business Days immediately preceding the relevant Dealing Day (i.e. usually Monday) or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.

**Price Publication:**

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. Such prices will be up to date as of the time of publication.

**Shares available:**

Shares

A (€) Shares (Accumulation Shares)  
A (\$) Shares (Accumulation Shares)  
A (£) Shares (Accumulation Shares)  
A (CHF) Shares (Accumulation Shares)  
(together the "A Shares")

B (€) Shares (Distribution Shares)  
B (\$) Shares (Distribution Shares)  
B (£) Shares (Distribution Shares)  
(together the "B Shares")

C (€) Shares (MW Shares)  
C (\$) Shares (MW Shares)  
C2 (\$) Shares (MW Shares)  
C (£) Shares (MW Shares)  
(together the "C Shares")

D (€) Shares (Accumulation Shares)  
D (\$) Shares (Accumulation Shares)  
D (£) Shares (Accumulation Shares)  
D (CHF) Shares (Accumulation Shares)

(together the "D Shares")

E (€) Shares (Distribution Shares)  
 E (\$) Shares (Distribution Shares)  
 E (£) Shares (Distribution Shares)  
 (together the "E Shares")

F (€) Shares (Distribution Shares)  
 F (\$) Shares (Distribution Shares)  
 F (£) Shares (Distribution Shares)  
 F (CHF) Shares (Distribution Shares)  
 (together the "F Shares")

G (€) Shares (Distribution Shares)  
 G (\$) Shares (Distribution Shares)  
 G (£) Shares (Distribution Shares)  
 G (CHF) Shares (Distribution Shares)  
 (together the "G Shares")

If not stated to be Distribution Shares, Shares will be Accumulation Shares.

**Base currency:** United States Dollars

	<b>A (€) Shares</b>	<b>A (\$) Shares</b>	<b>A (£) Shares</b>	<b>A (CHF) Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A	N/A
<b>Minimum Subscription*</b>	€1,000,000	\$1,000,000	£1,000,000	CHF1,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2% per annum	2% per annum	2% per annum	2% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high	20% per annum of outperformance above high	20% per annum of outperformance above high	20% per annum of outperformance above high

	water mark	water mark	water mark	water mark
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	<b>B (€) Distribution Shares</b>	<b>B (\$) Distribution Shares</b>	<b>B (£) Distribution Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A
<b>Minimum Subscription*</b>	€1,000,000	\$1,000,000	£1,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A
<b>Investment Management Fee</b>	2% per annum	2% per annum	2% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>C (€) MW Shares</b>	<b>C (\$) MW Shares</b>	<b>C2 (\$) MW Shares</b>	<b>C (£) MW Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	0.6% per annum	0.6% per annum	0.0% per annum	0.6% per annum
<b>Performance Fee</b>	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark	0.0% per annum	10% per annum of outperformance above high water mark

	<b>D (€) Shares</b>	<b>D (\$) Shares</b>	<b>D (£) Shares</b>	<b>D (CHF) Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A	N/A
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000

<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2.5% per annum	2.5% per annum	2.5% per annum	2.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>E (€) Distribution Shares</b>	<b>E (\$) Distribution Shares</b>	<b>E (£) Distribution Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A
<b>Investment Management Fee</b>	2.5% per annum	2.5% per annum	2.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>F (€) Shares</b>	<b>F (\$) Shares</b>	<b>F (£) Shares</b>	<b>F (CHF) Shares</b>
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<b>Initial Offer Price</b>	N/A	N/A	N/A	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>G (€) Shares</b>	<b>G (\$) Shares</b>	<b>G (£) Shares</b>	<b>G (CHF) Shares</b>
<b>Initial Offer Price</b>	N/A	N/A	N/A	CHF100
<b>Minimum Subscription*</b>	€35,000,000	\$50,000,000	£30,000,000	CHF40,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.33% per annum	1.33% per annum	1.33% per annum	1.33% per annum
<b>Performance Fee</b>	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark



\*(Investors should refer to the section of the Prospectus headed "Important Information" which may refer to an alternative minimum subscription requirement for investors from a particular country)

There is no Minimum Holding in relation to the A Shares, B Shares, C Shares, D Shares E Shares, F or G Shares.

F Shares may be offered in limited circumstances for distribution in the United Kingdom or such other countries as the Directors in their absolute discretion may determine; and through certain distributors having separate fee arrangements with their clients. In addition, F Shares may be offered to professional and/or other investors at the discretion of the Directors.

The Directors may reduce or waive the Minimum Subscription and the Minimum Additional Subscription at their sole discretion. C (€) Shares, C (\$) Shares, C (£) Shares are only available for subscription by the employees and partners of the Investment Manager and its affiliates. C2 (\$) Shares are only available for subscription by other Marshall Wace Funds.

### **Initial Offer Period**

The Initial Offer Period for all Shares other than F (CHF) Shares and C (EUR) Shares have ended.

The Initial Offer Period for the F (CHF) Shares and C (EUR) Shares, which are available and not yet launched, will close at 5:00p.m. (Dublin time) on 30 June, 2016 or such prior date on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

Shares are available for issue during the Initial Offer Period at the price set out above.

Subject to the provisions of the Prospectus, each subscription from any investor on each Dealing Day may be limited to a maximum amount of 100,000 EUR or 100,000 GBP or 100,000 USD or 100,000 CHF (or such other limit(s) agreed by the Board of Directors and the Investment Manager and notified to investors at least 14 days' in advance of such revised limit(s) taking effect), subject to the discretion of the Investment Manager to increase or waive this limit.

### **Preliminary Charge**

The Investment Manager is permitted to make a preliminary charge on the sale of Shares to an investor of up to 5% of the amount subscribed and has discretion to waive this charge in whole or in part.

### **Details of the Individuals Responsible for Managing the Assets of the Fund**

**Anthony Clarke** is a partner of Marshall Wace LLP and is a director of Marshall Wace Asset Management Limited. Having joined Marshall Wace Asset Management Limited in 1999, Mr Clarke became a partner in September 2004. Mr Clarke is the MW TOPS Global Portfolio Manager and is primarily responsible for the day to day implementation of the strategy and the relationships with contributing service providers. Mr Clarke oversees the strategy's trading activities and co-ordinates the risk management and optimisation of the TOPS portfolios. Mr Clarke holds a B.A. (Hons) from The Queen's College, University of Oxford, in Philosophy, Politics and Economics.

### **Investment Management Fee**

The Investment Manager will receive from the Company, an Investment Management Fee with respect to each Class equal to 1/12 of the relevant percentage per annum per month (set forth in the table above applicable to the relevant Class) of the Net Asset Value of such class of Shares (before deduction of that month's fees, expenses, borrowings and interest together with Value Added Tax, if any on such a fee and before deduction for any accrued Performance Fees). Such fee is payable every month and is accrued and calculated as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each Valuation Point.

### **Performance Fee**

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fees may be paid on unrealised gains, which may subsequently never be realised.

The Performance Fee will be calculated in respect of each period of twelve months beginning on October 1 and ending on the following 30 September (a Calculation Period). The first Calculation Period will be the period commencing on the Business Day immediately following the close of the relevant Initial Offer Period and ending on the next following 30 September. The Performance Fee will be calculated and accrued as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each Valuation Point as an expense of the relevant Class and will be payable to the Investment Manager in arrears within 14 Business Days of the end of each Calculation Period after verification of the calculation of the Performance Fee by the Custodian.

For each Calculation Period, the Performance Fee will be equal to 20% (except in the case of the G Shares, which shall be equal to 25%, and in the case of C Shares, which shall be 10% save for C2 (\$) Shares, which shall be 0%) of any "New Net Appreciation".

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class (prior to reduction for accrued Performance Fee) as of the end of the relevant Calculation Period exceeds the "High Water Mark" (defined below).

The **High Water Mark** attributable to each Class is the greater of:-

- a) the Net Asset Value of the relevant Class as of the most recent 30 September at which a Performance Fee was paid by such relevant Class (after reduction for the Performance Fee then paid and for the dividends paid out to the shareholders of such relevant Class in relation to the Calculation Period then ending). The Net Asset Value referred to in the previous sentence shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever a redemption is made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately prior to, such redemption (Net Asset Value of the relevant Class in each case to be calculated prior to reduction for any accrued Performance Fee);

and

- b) if no Performance Fee has ever been paid, then the aggregate Subscriptions minus the aggregate redemptions to the relevant Class through the date of determination.

If a redemption is made from the relevant Class as of a date other than 30 September, a Performance Fee (if accrued as of the date of such redemption) shall be crystallized in respect of the Shares being redeemed and paid to the Investment Manager 14 days after the Dealing Day (or upon termination of the Investment Management and Distribution Agreement, if earlier). Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and in its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the directors), or to intermediaries, or to the Fund, part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

## **Fees and Expenses**

### **Administration Fee**

The Company shall pay the Administrator out of the assets of each Fund an annual fee, accrued as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each Valuation Point and payable monthly in arrears at a rate for the relevant Fund of up to 0.12% of the Net Asset Value of the Fund (before accrual for any Management or Performance Fees), subject to an minimum monthly fee of US\$7,000 per Fund. For each Fund, the Administrator may be entitled to additional fees in respect of tax services and with respect to other reporting.

The Administrator shall also be entitled to be reimbursed by the Company out of the assets of the relevant Fund(s) all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

### **Custodian Fee**

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, accrued as at 11.59 p.m. (Dublin time) on the last Business Day of each month (in accordance with the methodology that applies at each Valuation Point) and at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.03% of the first US\$250 million of the Net Asset Value of the Company, 0.02% of the Net Asset Value of the Company between US\$250 million and US\$750 million and 0.015% of the Net Asset Value of the Company thereafter subject to an annual minimum fee of US\$24,000 per Fund.

The Custodian shall also be entitled to be repaid all of its out-of-pocket expenses out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses, transaction charges and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Details on other fees and expenses to be incurred by the Company are detailed in the main body Prospectus under the heading entitled "**Fees and Expenses**".

### **Fees Arising from Efficient Portfolio Management Techniques**

The Fund does not currently engage in Efficient Portfolio Management techniques. In the event that the Fund engages in such techniques, direct and indirect operational costs and fees (which shall not include hidden revenue) arising from efficient portfolio management techniques may be deducted from the revenue arising from such techniques and delivered to the Fund.

Such costs and fees may be paid to entities which are affiliates of the Custodian.

### **Certain Risk Factors**

Investors' attention is particularly drawn to the section entitled "Certain Risk Factors" on page 57 of the Prospectus and especially to the risk factors relating to investing in Russia on page 79 and 80.

### **Risk Factors Specific to the Fund**

#### Reliance on Contributors

The performance of the Fund is heavily dependent on the ability of the Investment Manager to select, attract, motivate and retain suitable contributors. In the event that the Investment Manager is unable to continue to select, attract, motivate and retain suitable contributors, the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

#### Reliance on Optimisation

The performance of the Fund is heavily dependent on the ability of the Investment Manager to create a diversified portfolio combining in an optimised manner the large number of trade ideas received by the Investment Manager from contributors. In the event that the Investment Manager is unable to continue to implement a successful optimisation strategy the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

### **Singapore**

The offer or invitation of Shares of the Fund, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. MW TOPS UCITS Fund is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the Shares are not allowed to be offered to the retail public. Neither this Prospectus nor any other document or material issued in connection with the offer or sale is a prospectus as defined in the SFA. Accordingly, statutory liability

under the SFA in relation to the content of prospectuses does not apply. Prospective investors should consider carefully whether the investment is suitable for them.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

(b) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(c) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations 2005 of Singapore.





## **SUPPLEMENT 2: MW Liquid Alpha UCITS Fund**

This Supplement contains information relating specifically to MW Liquid Alpha UCITS Fund, a sub-fund of Marshall Wace UCITS Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank on 5 February, 2009 as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. This Supplement, dated 23 June 2016 forms part of and should be read in conjunction with the Prospectus of the Company dated 10 March, 2016 (the "Prospectus").

The Net Asset Value of the Fund is likely to have a high volatility due to its investment policy and portfolio management techniques.

The Fund may invest principally in Financial Derivative Instruments for investment purposes and for the purposes of hedging. Investors should read the section of the Supplement entitled "Certain Risk Factors" and the section of the prospectus entitled "The Company and the Funds - The Funds and their Investment Objectives and Investment Policies" in the Prospectus before investing in the Fund.

**Name of Fund:** MW Liquid Alpha UCITS Fund.

**Investment Objective:** The investment objective of the Fund is to seek to provide investors with consistent absolute returns (meaning a positive total return rather than a return which is greater than a particular benchmark). The Fund aims to generate absolute returns irrespective of whether markets are trending up or down.

There can be no assurance that the Fund will achieve its investment objective.

**Investment Policy:** The assets of the Fund will be used to invest systematically in securities selected by the Investment Manager's investment process (described more fully in the Investment Approach section below) and to exploit additional investment opportunities (in line with the investment policy) identified on a non-systematic basis by the Investment Manager.

When making investments on behalf of the Fund, the Investment Manager will focus on investments which will, in the opinion of the Investment

Manager, generate a return for Shareholders and will not focus on any specific country or industry sector or any particular market capitalisation.

The net equity exposure of the Fund will vary according to the Investment Manager's view of market prospects and the Investment Manager will have discretion to be net synthetically short. However, the overall net equity exposure of the Fund will not normally exceed a range from 25 per cent net short to 25 per cent net long. In taking such net exposure in aggregate across the portfolio, the Investment Manager will determine whether the Fund's exposure to each investment is net long or net short.

All investments will be made in accordance with the investment restrictions as described in Appendix 1 of the Prospectus using the selection criteria more fully described in "Investment Approach" below.

To the extent not invested on an ancillary basis as described below, the Fund's assets will primarily be invested in global equities either directly (in common and preferred stock or exchange-traded funds) or through equity-related instruments including Financial Derivative Instruments ("FDIs") as listed in the following paragraphs below.

The Fund may also invest in exchange-traded and over-the-counter foreign exchange, interest rate, credit and commodity index FDIs (as listed in the following paragraphs below), for hedging and for speculative purposes.

The Fund's investment in FDIs, and a list of each of the FDIs utilized by the Fund is set out in the following paragraph. However, for ease of reference, a description of each FDI and details of its commercial purpose is set out in detail in Appendix 3 of the Prospectus. The Investment Manager has selected each of the FDIs listed in the following paragraph for use in the Fund on the basis that it considers that exposure to the underlying security related to each of the FDIs is

appropriate for the pursuit of the investment objective of the Fund, and that exposure to such security by way of the relevant FDI is the most appropriate method of accessing such exposure to the extent required.

The Fund may invest in exchange-traded or over-the-counter single equity futures and equity and equity-related index futures and forwards, commodity index futures contracts and forwards providing exposure to commodities (it being understood that the exposure to such commodities will be achieved exclusively through (i) certificates (which are described in detail below) providing a 1 to 1 exposure to such commodity index futures contracts (i.e., no embedded leverage) and satisfying all the other conditions applicable to transferable securities and/or (ii) commodity indices which are appropriately diversified and meet the requirements of the Central Bank and whose components may include futures contracts). The Fund may also invest in dividend futures and forwards, interest-rate futures and forwards, bond futures and forwards, volatility index futures and forwards, and money market futures and forwards (providing exposure to dividends, interest rate movements, volatility indices, and money markets as appropriate). The Fund may also invest in exchange-traded or over-the-counter currency options, equity options, index options, options on credit default swaps, dividend options, options on interest rate futures, bond options, options on dividend futures options on currency futures, options on equity futures and swaptions. These options provide exposure to currency markets, equity markets, commodity indices meeting the criteria set out above, institutional credit performance, dividends, interest rate movements, bonds (which may be fixed or floating) and dividends and each of these options are described in Appendix 3 to the Prospectus. The Fund may engage in over-the-counter FDIs such as swap transactions, credit default swaps, rights warrants, basket and portfolio swaps which provide exposure to equities and variance and volatility swaps,

(which enable one to hedge risk and/or efficiently manage exposure associated with the magnitude of a movement as measured by the volatility or variance of equities), single stock contracts for difference and equity index forward contracts, custom index swaps, inflation swaps, currency swaps and asset swaps and each of these swaps are described in Appendix 3 to the Prospectus. Any such over-the-counter FDIs will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The Fund may also participate in rights, warrants and exchange traded notes. The FDIs, including how they are used by the Fund to achieve its investment objective, are more fully described in Appendix 3. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank.

The equity exposure of the Fund is typically (and always to the extent required by the UCITS Regulations) expected to be confined to entities whose securities are listed or traded on (i) a regulated market or (ii) stock exchange in the European Union, the Organisation for Economic Co-operation and Development, Hong Kong, Singapore and South Africa, (iii) NASDAQ, (iv) NASDAQ Europe, (v) the market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, (vi) the market in transferable securities conducted by primary dealers and secondary dealers which are regulated by the US Securities and Exchange Commission and by the Financial Industry Regulatory Authority, Inc., and (vii) the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan and (viii) any other eligible regulated exchange or market in accordance with the investment restrictions as laid down in Appendix 1 of the Prospectus. Up to 40% of the Fund's gross market exposure may be invested in emerging markets. Up to 10% the Fund's gross market exposure may be invested in equities listed on the Russian

Trading System stock exchange, as well as on the Moscow Interbank Currency Exchange. The Fund may raise such limits on two (2) weeks' notice to investors.

The Investment Manager may take short positions where it believes that securities are overvalued or otherwise likely to decrease in market value, or for the purposes of hedging or controlling exposure. Where the Investment Manager wishes to take short positions, it will only do so synthetically through the use of derivatives as listed above and as more fully described in Appendix 3, meaning, basket and portfolio swaps, variance and volatility swaps, asset swaps, equity swaps, single stock contracts for difference and equity index futures, forward and options contracts, single equity futures and options, and options on equity futures. The Fund may take synthetic short positions in any of the asset classes set out in this Supplement.

For long exposures to equities, the Investment Manager will utilise equity derivatives, as listed above, where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Fund may take long and synthetically short positions over a variety of time periods in accordance with the requirements of the Central Bank, however the combination of long and short positions will never result in uncovered short positions in the Fund. Only derivative instruments listed herein and in the Company's risk management process and cleared by the Central Bank may be utilised. In respect of any instrument which contains an embedded derivative, for example ETFs, exchange traded notes or convertible securities, the derivative component of such instrument shall be of a type which the Fund could otherwise invest in directly.

In order to achieve positive absolute returns, the Fund may be indirectly exposed to commodity indices through financial derivative instruments,

Certificates (as described below) or through ETFs which track the performance of commodity indices. Any ETFs invested in by the Fund may be classified as either collective investment schemes or transferable securities depending on how the ETF is structured. Any investment in open-ended ETFs will be made in accordance with the investment limits for collective investment schemes and any investment in closed-ended ETFs will be in accordance with the investment limits for transferable securities, as set out under the heading "The Company - Investment and Borrowing Powers" in Appendix 1 to the Prospectus. Where they are classified as transferable securities they may embed derivatives and/or leverage. No direct investment will be made in commodities. Any such commodity index will be cleared by the Central Bank or will meet its requirements. A list of any commodity indices which the Fund takes exposure to will be included in the annual financial statements of the Company. Details of any commodity indices used by the Fund will also be provided to Shareholders of the Fund by the Investment Manager on request.

Any such commodity index will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a commodity index will be impacted by the frequency with which the relevant commodity index is rebalanced.

Exposure to commodities may also be taken, indirectly, through certificates issued by a third party ("Certificates"). Certificates, which will not embed derivatives and/or leverage, are debt securities typically issued by banks or entities related to banks who act as the counterparts or market makers in trades on certificates which guarantees liquidity. The Fund will typically invest in such Certificates which are listed or traded on a Recognised Exchange. The value of the certificate tracks the value of the underlying in the ratio

determined by the issuer.

Leverage will only be achieved through Financial Derivative Instruments. The use of derivatives (whether for hedging or investment purposes) will give rise to an additional leveraged exposure. As outlined above, the Fund may invest in financial derivatives which, based on the sum of notionals, generate high leverage figures. The level of leverage utilised by the Fund will generally under normal market conditions not exceed 1,000% of the Net Asset Value of the Fund and will in any event operate within the limitations relating to the use of leverage set out in the UCITS Regulations. The use of leverage has the potential to magnify investment gains and losses to investors. The leverage figure is calculated using the sum of the notionals of the derivatives used as is required by the Central Bank and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time.

The “absolute” value-at-risk ("VaR") approach is the primary risk indicator used by the Investment Manager to measure global exposure, details of which are set out in page 10 of the main body of the Prospectus. The VaR of the Fund will not exceed 10% of the Net Asset Value of the Fund.

In addition, the Fund's assets may be invested on an ancillary basis in AAA- or Aaa-rated fixed or floating rate government debt. Some of the Fund's assets may also be held on an ancillary basis in cash or cash equivalents (including, without limitation, via a holding in money market funds), pending reinvestment, if this is considered appropriate to the objective of maximising returns.

The Fund may seek to preserve capital through the use of various risk management techniques including real-time monitoring of risk exposures such as volatility, value at risk and factor risk. The risk control platform used by the Investment Manager incorporates automated quantitative risk limit monitoring and alerting as well as a range of



stress tests.

## **Investment approach**

In selecting investments for the Fund, the Investment Manager will seek to exploit the large amount of data it collects relating to companies and markets, including corporate, broker and trading data and data relating to the portfolio positioning of market participants. The Investment Manager collects and analyses large amounts of such data and uses the data as inputs into a proprietary quantitative system that generates investment decisions for the Fund.

The Investment Manager is well positioned to collect, analyse, optimize and exploit this dataset due to its strengths in technology, trading and risk management.

The Investment Manager's portfolio construction process (meaning the selection of assets and the weighting of the assets within the portfolio) will be driven by proprietary alpha factors (i.e. from a proprietary system that seeks to predict future performance of securities). Allocations to these factors and exposures will be dynamic. The Investment Manager may make adjustments to the system's decisions on the basis of the judgment of the investment team (ie not on systematic basis) where it is consistent with the investment objective, (i.e. for the purposes of risk management) and will also exploit additional investment opportunities (consistent with the investment policy) identified on a non-systematic basis.

The resulting strategy is expected to be diversified and liquid (typically more than 200 positions). The Investment Manager will trade positions actively to exploit changes in market sentiment or positioning in order to enhance the risk return characteristics of the strategy.

### *Trade Execution*

The Investment Manager manages the execution of each trade order relative to the trading volume in the relevant security in order to minimise the price impact on the security and the cost to the portfolio, and to ensure that commission costs paid by the Fund are controlled.

#### **Investment in collective investment schemes:**

The Fund will not invest more than 10% of its net assets in aggregate in the units of other UCITS or other collective investment schemes

#### **Valuation Point:**

11.59 p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day.

#### **Dealing Day:**

Every Business Day.

#### **Dealing Request Deadline:**

12 noon (Irish time) two Business Days immediately preceding the relevant Dealing Day or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.

#### **Price Publication:**

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. Such prices will be up to date as of the time of publication.

#### **Shares available:**

##### Shares

A (€) Shares

A (\$) Shares

A (£) Shares

A (CHF) Shares

(together the "A Shares")

B (€) Shares

B (\$) Shares

B (£) Shares

B (CHF) Shares

B (¥) Shares

(together the "B Shares")

C (€) Shares  
C (\$) Shares  
C (£) Shares  
(together the "C Shares")

C2 (\$) Shares  
C2 (£) Shares  
C2 (€) Shares  
(together the "C2 Shares")

D (€) Shares  
D (\$) Shares  
D (£) Shares  
D (CHF) Shares  
D (¥) Shares  
(together the "D Shares")

E (€) Shares  
E (\$) Shares  
E (£) Shares  
E (CHF) Shares  
E (¥) Shares  
(together the "E Shares")

F (€) Shares  
F (\$) Shares  
F (£) Shares  
F (CHF) Shares  
(together the "F Shares")

If not stated to be Distribution Shares, Shares will be Accumulation Shares.

**Base currency:** United States Dollars

	<b>A (€) Shares</b>	<b>A (\$) Shares</b>	<b>A (£) Shares</b>	<b>A (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A

<b>Investment Management Fee</b>	1% per annum	1% per annum	1% per annum	1% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>B (€)Shares</b>	<b>B (\$)Shares</b>	<b>B (£)Shares</b>	<b>B (CHF) Shares</b>	<b>B (¥) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100	(¥)10,000
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000	(¥)500,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A	N/a
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>C (€) MW Shares</b>	<b>C (\$) MW Shares</b>	<b>C (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	0.6% per annum	0.6% per annum	0.6% per annum
<b>Performance Fee</b>	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark

	<b>C2 (€) MW Shares</b>	<b>C2 (\$) MW Shares</b>	<b>C2 (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	None	None	None
<b>Performance Fee</b>	None	None	None

	<b>D (€) Shares</b>	<b>D (\$) Shares</b>	<b>D (£) Shares</b>	<b>D (CHF) Shares</b>	<b>D (¥) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100	(¥)10,000
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000	(¥)2,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>E (€) Shares</b>	<b>E (\$) Shares</b>	<b>E (£) Shares</b>	<b>E (CHF) Shares</b>	<b>E (¥) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100	(¥)10,000

<b>Minimum Subscription*</b>	€50,000	\$50,000	£50,000	CHF50,000	(¥)5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2% per annum	2% per annum	2% per annum	2% per annum	2% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>F (€) Shares</b>	<b>F (\$) Shares</b>	<b>F (£) Shares</b>	<b>F (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

\*(Investors should refer to the section of the Prospectus headed "Important Information" which may refer to an alternative minimum subscription requirement for investors from a particular country)

There is no Minimum Holding in relation to the A Shares, B Shares, C Shares, C2 Shares, D Shares, E Shares or F Shares.

F Shares may be offered in limited circumstances for distribution in the United Kingdom or such other countries as the Directors in their absolute discretion may determine; and through certain distributors having separate fee arrangements with their clients. In addition, F Shares may be offered to professional and/or other investors at the discretion of the Directors.

The Directors may reduce or waive the Minimum Subscription and the Minimum Additional Subscription at their sole discretion. C (€) Shares, C (\$) Shares, C (£) Shares are only available for subscription by the employees and partners of the Investment Manager and its affiliates. C2 Shares are only available for subscription by other Marshall Wace Funds.

### **Initial Offer Period**

The Initial Offer Period for Class A (USD), Class A (GBP), Class A (EUR), Class C (GBP), Class C2 (USD) and Class D (USD) has now closed. The Initial Offer Period for Class B (¥), Class D(¥) and Class E Shares will open on 24 June 2016 and will close on 31 December 2016 or such prior date on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine. The Initial Offer Period for all other Shares commenced at 9:00am (Dublin time) on 25 June, 2015 and will close at 5:00p.m. (Dublin time) on [31 December, 2016] or such prior date on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

Class A (CHF) Shares will be open to investment from the start of the Initial Offer Period until 4 July, 2016 or such other time as the Directors may determine, after which the Class A Shares will be closed to any investment except at the discretion of the Directors, or by delegated discretion, the Investment Manager. As set out in the Prospectus, any other Class of Shares in the Fund may be closed to new subscriptions on such basis and on such terms as the Directors in their sole discretion may determine.

Shares are available for issue during the Initial Offer Period at the price set out above.

### **Preliminary Charge**

The Investment Manager will not apply a preliminary charge on the sale of Shares.

### **Details of the Individuals Responsible for Managing the Assets of the Fund**

**Anthony Clake** is a partner of Marshall Wace LLP and is a director of Marshall Wace Asset Management Limited. Having joined Marshall Wace Asset Management Limited in 1999, Mr Clake became a partner of Marshall Wace LLP in September 2004. Mr



Clake is the portfolio manager of the MW Liquid Alternatives strategies and is also Global Portfolio Manager of MW TOPS, Marshall Wace LLP's proprietary alpha capture system. He is primarily responsible for the day to day implementation of the MW Liquid Alternatives strategy. Mr Clake oversees the strategy's trading activities and co-ordinates the risk management and optimisation. Mr Clake holds a B.A. (Hons) from The Queen's College, University of Oxford, in Philosophy, Politics and Economics.

### **Investment Management Fee**

The Investment Manager will receive from the Company, an Investment Management Fee with respect to each Class equal to 1/12 of the relevant percentage per annum per month (set forth in the table above applicable to the relevant Class) of the Net Asset Value of such class of Shares (before deduction of that month's fees, expenses, borrowings and interest together with VAT, if any on such a fee and before deduction for any accrued Performance Fees). Such fee is payable every month in arrears and is accrued daily and calculated as at each Valuation Point.

### **Performance Fee**

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fees may be paid on unrealised gains, which may subsequently never be realised.

The Performance Fee will be calculated in respect of each period of twelve months beginning on October 1 and ending on the following 30 September (a Calculation Period). The first Calculation Period will be the period commencing on the Business Day immediately following the close of the relevant Initial Offer Period and ending on the next following 30 September. The Performance Fee will be calculated and accrued as at each Valuation Point as an expense of the relevant Class and will be payable to the Investment Manager in arrears within 14 Business Days of the end of each Calculation Period after verification of the calculation of the Performance Fee by the Custodian.

For each Calculation Period, the Performance Fee in respect of each Share Class will be equal to 20% (except in the case of the C Shares, which shall be 10% and the C2 Shares, which shall be 0%) of any "New Net Appreciation".

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class (prior to reduction for accrued Performance Fee) as of the end of the relevant Calculation Period exceeds the "High Water Mark" (defined below).

The **High Water Mark** attributable to each Class is the greater of:-

- a) the Net Asset Value of the relevant Class as of the most recent 30 September at which a Performance Fee was paid by such relevant Class (after reduction for the Performance Fee then paid and for the dividends paid out to the

shareholders of such relevant Class in relation to the Calculation Period then ending). The Net Asset Value referred to in the previous sentence shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever a redemption is made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately prior to, such redemption (Net Asset Value of the relevant Class in each case to be calculated prior to reduction for any accrued Performance Fee);

and

- b) if no Performance Fee has ever been paid, then the aggregate Subscriptions minus the aggregate redemptions to the relevant Class through the date of determination.

If a redemption is made from the relevant Class as of a date other than 30 September, a Performance Fee (if accrued as of the date of such redemption) shall be crystallized in respect of the Shares being redeemed and paid to the Investment Manager 14 days after the Dealing Day (or upon termination of the Investment Management and Distribution Agreement, if earlier). Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and in its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the directors), or to intermediaries, or to the Fund, part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

## **Fees and Expenses**

### **Administration Fee**

The Company shall pay the Administrator out of the assets of each Fund an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate for the relevant Fund of up to 0.12% of the Net Asset Value of the Fund (before accrual for any Management or Performance Fees), subject to a minimum monthly fee of US\$7,000 per Fund. For each Fund, the Administrator may be entitled to additional fees in respect of tax services and with respect to other reporting.

The Administrator shall also be entitled to be reimbursed by the Company out of the assets of the relevant Fund(s) all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

### **Custodian Fee**

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.03% of the first US\$250 million of the Net Asset Value of the Company, 0.02% of the Net Asset Value of the Company between US\$250 million and US\$750 million and 0.015% of the Net Asset Value of the Company thereafter subject to an annual minimum fee of US\$24,000 per Fund.

The Custodian shall also be entitled to be repaid all of its out-of-pocket expenses out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses, transaction charges and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Details on other fees and expenses to be incurred by the Company are detailed in the main body Prospectus under the heading entitled "**Fees and Expenses**".

### **Establishment Costs and Expenses**

All fees and expenses relating to the establishment and organisation of the Fund, including the fees of the Fund's professional advisers and the fees and expenses incurred in registering it for sale in various markets will be borne by the Fund. Such fees and expenses are estimated to amount to €25,000 and may be amortised over period equal to the first three accounting periods of the Fund or such other period and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Classes as the Directors may determine. Costs may (at the discretion of the Directors with the consent of the Custodian) be amortised over such period as may be determined by the Directors with the consent of the Custodian and will represent a liability for the purposes of calculating the Net Asset Value of the Fund. In accordance with International Accounting Standards, where any such establishment or organisational expenses are so amortised, it should be noted that the Net Asset Value will be reported in the financial statements as if such expense had been fully amortised in the accounting period in which they were incurred.

### **Fees Arising from Efficient Portfolio Management Techniques**

The Fund does not currently engage in Efficient Portfolio Management techniques. In the event that the Fund engages in such techniques, direct and indirect operational costs and fees (which shall not include hidden revenue) arising from efficient portfolio

management techniques may be deducted from the revenue arising from such techniques and delivered to the Fund.

Such costs and fees may be paid to entities which are affiliates of the Custodian.

### **Certain Risk Factors**

Investors' attention is particularly drawn to the section entitled "Certain Risk Factors" on page 57 of the Prospectus.

### **Risk Factors Specific to the Fund**

#### Trading Based on Technical Analysis

The investment process bases trading decisions on mathematical analyses of technical factors relating to market performance rather than fundamental analysis.

The buy and sell signals are generated by various statistical models which are derived from a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of such models depends upon the occurrence in the future of significant, sustained statistical price or correlation behaviour in some of the markets traded. A danger for such statistical trading strategies is the breakdown of certain statistical stabilities across markets. In the past, there have been prolonged periods with such statistical breakdown. It is expected that these periods will continue to occur. Periods without such statistical significance across financial markets may produce substantial losses for the Fund.

#### Model Risk

The investment process employs a number of quantitative fundamental or technical models that involve assumptions based upon a limited number of variables abstracted from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. The outputs of models may differ substantially from the reality of the markets, resulting in major losses.

#### Computer-generated Allocation

The investment process is based upon a computer-generated systemic trading strategy of the Investment Manager that provides exposure to investments based on complex statistical research. The operation of the investment process is therefore dependent on the effective operation of the technology used by the Investment Manager to employ the models upon which the investment process is based. Certain unforeseen events may

result in the failure of the effective operation of the technology used by Investment Manager to operate the investment process. Any such failure may have an adverse effect on the operation of the investment process and/or the Net Asset Value of the Fund.

## **Singapore**

The offer or invitation of Shares of the Fund, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. MW Liquid Alpha UCITS Fund is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the Shares are not allowed to be offered to the retail public. Neither the Prospectus nor any other document or material issued in connection with the offer or sale is a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. Prospective investors should consider carefully whether the investment is suitable for them.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations 2005 of Singapore.

### **SUPPLEMENT 3: MW Liquid Protection Fund**

This Supplement contains information relating specifically to MW Liquid Protection Fund, a sub-fund of Marshall Wace UCITS Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank on 5 February, 2009 as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. This Supplement is dated 19 November 2015, forms part of and should be read in conjunction with the Prospectus of the Company dated 10 March, 2016 (the "Prospectus").

The Net Asset Value of the Fund is likely to have a high volatility due to its investment policy and portfolio management techniques.

The Fund may invest principally in Financial Derivative Instruments for investment purposes and for the purposes of hedging. Investors should read the section of the Supplement entitled "Certain Risk Factors" and the section of the prospectus entitled "The Company and the Funds - The Funds and their Investment Objectives and Investment Policies" in the Prospectus before investing in the Fund.

**Name of Fund:** MW Liquid Protection Fund.

**Investment Objective:** The investment objective of the Fund is to seek to provide investors with net short exposure to global markets.

There can be no assurance that the Fund will achieve its investment objective.

**Investment Policy:** The assets of the Fund will be used to invest systematically in securities selected by the Investment Manager's investment process (described more fully in the Investment Approach section below) and to exploit additional investment opportunities (in line with the investment policy) identified on a non-systematic basis by the Investment Manager.

When making investments on behalf of the Fund, the Investment Manager will focus on investments which will, in the opinion of the Investment Manager, generate a return for Shareholders and will not focus on any specific country or industry sector or any particular market capitalisation.



The net equity exposure of the Fund will not normally exceed a range from 80 per cent net short to 120 per cent net short. Although the Investment Manager will take net short exposure in aggregate across the portfolio, the Investment Manager will determine on a case by case basis whether the Fund's exposure to each individual investment is net long or net short.

All investments will be made in accordance with the investment restrictions as described in Appendix 1 of the Prospectus using the selection criteria more fully described in "Investment Approach" below.

To the extent not invested on an ancillary basis as described below, the Fund's assets will primarily be invested in global equities either directly (in common and preferred stock or exchange-traded funds), including in closed-ended funds being eligible investments for UCITS, or through equity-related instruments including Financial Derivative Instruments ("FDIs") as listed in the following paragraphs below.

The Fund may also invest in exchange-traded and over-the-counter foreign exchange, interest rate, credit and commodity index FDIs (as listed in the following paragraphs below), for hedging and for speculative purposes.

The Fund's investment in FDIs, and a list of each of the FDIs utilized by the Fund is set out in the following paragraph. However, for ease of reference, a description of each FDI and details of its commercial purpose is set out in detail in Appendix 3 of the Prospectus. The Investment Manager has selected each of the FDIs listed in the following paragraph for use in the Fund on the basis that it considers that exposure to the underlying security related to each of the FDIs is appropriate for the pursuit of the investment objective of the Fund, and that exposure to such security by way of the relevant FDI is the most appropriate method of accessing such exposure to the extent required.

The Fund may invest in exchange-traded or over-the-counter single equity futures and equity and equity-related index futures and forwards, commodity index futures contracts and forwards providing exposure to commodities (it being understood that the exposure to such commodities will be achieved exclusively through (i) certificates (which are described in detail below) providing a 1 to 1 exposure to such commodity index futures contracts (i.e., no embedded leverage) and satisfying all the other conditions applicable to transferable securities and/or (ii) commodity indices which are appropriately diversified and meet the requirements of the Central Bank and whose components may include futures contracts). The Fund may also invest in dividend futures and forwards, interest-rate futures and forwards, bond futures and forwards, volatility index futures and forwards, and money market futures and forwards (providing exposure to dividends, interest rate movements, volatility indices, and money markets as appropriate). The Fund may also invest in exchange-traded or over-the-counter currency options, equity options, index options, options on credit default swaps, dividend options, options on interest rate futures, bond options, options on dividend futures options on currency futures, options on equity futures and swaptions. These options provide exposure to currency markets, equity markets, commodity indices meeting the criteria set out above, institutional credit performance, dividends, interest rate movements, bonds (which may be fixed or floating) and dividends and each of these options are described in Appendix 3 to the Prospectus. The Fund may engage in over-the-counter FDIs such as swap transactions, credit default swaps, rights warrants, basket and portfolio swaps which provide exposure to equities and variance and volatility swaps, (which enable one to hedge risk and/or efficiently manage exposure associated with the magnitude of a movement as measured by the volatility or variance of equities), single stock contracts for difference and equity index forward contracts, custom index swaps, inflation swaps, currency swaps and asset swaps and each of these swaps are described in Appendix 3 to the

Prospectus Any such over-the-counter FDIs will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The Fund may also participate in rights, warrants and exchange traded notes. The FDIs, including how they are used by the Fund to achieve its investment objective, are more fully described in Appendix 3. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank.

The equity exposure of the Fund is typically (and always to the extent required by the UCITS Regulations) expected to be confined to entities whose securities are listed or traded on (i) a regulated market or (ii) stock exchange in the European Union, the Organisation for Economic Co-operation and Development, Hong Kong, Singapore and South Africa, (iii) NASDAQ, (iv) NASDAQ Europe, (v) the market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, (vi) the market in transferable securities conducted by primary dealers and secondary dealers which are regulated by the US Securities and Exchange Commission and by the Financial Industry Regulatory Authority, Inc., and (vii) the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan and (viii) any other eligible regulated exchange or market in accordance with the investment restrictions as laid down in Appendix 1 of the Prospectus. Up to 40% of the Fund's gross market exposure may be in emerging markets. Up to 10% the Fund's gross market exposure may be invested in equities listed on the Russian Trading System stock exchange, as well as on the Moscow Interbank Currency Exchange. The Fund may raise such limits on two (2) weeks' notice to investors with the prior approval of the Central Bank.

Where the Investment Manager wishes to take short positions, it will only do so synthetically through the

use of derivatives as listed above and as more fully described in Appendix 3, meaning, basket and portfolio swaps, variance and volatility swaps, asset swaps, equity swaps, single stock contracts for difference and equity index futures, forward and options contracts, single equity futures and options, and options on equity futures. The Fund may take synthetic short positions in any of the asset classes set out in this Supplement.

For long exposures to equities, the Investment Manager will utilise equity derivatives, as listed above, where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Fund may take long and synthetically short positions over a variety of time periods in accordance with the requirements of the Central Bank, however the combination of long and short positions will never result in uncovered short positions in the Fund. Only derivative instruments listed herein and in the Company's risk management process and cleared by the Central Bank may be utilised. In respect of any instrument which contains an embedded derivative, for example ETFs, exchange traded notes or convertible securities, the derivative component of such instrument shall be of a type which the Fund could otherwise invest in directly.

In order to provide investors with synthetic short exposure to global markets, the Fund may be indirectly exposed to commodity indices through financial derivative instruments, Certificates (as described below) or through open-ended ETFs which track the performance of commodity indices. Any investment in open-ended ETFs will be made in accordance with the investment limits for collective investment schemes as set out under the heading "The Company - Investment and Borrowing Powers" in Appendix 1 to the Prospectus. No direct investment will be made in commodities. Any such commodity index will be cleared by the Central Bank or will meet its requirements. A list of any commodity indices which the Fund takes exposure to will be included in the annual financial statements of the

Company. Details of any commodity indices used by the Fund will also be provided to Shareholders of the Fund by the Investment Manager on request.

Any such commodity index will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a commodity index will be impacted by the frequency with which the relevant commodity index is rebalanced.

Exposure to commodities may also be taken, indirectly, through certificates issued by a third party ("Certificates"). Certificates, which will not embed derivatives and/or leverage, are debt securities typically issued by banks or entities related to banks who act as the counterparts or market makers in trades on certificates which guarantees liquidity. The Fund will typically invest in such Certificates which are listed or traded on a Recognised Exchange. The value of the certificate tracks the value of the underlying in the ratio determined by the issuer.

Leverage will only be achieved through Financial Derivative Instruments. The use of derivatives (whether for hedging or investment purposes) will give rise to an additional leveraged exposure. As outlined above, the Fund may invest in financial derivatives which, based on the sum of notionals, generate high leverage figures. The level of leverage utilised by the Fund will generally under normal market conditions not exceed 400% of the Net Asset Value of the Fund and will in any event operate within the limitations relating to the use of leverage set out in the UCITS Regulations. The use of leverage has the potential to magnify investment gains and losses to investors. The leverage figure is calculated using the sum of the notionals of the derivatives used as is required by the Central Bank and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time.

The “relative” value-at-risk (“VaR”) approach is the primary risk indicator used by the Investment Manager to measure global exposure, details of which are set out in page 10 of the main body of the Prospectus. Taking into account the investment objectives and policies of the Fund and the complexity of the FDI used, relative VaR is considered to be the most appropriate method to measure global exposure. The benchmark used for this purpose will be the inverse performance of the MSCI AC World Daily TR Gross Local (ticker GDLEACWF). This is considered to be an appropriate benchmark for the Fund as it reflects the inverse performance of global equities. The VaR of the Fund will not exceed two times the VaR of the benchmark.

In addition, the Fund's assets may be invested on an ancillary basis in AAA- or Aaa-rated fixed or floating rate government debt. Some of the Fund's assets may also be held on an ancillary basis in cash or cash equivalents (including, without limitation, via a holding in money market funds), pending reinvestment, if this is considered appropriate to the objective of maximising returns.

## **Investment approach**

In selecting investments for the Fund, the Investment Manager will seek to exploit the large amount of data it collects relating to companies and markets, including corporate, broker and trading data and data relating to the portfolio positioning of market participants. The Investment Manager collects and analyses large amounts of such data and uses the data as inputs into a proprietary quantitative system that generates investment decisions for the Fund.

The Investment Manager is well positioned to collect, analyse, optimize and exploit this dataset due to its strengths in technology, trading and risk management.

The Investment Manager's portfolio construction process (meaning the selection of assets and the weighting of the assets within the portfolio) will be driven by proprietary alpha factors (i.e. from a proprietary system that seeks to predict future performance of securities). Allocations to these factors and exposures will be dynamic. The Investment Manager may make adjustments to the system's decisions on the basis of the judgment of the investment team (ie not on systematic basis) where it is consistent with the investment objective, (i.e. for the purposes of risk management) and will also exploit additional investment opportunities (consistent with the investment policy) identified on a non-systematic basis.

The resulting strategy is expected to be diversified and liquid (typically more than 200 positions). The Investment Manager will trade positions actively to exploit changes in market sentiment or positioning in order to enhance the risk return characteristics of the strategy.

#### *Trade Execution*

The Investment Manager manages the execution of each trade order relative to the trading volume in the relevant security in order to minimise the price impact on the security and the cost to the portfolio, and to ensure that commission costs paid by the Fund are controlled.

#### **Investment in collective investment schemes:**

The Fund will not invest more than 10% of its net assets in aggregate in the units of other UCITS or other collective investment schemes

#### **Valuation Point:**

11.59 p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day.

#### **Dealing Day:**

Every Business Day.

#### **Dealing Request Deadline:**

12 noon (Irish time) two Business Days immediately preceding the relevant Dealing Day or such other time as the Directors may determine and notify to



Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.

**Price Publication:**

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. Such prices will be up to date as of the time of publication.

**Shares available:**

Shares

A (€) Shares  
A (\$) Shares  
A (£) Shares  
A (CHF) Shares  
(together the "A Shares")

B (€) Shares  
B (\$) Shares  
B (£) Shares  
B (CHF) Shares  
(together the "B Shares")

C (€) Shares  
C (\$) Shares  
C (£) Shares  
(together the "C Shares")

C2 (\$) Shares  
C2 (£) Shares  
C2 (€) Shares  
(together the "C2 Shares")

D (€) Shares  
D (\$) Shares  
D (£) Shares  
D (CHF) Shares  
(together the "D Shares")

F (€) Shares  
F (\$) Shares  
F (£) Shares  
F (CHF) Shares  
(together the "F Shares")

If not stated to be Distribution Shares, Shares will be

Accumulation Shares.

**Base currency:** United States Dollars

	<b>A (€) Shares</b>	<b>A (\$) Shares</b>	<b>A (£) Shares</b>	<b>A (CHF) Shares</b>
<b>Initial Offer Price</b>	(€)100	US\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1% per annum	1% per annum	1% per annum	1% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>B (€)Shares</b>	<b>B (\$)Shares</b>	<b>B (£)Shares</b>	<b>B (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance</b>	20% per annum of	20% per annum of	20% per annum of	20% per annum of

<b>Fee</b>	outperformance above high water mark	outperformance above high water mark	outperformance above high water mark	outperformance above high water mark
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	<b>C (€) MW Shares</b>	<b>C (\$) MW Shares</b>	<b>C (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	0.6% per annum	0.6% per annum	0.6% per annum
<b>Performance Fee</b>	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark

	<b>C2 (€) MW Shares</b>	<b>C2 (\$) MW Shares</b>	<b>C2 (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	None	None	None
<b>Performance Fee</b>	None	None	None

	<b>D (€) Shares</b>	<b>D (\$) Shares</b>	<b>D (£) Shares</b>	<b>D (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A

<b>Investment Management Fee</b>	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

	<b>F (€) Shares</b>	<b>F (\$) Shares</b>	<b>F (£) Shares</b>	<b>F (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark	20% per annum of outperformance above high water mark

\*(Investors should refer to the section of the Prospectus headed "Important Information" which may refer to an alternative minimum subscription requirement for investors from a particular country)

There is no Minimum Holding in relation to the A Shares, B Shares, C Shares, C2 Shares, D Shares or F Shares.

F Shares may be offered in limited circumstances for distribution in the United Kingdom or such other countries as the Directors in their absolute discretion may determine; and

through certain distributors having separate fee arrangements with their clients. In addition, F Shares may be offered to professional and/or other investors at the discretion of the Directors.

The Directors may reduce or waive the Minimum Subscription and the Minimum Additional Subscription at their sole discretion. C (€) Shares, C (\$) Shares, C (£) Shares are only available for subscription by the employees and partners of the Investment Manager and its affiliates. C2 Shares are only available for subscription by other Marshall Wace Funds.

### **Initial Offer Period**

The Initial Offer Period for Class A (USD), Class C (GBP) and Class D (USD) is now closed. The Initial Offer Period for all other Shares commenced at 9:00am (Dublin time) on 21 August, 2015 and will close at 5:00p.m. (Dublin time) on 30 June, 2016 or such prior date on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

Class A Shares will be open to investment from the start of the Initial Offer Period until 30 September, 2015 or such other time as the Directors may determine, after which the Class A Shares will be closed to any investment except at the discretion of the Directors, or by delegated discretion, the Investment Manager. As set out in the Prospectus, any other Class of Shares in the Fund may be closed to new subscriptions on such basis and on such terms as the Directors in their sole discretion may determine.

Shares are available for issue during the Initial Offer Period at the price set out above.

### **Preliminary Charge**

The Investment Manager will not apply a preliminary charge on the sale of Shares.

### **Details of the Individuals Responsible for Managing the Assets of the Fund**

**Anthony Clake** is a partner of Marshall Wace LLP and is a director of Marshall Wace Asset Management Limited. Having joined Marshall Wace Asset Management Limited in 1999, Mr Clake became a partner of Marshall Wace LLP in September 2004. Mr Clake is the portfolio manager of the MW Liquid Alternatives strategies and is also Global Portfolio Manager of MW TOPS, Marshall Wace LLP's proprietary alpha capture system. He is primarily responsible for the day to day implementation of the MW Liquid Alternatives strategy. Mr Clake oversees the strategy's trading activities and co-ordinates the risk management and optimisation. Mr Clake holds a B.A. (Hons) from The Queen's College, University of Oxford, in Philosophy, Politics and Economics.

### **Investment Management Fee**

The Investment Manager will receive from the Company, an Investment Management Fee with respect to each Class equal to 1/12 of the relevant percentage per annum per month (set forth in the table above applicable to the relevant Class) of the Net Asset Value of such class of Shares (before deduction of that month's fees, expenses, borrowings and interest together with VAT, if any on such a fee and before deduction for any accrued Performance Fees). Such fee is payable every month in arrears and is accrued daily and calculated as at each Valuation Point.

### **Performance Fee**

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fees may be paid on unrealised gains, which may subsequently never be realised.

The Performance Fee will be calculated in respect of each period of twelve months beginning on October 1 and ending on the following 30 September (a Calculation Period). The first Calculation Period will be the period commencing on the Business Day immediately following the close of the relevant Initial Offer Period and ending on the next following 30 September. The Performance Fee will be calculated and accrued as at each Valuation Point as an expense of the relevant Class and will be payable to the Investment Manager in arrears within 14 Business Days of the end of each Calculation Period after verification of the calculation of the Performance Fee by the Custodian.

For each Calculation Period, the Performance Fee in respect of each Share Class will be equal to 20% (except in the case of the C Shares, which shall be 10% and the C2 Shares, which shall be 0%) of any "New Net Appreciation".

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class (prior to reduction for accrued Performance Fee) as of the end of the relevant Calculation Period exceeds the "High Water Mark" (defined below).

The **High Water Mark** attributable to each Class is:-

- a) with respect to the first Calculation Period for the relevant Class, then the aggregate Subscriptions minus the aggregate redemptions to the relevant Class through the date of determination; and
- b) with respect to each subsequent Calculation Period, the Net Asset Value of the relevant Class as of the most recent 30 September. The Net Asset Value referred to in the previous sentence shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever a redemption is made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately

prior to, such redemption (Net Asset Value of the relevant Class in each case to be calculated prior to reduction for any accrued Performance Fee).

If a redemption is made from the relevant Class as of a date other than 30 September, a Performance Fee (if accrued as of the date of such redemption) shall be crystallized in respect of the Shares being redeemed and paid to the Investment Manager 14 days after the Dealing Day (or upon termination of the Investment Management and Distribution Agreement, if earlier). Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and in its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the directors), or to intermediaries, or to the Fund, part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

## **Fees and Expenses**

### **Administration Fee**

The Company shall pay the Administrator out of the assets of each Fund an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate for the relevant Fund of up to 0.12% of the Net Asset Value of the Fund (before accrual for any Management or Performance Fees), subject to a minimum monthly fee of US\$7,000 per Fund. For each Fund, the Administrator may be entitled to additional fees in respect of tax services and with respect to other reporting.

The Administrator shall also be entitled to be reimbursed by the Company out of the assets of the relevant Fund(s) all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

### **Custodian Fee**

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.03% of the first US\$250 million of the Net Asset Value of the Company, 0.02% of the Net Asset Value of the Company between US\$250 million and US\$750 million and 0.015% of the Net Asset Value of the Company thereafter subject to an annual minimum fee of US\$24,000 per Fund.



The Custodian shall also be entitled to be repaid all of its out-of-pocket expenses out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses, transaction charges and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Details on other fees and expenses to be incurred by the Company are detailed in the main body Prospectus under the heading entitled "**Fees and Expenses**".

### **Establishment Costs and Expenses**

All fees and expenses relating to the establishment and organisation of the Fund, including the fees of the Fund's professional advisers and the fees and expenses incurred in registering it for sale in various markets will be borne by the Fund. Such fees and expenses are estimated to amount to €25,000 and may be amortised over period equal to the first three accounting periods of the Fund or such other period and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Classes as the Directors may determine. Costs may (at the discretion of the Directors with the consent of the Custodian) be amortised over such period as may be determined by the Directors with the consent of the Custodian and will represent a liability for the purposes of calculating the Net Asset Value of the Fund. In accordance with International Accounting Standards, where any such establishment or organisational expenses are so amortised, it should be noted that the Net Asset Value will be reported in the financial statements as if such expense had been fully amortised in the accounting period in which they were incurred.

### **Fees Arising from Efficient Portfolio Management Techniques**

The Fund does not currently engage in Efficient Portfolio Management techniques. In the event that the Fund engages in such techniques, direct and indirect operational costs and fees (which shall not include hidden revenue) arising from efficient portfolio management techniques may be deducted from the revenue arising from such techniques and delivered to the Fund.

Such costs and fees may be paid to entities which are affiliates of the Custodian.

### **Certain Risk Factors**

Investors' attention is particularly drawn to the section entitled "Certain Risk Factors" on page 57 of the Prospectus.

### **Risk Factors Specific to the Fund**

### Trading Based on Technical Analysis

The investment process bases trading decisions on mathematical analyses of technical factors relating to market performance rather than fundamental analysis.

The buy and sell signals are generated by various statistical models which are derived from a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of such models depends upon the occurrence in the future of significant, sustained statistical price or correlation behaviour in some of the markets traded. A danger for such statistical trading strategies is the breakdown of certain statistical stabilities across markets. In the past, there have been prolonged periods with such statistical breakdown. It is expected that these periods will continue to occur. Periods without such statistical significance across financial markets may produce substantial losses for the Fund.

### Model Risk

The investment process employs a number of quantitative fundamental or technical models that involve assumptions based upon a limited number of variables abstracted from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. The outputs of models may differ substantially from the reality of the markets, resulting in major losses.

### Computer-generated Allocation

The investment process is based upon a computer-generated systematic trading strategy of the Investment Manager that provides exposure to investments based on complex statistical research. The operation of the investment process is therefore dependent on the effective operation of the technology used by the Investment Manager to employ the models upon which the investment process is based. Certain unforeseen events may result in the failure of the effective operation of the technology used by Investment Manager to operate the investment process. Any such failure may have an adverse effect on the operation of the investment process and/or the Net Asset Value of the Fund.

### Correlation Risk:

The benchmark used by the Investment Manager to measure global exposure will be the inverse performance of the MSCI AC World Daily TR Net Local (ticker NDLEACWF) (the "Index") (the inverse performance of Index being the "Benchmark"). The "relative" value-at-risk ("VaR") of the Fund will not exceed two times the VaR of the Benchmark, as more fully detailed on page 10 of the main body of the prospectus of Marshall Wace

UCITS Funds PLC. The Benchmark is used by the Investment Manager solely for the purposes of measuring global exposure. It is not the Fund's investment objective or a part of the Fund's investment policy to achieve returns that are particularly correlated to the Benchmark and the Fund and it is important that investors understand that the Fund's performance over time [may deviate substantially from the benchmark](#).

A number of factors may affect the Fund's ability to achieve any targeted correlation with the Benchmark, and there is no guarantee that the Fund will achieve any targeted correlation. In order to achieve any targeted correlation with the Benchmark, the Fund seeks to rebalance its portfolio daily to keep exposure consistent with its investment objective. Being materially over- or underexposed to the Index may prevent the Fund from achieving its targeted inverse correlation with the Index. Market disruptions or closure, regulatory restrictions or extreme market volatility will adversely affect the Fund's ability to adjust exposure to requisite levels. The target amount of portfolio exposure is impacted dynamically by the Index's movements. Because of this, it is unlikely that the Fund will have its targeted exposure to the Index at the end of any trading day and the likelihood of being materially over- or underexposed is higher on days when the Index level is volatile. A number of other factors may also adversely affect the Fund's inverse correlation with the Index, including fees, expenses, transaction costs, financing costs associated with the use of derivatives, income items, valuation methodology, accounting standards and disruptions or illiquidity in the markets for the securities or financial instruments in which the Fund invests. The Fund may not have investment exposure to all securities in the Index, and its weighting of investment exposure to securities may be different from that of the Index. In addition, the Fund may invest in securities not included in the Index or in financial instruments. The Fund may take or refrain from taking positions for speculative reasons, in order to improve tax efficiency, or comply with regulatory restrictions, each of which may negatively affect the Fund's correlation with the Index. The Fund may also be subject to large movements of assets into and out of the Fund, potentially resulting in the Fund being over- or underexposed to the Index and may be impacted by Index reconstitutions and Index rebalancing events. Any of these factors could decrease correlation between the performance of the Fund and the Benchmark.

The Fund may not be suitable for investment over extended periods of time. Due to the daily rebalancing of the Index, the actual change in the value of the Fund may differ significantly from the change in the inverse return of the Index. Price volatility may also result in long-term returns of the Fund being significantly different from the inverse return of the Index. The daily rebalancing of the Index may result in the Fund being under-leveraged or over-leveraged relative to the Index on the day following such rebalancing. Accordingly, this may result in the underperformance of the Fund compared to the performance arising from the inverse return of the Index. Even after taking into account (i) the additional costs and expenses applicable from obtaining short exposure and (ii) fees and expenses applied at Fund-level, investors should not expect the actual percentage return for Shares in the Fund to correlate to the percentage change in the inverse return of the Index for periods of longer than one day.

## Singapore

The offer or invitation of Shares of the Fund, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. MW Liquid Protection Fund is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the Shares are not allowed to be offered to the retail public. Neither this Prospectus nor any other document or material issued in connection with the offer or sale is a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. Prospective investors should consider carefully whether the investment is suitable for them.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;

- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations 2005 of Singapore.

#### **SUPPLEMENT 4: MW Liquid Trading Strategies Fund**

This Supplement contains information relating specifically to MW Liquid Trading Strategies Fund, a sub-fund of Marshall Wace UCITS Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank on 5 February, 2009 as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. This Supplement is dated 19 November 2015, forms part of and should be read in conjunction with the Prospectus of the Company dated 10 March, 2016 (the "Prospectus").

The Net Asset Value of the Fund is likely to have a high volatility due to its investment policy and portfolio management techniques.

The Fund may invest principally in Financial Derivative Instruments for investment purposes and for the purposes of hedging. Investors should read the section of the Supplement entitled "Certain Risk Factors" and the section of the prospectus entitled "The Company and the Funds – The Funds and their Investment Objectives and Investment Policies" in the Prospectus before investing in the Fund.

The Investment Manager has claimed an exemption with respect to the Fund from certain of the CFTC's disclosure, reporting and record-keeping requirements applicable to a registered commodity pool operator pursuant to CFTC Advisory 18-96. For the avoidance of doubt, no exemption under CFTC Rule 4.13(a)(3) has been claimed with respect to the Fund.

**Name of Fund:** MW Liquid Trading Strategies Fund.

**Investment Objective:** The investment objective of the Fund is to seek to provide investors with consistent absolute returns (meaning a positive total return rather than a return which is greater than a particular benchmark). The Fund aims to generate absolute returns irrespective of whether markets are trending up or down.

There can be no assurance that the Fund will achieve its investment objective.

**Investment Policy:**

To the extent not invested on an ancillary basis as described below, the Fund's assets will be used to trade and make investments via two distinct investment processes: the TOPS ("Trade Optimised Portfolio System") process and the Helium System. Both processes are proprietary to the Investment Manager or its affiliates and are described in detail below and in further detail in the section of this Prospectus entitled "Investment Approach".

The TOPS process will invest primarily in global equities either directly (in common and preferred stock or indirectly through exchange-traded funds) or through equity-related instruments including Financial Derivative Instruments ("FDIs"). The Helium System will invest and trade in a portfolio of futures and forwards contracts across global markets which provide exposure to commodities, equity indices, bonds, interest rates, foreign exchange and currencies. Investment in FDIs will be made as described in the section below entitled "FDIs in which the Fund may invest via the TOPS process or Helium System".

The Investment Manager will retain full investment discretion in the Fund and, taking into account market conditions and outlook and liquidity, will have full discretion to determine the weightings of assets allocated to each investment process including the discretion in exceptional circumstances to allocate all the assets of the Fund to one process only.

When making investments on behalf of the Fund, the Investment Manager will focus on investments which will generate a return for shareholders and neither investment process will focus on any specific country or sector. The net market exposure of the Fund will vary according to the Investment Manager's view of market prospects and the Investment Manager will have discretion to be net synthetically short where it considers that short exposure to underlying securities will produce a positive return. However, the overall net equity exposure of the Fund will not normally exceed a range from 25 per cent net short to 120 per cent net long. The Investment Manager



will determine whether the Fund's exposure to each investment is net long or net short.

### TOPS Process

To the extent allocated to be invested via the TOPS process, the assets of the Fund will be used to invest systematically in equities and equity-related instruments (as listed in the paragraph following below) of companies including closed-ended funds being eligible investments for UCITS on the basis of those investment ideas of the brokerage community selected by the TOPS investment process (described more fully in the Investment Approach section below) and to effect additional investment opportunities identified by the Investment Manager provided such investment opportunities are in line with the investment objective and investment policy of the Fund. Such additional investment opportunities may be identified by the Investment Manager from data relating to companies and markets, including corporate, broker and trading data and data relating to the portfolio positioning of market participants, gathered from sources other than the brokerage community's investment ideas which the TOPS investment process collects.

As noted above, the majority of such assets will be invested in equities either directly (predominantly in common and preferred stock) or through equity-related instruments (i.e. exchange traded and over-the-counter swap transactions, options, warrants, rights, futures and forward contracts). Any over-the-counter FDI will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The approach that the Investment Manager will use to implement the TOPS process will be to invest on the basis of investment ideas driven by (a) general factors such as stock and market momentum and events affecting an individual stock in particular (e.g. a merger or takeover, an earnings release, changes to the management of the issuer, or any other commercially significant event); and (b) valuation and fundamental criteria such as

earnings growth and outlook for a specific stock. The resulting portfolio is expected to be liquid and diversified. All investments will be made in accordance with the investment restrictions as described in Appendix 1 of the Prospectus using the selection criteria more fully described in “Investment Approach” below.

#### Helium System

To the extent allocated to be invested via the Helium System, assets will be invested in a portfolio of futures and forwards contracts across global markets which provide exposure to commodities, equity indices, bonds, interest rates, foreign exchange and currencies in accordance with the Helium Trading System (the “Helium System”). The Helium System is a proprietary computer-based trading system run by the Investment Manager.

This system tracks the daily price movements in relevant markets and carries out certain computations, such computations being pre-determined by the Helium System, to capture medium to long term macro-economic trends within a risk controlled framework by employing various algorithms. The output of the process (as described in further detail in “Investment Approach” below) is a portfolio of financial contracts, which may be adjusted by the Investment Manager to take into account conditions for the execution of the trades needed in order to implement the financial contracts.

The Fund, via the Helium System, may invest in exchange-traded and over-the-counter foreign exchange, interest rate, credit and commodity index FDIs (as listed in the following paragraphs below), for hedging and for speculative purposes.

#### FDIs in which the Fund may invest via the TOPS process or Helium System

The Fund’s investment in FDIs, and a list of each of the FDIs utilized by the Fund is set out in the following paragraph. However, for ease of reference,

a description of each FDI and details of its commercial purpose is set out in detail in Appendix 3 of the Prospectus. The Investment Manager has selected each of the FDIs listed in the following paragraph for use in the Fund on the basis that it considers that exposure to the underlying security related to each of the FDIs is appropriate for the pursuit of the investment objective of the Fund, and that exposure to such security by way of the relevant FDI is the most appropriate method of accessing such exposure to the extent required.

The Fund may invest in exchange-traded or over-the-counter single equity futures and equity and equity-related index futures and forwards, commodity index futures contracts and forwards providing exposure to commodities (it being understood that the exposure to such commodities will be achieved exclusively through (i) certificates (which are described in detail below) providing a 1 to 1 exposure to an index of commodity futures contracts (i.e., no embedded leverage) and satisfying all the other conditions applicable to transferable securities and/or (ii) commodity indices which are appropriately diversified and meet the requirements of the Central Bank and whose components may include futures contracts). The Fund may also invest in dividend futures and forwards, interest-rate futures and forwards, bond futures and forwards, volatility index futures and forwards, and money market futures and forwards (providing exposure to dividends, interest rate movements, volatility indices, and money markets as appropriate). The Fund may also invest in exchange-traded or over-the-counter currency options, equity options, index options, options on credit default swaps, dividend options, options on interest rate futures, bond options, options on dividend futures options on currency futures, options on equity futures and swaptions. These options provide exposure to currency markets, equity markets, commodity indices meeting the criteria set out above, institutional credit performance, dividends, interest rate movements, bonds (which may be fixed or floating) and dividends and each of these options are described in Appendix 3 to the

Prospectus. The Fund may engage in over-the-counter FDIs such as swap transactions, credit default swaps, rights warrants, basket and portfolio swaps which provide exposure to equities and variance and volatility swaps, (which enable one to hedge risk and/or efficiently manage exposure associated with the magnitude of a movement as measured by the volatility or variance of equities), single stock contracts for difference and equity index forward contracts, custom index swaps, inflation swaps, currency swaps and asset swaps and each of these swaps are described in Appendix 3 to the Prospectus. Any such over-the-counter FDIs will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The Fund may also participate in rights, warrants and exchange traded notes. The FDIs, including how they are used by the Fund to achieve its investment objective, are more fully described in Appendix 3. Any commodity indices to which exposure is achieved directly or through financial derivative instruments must be cleared in advance by the Central Bank..

The equity exposure of the Fund is typically (and always to the extent required by the UCITS Regulations) expected to be confined to entities whose securities are listed or traded on (i) a regulated market or (ii) stock exchange in the European Union, the Organisation for Economic Co-operation and Development, Hong Kong, Singapore and South Africa, (iii) NASDAQ, (iv) NASDAQ Europe, (v) the market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, (vi) the market in transferable securities conducted by primary dealers and secondary dealers which are regulated by the US Securities and Exchange Commission and by the Financial Industry Regulatory Authority, Inc., and (vii) the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan and (viii) any other eligible regulated exchange or market in accordance with the investment restrictions as laid down in Appendix 1 of the Prospectus. Up to 40% of the

Fund's gross market exposure may be invested in emerging markets. Up to 10% the Fund's gross market exposure may be invested in equities listed on the Russian Trading System stock exchange, as well as on the Moscow Interbank Currency Exchange. The Fund may raise such limits on two (2) weeks' notice to investors.

The Investment Manager may take short positions where it believes that securities are overvalued or otherwise likely to decrease in market value, or for the purposes of hedging or controlling exposure. Where the Investment Manager wishes to take short positions, it will only do so synthetically through the use of derivatives as listed above and as more fully described in Appendix 3, meaning, basket and portfolio swaps, variance and volatility swaps, asset swaps, equity swaps, single stock contracts for difference and equity index futures, forward and options contracts, single equity futures and options, and options on equity futures. The Fund may take synthetic short positions in any of the asset classes set out in this Supplement.

For long exposures to equities, the Investment Manager will utilise equity derivatives, as listed above, where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Fund may take long and synthetically short positions over a variety of time periods in accordance with the requirements of the Central Bank, however the combination of long and short positions will never result in uncovered short positions in the Fund. Only derivative instruments listed herein and in the Company's risk management process and cleared by the Central Bank may be utilised. In respect of any instrument which contains an embedded derivative, for example ETFs, exchange traded notes or convertible securities, the derivative component of such instrument shall be of a type which the Fund could otherwise invest in directly.

In order to meet its investment objective, the Fund may be indirectly exposed to commodity indices

through financial derivative instruments, Certificates (as described below) or through open-ended ETFs which track the performance of commodity indices. Any investment in open-ended ETFs will be made in accordance with the investment limits for collective investment schemes as set out under the heading "The Company - Investment and Borrowing Powers" in Appendix 1 to the Prospectus. No direct investment will be made in commodities. Any such commodity index will be cleared by the Central Bank or will meet its requirements. A list of any commodity indices which the Fund takes exposure to will be included in the annual financial statements of the Company. Details of any commodity indices used by the Fund will also be provided to Shareholders of the Fund by the Investment Manager on request.

Any such commodity index will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a commodity index will be impacted by the frequency with which the relevant commodity index is rebalanced.

Exposure to commodities may also be taken, indirectly, through certificates issued by a third party. Certificates, which will not embed derivatives and/or leverage, are debt securities typically issued by banks or entities related to banks who act as the counterparts or market makers in trades on certificates which guarantees liquidity. The Fund will typically invest in such certificates which are listed or traded on a Recognised Exchange. The value of the certificate tracks the value of the underlying in the ratio determined by the issuer.

One of the components of the Helium System is the use of short term interest rate futures. Such short term interest rate futures have extremely short duration which makes them significantly less sensitive to interest rate changes than longer term interest futures. In order to ensure that the short term interest rate positions have the possibility of making

a meaningful contribution to performance, the notional amounts of the short term interest rate futures will therefore be large, both relative to the notionals of any longer term interest rate positions, and in absolute terms.

Leverage will only be achieved through Financial Derivative Instruments. The use of derivatives (whether for hedging or investment purposes) will give rise to an additional leveraged exposure. As outlined above, the Fund may invest in financial derivatives which, based on the sum of notionals, generate high leverage figures. The level of leverage utilised by the Fund will generally under normal market conditions not exceed 20,000 % of the Net Asset Value of the Fund and will in any event operate within the limitations relating to the use of leverage set out in the UCITS Regulations. When disregarding short term interest rate positions, or in circumstances where they do not form part of the Fund's portfolio, the level of leverage will generally under normal market conditions be less than 1,350%. The high level of leverage is largely attributable to the Helium investment process and the level of leverage attributable to the Fund's investments via the TOPS investment process will generally under normal market conditions be less than 300%. The outcome of the sum of the notional of financial derivatives approach is predominantly a function of the use of short term interest rate futures within the Fund's portfolio. As a result of its long-term volatility target, the Fund's level of leverage may possibly be higher in a low market volatility environment. The use of leverage has the potential to magnify investment gains and losses to investors. The leverage figure is calculated using the sum of the notionals of the derivatives used as is required by the Central Bank and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time.

The "absolute" value-at-risk ("VaR") approach is the primary risk indicator used by the Investment Manager to measure global exposure, details of which are set out in page 10 of the main body of the



Prospectus. The VaR of the Fund will not exceed 15 % of the Net Asset Value of the Fund.

In addition, the Fund's assets may be invested on an ancillary basis in AAA- or Aaa-rated fixed or floating rate government debt. Some of the Fund's assets may also be held on an ancillary basis in cash or cash equivalents (including, without limitation, via a holding in money market funds), pending reinvestment, if this is considered appropriate to the objective of maximising returns.

The Fund may seek to preserve capital through the use of various risk management techniques including real-time monitoring of risk exposures such as volatility, value at risk and factor risk. The risk control platform used by the Investment Manager incorporates automated quantitative risk limit monitoring and alerting as well as a range of stress tests.

## **Investment approach**

### ***The TOPS Process***

To the extent allocated to be traded or invested via the TOPS process, the Fund's assets will be invested systematically on the basis of those investment ideas of the brokerage community selected by the TOPS investment process. The Investment Manager has discretion to exploit additional investment opportunities (in line with the Investment Policy described above) identified by the Investment Manager. The TOPS investment process comprises a framework of proprietary applications and models which seeks to capture, appraise, optimise and act upon the investment ideas of contributors from the brokerage community and to aggregate them in a dynamic portfolio construction process. This involves five key elements, which are described below: investment idea collection, contributor relationship management, optimisation, risk

management, and trade execution.

#### *Idea Collection*

The Investment Manager developed the TOPS process to capture what it considers to be the substantial and valuable investment information generated by investment banks and regional brokers, through their sales and research departments, and specialist research boutiques. The Investment Manager selects individual contributors with appropriate expertise from certain firms to contribute their ideas based on the information resource of their firms to TOPS.

#### *Contributor Relationship Management*

Contributor relationships are actively managed by the Investment Manager to ensure that each contributor regularly appraises the ideas they have supplied.

#### *Optimisation*

The optimisation process seeks systematically to identify those ideas that can be combined in a diversified portfolio. It further ensures diversification both at the position level and also by theme and style.

#### *Risk Management*

Risk management is an integral part of the investment process. The primary risk management measures that are built into the portfolio construction process, at security level, are liquidity, position size, instrument volatility and directional exposure.

On a portfolio level, the primary risk measures are

volatility (taking into account the VaR limit of the Fund) and stock, sector, market and factor exposures.

#### *Trade Execution*

The Investment Manager manages the execution of each trade order relative to the trading volume in the relevant security in order to minimise the price impact on the security and the cost to the portfolio, and to ensure that commission costs paid by the Fund are controlled.

#### *The Helium System*

To the extent allocated to be traded or invested via the Helium System, the Fund's assets will be invested by way of an automated system. The automated system is managed, monitored and controlled by the Investment Manager who provides input to the Helium System on the basis of a process of analysis of data inputs as described in further detail below.

The initial stage of the process involves the Helium System collecting, cleaning and analysing a wide variety of data inputs including factors that are intrinsic to markets, such as price, volume, open interest and order book dynamics; and those that are external to markets, such as the economic statistics or big data arising from social networks and the internet. The Investment Manager analyses this data to seek information that it believes will give it an investing edge. This investing edge is intended to provide an asymmetry between the Investment Manager's investment strategy and those of other investors.

The selection of securities for the portfolio is operated as an automated, computer-based system based on analysis of past data (the “**Investment System**”). The process involves the analysis of large amounts of data, using inputs including factors that

are intrinsic to markets, such as price, volume and open interest; and those that are external to markets, such as economic statistics and industrial data. The Investment Manager analyses the data with the intention of quantifying the probability of particular markets rising or falling. The Investment Manager develops mathematical models designed to quantify market returns or volatility associated with such returns, correlations between markets and transaction costs. These forecasts are then used to build a portfolio following a specific set of risk constraints designed to minimise overall statistical error.

The investment approach adopts the principle of risk spreading through diversification because holding positions in a wide-range of markets reduces concentration risk and may, over time, decrease system volatility.

Most of the investments are made strictly in accordance with the signals produced by the Investment System. However, the Investment Manager may on occasion (such as the occurrence of exceptional events that fall outside the parameters of the research on which the Investment System is based), make investment decisions based on other factors and may take action to override its output of the system. For example, if there is a market crash or if trading is suspended on a market or exchange, the Investment Manager may attempt to reduce risk by decreasing leverage or liquidating or hedging positions in certain markets. There can be no guarantee that such measures will result in a reduction in risk or limit losses.

The Helium System is fully automated and computer-based from signal generation to risk management, portfolio construction and execution. It is monitored by the Investment Manager to ensure it still behaves under the statistical constraints for which it has been designed. The Helium System can be modified over time to take into account results from this continuous audit along with improvements arising from new

discoveries made by the Investment Manager's research team.

**Investment in collective investment schemes:**

The Fund will not invest more than 10% of its net assets in aggregate in the units of other UCITS or other collective investment schemes

**Valuation Point:**

11.59 p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day.

**Dealing Day:**

Every Business Day.

**Dealing Request Deadline:**

12 noon (Irish time) two Business Days immediately preceding the relevant Dealing Day or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.

**Price Publication:**

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. Such prices will be up to date as of the time of publication.

**Shares available:**

Shares

A (€) Shares  
A (\$) Shares  
A (£) Shares  
A (CHF) Shares  
(together the "A Shares")

B (€) Shares  
B (\$) Shares  
B (£) Shares  
B (CHF) Shares  
(together the "B Shares")

C (€) Shares  
C (\$) Shares  
C (£) Shares  
(together the "C Shares")

C2 (\$) Shares

C2(£) Shares  
C2(€) Shares  
(together the "C2 Shares")

D (€) Shares  
D (\$) Shares  
D (£) Shares  
D (CHF) Shares  
(together the "D Shares")

F (€) Shares  
F (\$) Shares  
F (£) Shares  
F (CHF) Shares  
(together the "F Shares")

If not stated to be Distribution Shares, Shares will be Accumulation Shares.

**Base currency:** United States Dollars

	<b>A (€) Shares</b>	<b>A (\$) Shares</b>	<b>A (£) Shares</b>	<b>A (CHF) Shares</b>
<b>Initial Offer Price</b>	(€)100	US\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1% per annum	1% per annum	1% per annum	1% per annum
<b>Performance Fee</b>	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark

	<b>B (€)Shares</b>	<b>B (\$)Shares</b>	<b>B (£)Shares</b>	<b>B (CHF)Shares</b>
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<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark

	<b>C (€) MW Shares</b>	<b>C (\$ ) MW Shares</b>	<b>C (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	0.6% per annum	0.6% per annum	0.6% per annum
<b>Performance Fee</b>	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark	10% per annum of outperformance above high water mark

	<b>C2 (€) MW Shares</b>	<b>C2 (\$ ) MW Shares</b>	<b>C2 (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	None	None	None



<b>Performance Fee</b>	None	None	None
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	<b>D (€) Shares</b>	<b>D (\$) Shares</b>	<b>D (£) Shares</b>	<b>D (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
<b>Performance Fee</b>	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark	25% per annum of outperformance above high water mark

	<b>F (€) Shares</b>	<b>F (\$) Shares</b>	<b>F (£) Shares</b>	<b>F (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance</b>	25% per annum of	25% per annum of	25% per annum of	25% per annum of

<b>Fee</b>	outperformance above high water mark	outperformance above high water mark	outperformance above high water mark	outperformance above high water mark
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\*(Investors should refer to the section of the Prospectus headed "Important Information" which may refer to an alternative minimum subscription requirement for investors from a particular country)

There is no Minimum Holding in relation to the A Shares, B Shares, C Shares, C2 Shares, D Shares or F Shares.

F Shares may be offered in limited circumstances for distribution in the United Kingdom or such other countries as the Directors in their absolute discretion may determine; and through certain distributors having separate fee arrangements with their clients. In addition, F Shares may be offered to professional and/or other investors at the discretion of the Directors.

The Directors may reduce or waive the Minimum Subscription and the Minimum Additional Subscription at their sole discretion. C (€) Shares, C (\$) Shares, C (£) Shares are only available for subscription by the employees and partners of the Investment Manager and its affiliates. C2 Shares are only available for subscription by other Marshall Wace Funds.

### **Initial Offer Period**

The Initial Offer Period for Class A (USD), Class C (GBP) and Class D (USD) is now closed. The Initial Offer Period for all other Shares will commenced at 9:00am (Dublin time) on 21 August, 2015 and will close at 5:00p.m. (Dublin time) on 30 June, 2016 or such prior date on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

Class A Shares will be open to investment from the start of the Initial Offer Period until 30 September, 2015 or such other time as the Directors may determine, after which the Class A Shares will be closed to any investment except at the discretion of the Directors, or by delegated discretion, the Investment Manager. As set out in the Prospectus, any other Class of Shares in the Fund may the closed to new subscriptions on such basis and on such terms as the Directors in their sole discretion may determine.

Shares are available for issue during the Initial Offer Period at the price set out above.

### **Preliminary Charge**

The Investment Manager will not apply a preliminary charge on the sale of Shares.

## **Details of the Individuals Responsible for Managing the Assets of the Fund**

**Anthony Clake** is a partner of Marshall Wace LLP and is a director of Marshall Wace Asset Management Limited. Having joined Marshall Wace Asset Management Limited in 1999, Mr Clake became a partner of Marshall Wace LLP in September 2004. Mr Clake is the MW TOPS Global Portfolio Manager and is primarily responsible for the day to day implementation of the strategy and the relationships with contributing service providers. Mr Clake oversees the strategy's trading activities and co-ordinates the risk management and optimisation of the TOPS portfolios. Mr Clake holds a B.A. (Hons) from The Queen's College, University of Oxford, in Philosophy, Politics and Economics.

and

**Philippe Azoulay** is a partner of Marshall Wace LLP and is the global portfolio manager of the Helium quantitative trading strategy at Marshall Wace, having joined Marshall Wace in 2015. Mr Azoulay previously founded 80 Capital LLP ("80 Capital"), an alternative investment firm with specialised expertise in global, quantitative trading strategies. Before joining 80 Capital, Mr Azoulay was responsible for the quantitative aspect of the Alternative and Fund Solution Group at Deutsche Bank. Prior to Deutsche Bank, Mr. Azoulay worked at Calyon in New York, where he was in charge of trading, structuring and origination for Fund Derivatives in America. He started his career at Capital Fund Management (CFM) in Paris where he was in charge of business development for America. Mr Azoulay graduated from Ecole Polytechnique in Paris with a Masters in Fundamental Science, and he has also followed a post graduate degree from Université Paris VI under the guidance of Prof. Nicole el Karoui in Finance and Probability in Financial Mathematics.

## **Investment Management Fee**

The Investment Manager will receive from the Company, an Investment Management Fee with respect to each Class equal to 1/12 of the relevant percentage per annum per month (set forth in the table above applicable to the relevant Class) of the Net Asset Value of such class of Shares (before deduction of that month's fees, expenses, borrowings and interest together with VAT, if any on such a fee and before deduction for any accrued Performance Fees). Such fee is payable every month in arrears and is accrued daily and calculated as at each Valuation Point.

## **Performance Fee**

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fees may be paid on unrealised gains, which may subsequently never be realised.

The Performance Fee will be calculated in respect of each period of twelve months beginning on October 1 and ending on the following 30 September (a Calculation

Period). The first Calculation Period will be the period commencing on the Business Day immediately following the close of the relevant Initial Offer Period and ending on the next following 30 September . The Performance Fee will be calculated and accrued as at each Valuation Point as an expense of the relevant Class and will be payable to the Investment Manager in arrears within 14 Business Days of the end of each Calculation Period after verification of the calculation of the Performance Fee by the Custodian.

For each Calculation Period, the Performance Fee in respect of each Share Class will be equal to 25% (except in the case of the C Shares, which shall be 10% and the C2 Shares, which shall be 0%) of any "New Net Appreciation".

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class (prior to reduction for accrued Performance Fee) as of the end of the relevant Calculation Period exceeds the "High Water Mark" (defined below).

The **High Water Mark** attributable to each Class is the greater of:-

- a) the Net Asset Value of the relevant Class as of the most recent 30 September at which a Performance Fee was paid by such relevant Class (after reduction for the Performance Fee then paid and for the dividends paid out to the shareholders of such relevant Class in relation to the Calculation Period then ending). The Net Asset Value referred to in the previous sentence shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever a redemption is made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately prior to, such redemption (Net Asset Value of the relevant Class in each case to be calculated prior to reduction for any accrued Performance Fee);

and

- b) if no Performance Fee has ever been paid, then the aggregate Subscriptions minus the aggregate redemptions to the relevant Class through the date of determination.

If a redemption is made from the relevant Class as of a date other than 30 September, a Performance Fee (if accrued as of the date of such redemption) shall be crystallized in respect of the Shares being redeemed and paid to the Investment Manager 14 days after the Dealing Day (or upon termination of the Investment Management and Distribution Agreement, if earlier). Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and in its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the directors), or to intermediaries, or to the Fund, part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

## **Fees and Expenses**

### **Administration Fee**

The Company shall pay the Administrator out of the assets of each Fund an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate for the relevant Fund of up to 0.12% of the Net Asset Value of the Fund (before accrual for any Management or Performance Fees), subject to a minimum monthly fee of US\$7,000 per Fund. For each Fund, the Administrator may be entitled to additional fees in respect of tax services and with respect to other reporting.

The Administrator shall also be entitled to be reimbursed by the Company out of the assets of the relevant Fund(s) all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

### **Custodian Fee**

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.03% of the first US\$250 million of the Net Asset Value of the Company, 0.02% of the Net Asset Value of the Company between US\$250 million and US\$750 million and 0.015% of the Net Asset Value of the Company thereafter subject to an annual minimum fee of US\$24,000 per Fund.

The Custodian shall also be entitled to be repaid all of its out-of-pocket expenses out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses, transaction charges and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Details on other fees and expenses to be incurred by the Company are detailed in the main body Prospectus under the heading entitled "**Fees and Expenses**".

### **Establishment Costs and Expenses**

All fees and expenses relating to the establishment and organisation of the Fund, including the fees of the Fund's professional advisers and the fees and expenses incurred in registering it for sale in various markets will be borne by the Fund. Such fees and expenses are estimated to amount to €25,000 and may be amortised over period equal to the first three accounting periods of the Fund or such other period and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Classes as the Directors may determine. Costs may (at the discretion of the Directors with the consent of the Custodian) be amortised over such period as may be determined by the Directors with the consent of the Custodian and will represent a liability for the purposes of calculating the Net Asset Value of the Fund. In accordance with International Accounting Standards, where any such establishment or organisational expenses are so amortised, it should be noted that the Net Asset Value will be reported in the financial statements as if such expense had been fully amortised in the accounting period in which they were incurred.

### **Fees Arising from Efficient Portfolio Management Techniques**

The Fund does not currently engage in Efficient Portfolio Management techniques. In the event that the Fund engages in such techniques, direct and indirect operational costs and fees (which shall not include hidden revenue) arising from efficient portfolio management techniques may be deducted from the revenue arising from such techniques and delivered to the Fund.

Such costs and fees may be paid to entities which are affiliates of the Custodian.

### **Certain Risk Factors**

Investors' attention is particularly drawn to the section entitled "Certain Risk Factors" on page 57 of the Prospectus.

### **Risk Factors Specific to the Fund**

#### Reliance on Contributors

The performance of the TOPS process is heavily dependent on the ability of the Investment Manager to select, attract, motivate and retain suitable contributors. In the event that the Investment Manager is unable to continue to select, attract, motivate and retain suitable contributors, the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

#### Reliance on Optimisation

The performance of the TOPS process is heavily dependent on the ability of the Investment Manager to create a diversified portfolio combining in an optimised manner

the large number of trade ideas received by the Investment Manager from contributors. In the event that the Investment Manager is unable to continue to implement a successful optimisation strategy the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

#### Trading Based on Technical Analysis

The Helium System bases trading decisions on mathematical analyses of technical factors relating to market performance rather than fundamental analysis.

The buy and sell signals are generated by various statistical models which are derived from a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of such models depends upon the occurrence in the future of significant, sustained statistical price or correlation behaviour in some of the markets traded. A danger for such statistical trading strategies is the breakdown of certain statistical stabilities across markets. In the past, there have been prolonged periods with such statistical breakdown. It is expected that these periods will continue to occur. Periods without such statistical significance across financial markets may produce substantial losses for the Fund.

#### Model Risk

The Helium System employs a number of quantitative fundamental or technical models that involve assumptions based upon a limited number of variables abstracted from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. The outputs of models may differ substantially from the reality of the markets, resulting in major losses.

#### Computer-generated Allocation

The Helium System is based upon a computer-generated systematic trading strategy of the Investment Manager that provides exposure to investments based on complex statistical research. The operation of the Helium System is therefore dependent on the effective operation of the technology used by the Investment Manager to employ the models upon which the Helium System is based. Certain unforeseen events may result in the failure of the effective operation of the technology used by Investment Manager to operate the Helium System. Any such failure may have an adverse effect on the operation of the Helium System and/or the Net Asset Value of the Fund.



## Singapore

The offer or invitation of Shares of the Fund, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. MW Liquid Trading Strategies Fund is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the Shares are not allowed to be offered to the retail public. Neither this Prospectus nor any other document or material issued in connection with the offer or sale is a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. Prospective investors should consider carefully whether the investment is suitable for them.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;

- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations 2005 of Singapore.

## **SUPPLEMENT 5: MW TOPS China Equities UCITS Fund**

This Supplement dated 29 April, 2016 contains information relating specifically to MW TOPS China Equities UCITS Fund, a sub-fund of Marshall Wace UCITS Funds plc (the "Company"), an open-ended umbrella fund with segregated liability between sub-funds authorised by the Central Bank on 5 February, 2009 as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011. This Supplement forms part of and should be read in conjunction with the Prospectus of the Company dated 10 March, 2016 (the "Prospectus").

The Net Asset Value of the Fund is likely to have a high volatility due to its investment policy and portfolio management techniques.

The Fund may invest principally in Financial Derivative Instruments for investment purposes and for the purposes of hedging. Investors should read the section of the Supplement entitled "Certain Risk Factors" and the section of the prospectus entitled "The Company and the Funds – The Funds and their Investment Objectives and Investment Policies" in the Prospectus before investing in the Fund.

**Name of Fund:** MW TOPS China Equities UCITS Fund.

**Investment Objective:** The investment objective of the Fund is to seek to provide investors with long-term capital appreciation primarily through investing and trading in equities of Chinese Companies as defined below.

There can be no assurance that the Fund will achieve its investment objective.

**Investment Policy:** The assets of the Fund will be used to invest systematically in equities and equity-related instruments (as listed in the paragraph following below) of Chinese Companies (meaning companies incorporated in, listed on a stock exchange established in, whose principal operations are in or which have significant operations in China (including Hong Kong and Macau ("Chinese Companies"))). Investment will be made on the basis of those investment ideas of the brokerage community selected by the TOPS ("Trade Optimised Portfolio System") investment process (described more fully in the Investment Approach section below) and to effect additional investment opportunities identified by the Investment Manager provided such investment

opportunities are in line with the investment objective and investment policy of the Fund. Such additional investment opportunities may be identified by the Investment Manager from data relating to companies and markets, including corporate, broker and trading data and data relating to the portfolio positioning of market participants, gathered from sources other than the brokerage community's investment ideas which the TOPS investment process collects.

As noted above, the majority of such assets will be invested, taking either long or short exposure to the relevant securities as described in further detail below, in equities, either directly (predominantly in common and preferred stock to the extent that such stock is permitted pursuant to the rules relating to that stock) or through equity-related instruments (i.e. exchange traded and over-the-counter swap transactions, options, warrants, rights, futures and forward contracts.). It is envisaged that exposure to China A Shares will primarily be accessed either (a) through OTC swap transactions being contracts for difference entered into with OTC swap counterparties who have (or whose affiliates have) obtained Qualified Foreign Institutional Investor ("QFII") status in China, or (b) OTC swap transactions being contracts for difference entered into with OTC swap counterparties who have (or whose affiliates have) access to China A shares via the Shanghai-Hong Kong Stock Connect program ("Stock Connect"). Access on swap via QFII allocations and via Stock Connect each carries significant risks to a Fund as described in further detail in the "Risk Factors" section of the Prospectus.

Any over-the-counter FDI will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The approach that the Investment Manager will use to implement the TOPS process will be to invest on the basis of investment ideas driven by (a) general factors such as stock and market momentum and events affecting an individual stock in particular (e.g. a merger or takeover, an earnings release, changes to the management of the

issuer, or any other commercially significant event); and (b) valuation and fundamental criteria such as earnings growth and outlook for a specific stock. The resulting portfolio is expected to be liquid and diversified. All investments will be made in accordance with the investment restrictions as described in Appendix 1 of the Prospectus using the selection criteria more fully described in “Investment Approach” below.

#### FDIs in which the Fund may invest

The Fund’s investment in FDIs, and a list of each of the FDIs utilized by the Fund is set out in the following paragraph. However, for ease of reference, a description of each FDI and details of its commercial purpose is set out in detail in Appendix 3 of the Prospectus. The Investment Manager has selected each of the FDIs listed in the following paragraph for use in the Fund on the basis that it considers that exposure to the underlying security related to each of the FDIs is appropriate for the pursuit of the investment objective of the Fund, and that exposure to such security by way of the relevant FDI is the most appropriate method of accessing such exposure to the extent required.

The Fund may invest in exchange-traded or over-the-counter single equity futures and equity and equity-related index futures and forwards. The Fund may also invest in dividend futures and dividend forwards. The Fund may also invest in exchange-traded or over-the-counter currency options, equity options, index options, options on credit default swaps, dividend options, options on dividend futures, options on currency futures, options on equity futures and swaptions. These options provide exposure to currency markets and equity markets and dividends and each of these options are described in Appendix 3 to the Prospectus. The Fund may engage in over-the-counter FDIs such as foreign exchange forwards (for currency hedging), swap transactions, credit default swaps, rights, warrants, basket and portfolio swaps which provide exposure to equities, single stock contracts for difference and equity index

forward contracts, custom index swaps and currency swaps and each of these swaps are described in Appendix 3 to the Prospectus. Any such over-the-counter FDIs will be with institutions subject to prudential supervision and belonging to categories approved by the Central Bank acting as counterparty. The Fund may also participate in rights, warrants and exchange traded notes. The FDIs, including how they are used by the Fund to achieve its investment objective, are more fully described in Appendix 3.

The Investment Manager may take short positions where it believes that securities are overvalued or otherwise likely to decrease in market value, or for the purposes of hedging or controlling exposure. Where the Investment Manager wishes to take short positions, it will only do so synthetically through the use of derivatives as listed above and as more fully described in Appendix 3, meaning, basket and portfolio swaps, variance and volatility swaps, asset swaps, equity swaps, single stock contracts for difference and equity index futures, forward and options contracts, single equity futures and options, and options on equity futures. The Fund may take synthetic short positions in any of the asset classes set out in this Supplement.

For long exposures to equities, the Investment Manager will utilise equity derivatives, as listed above, where it considers that such instruments are the most appropriate or cost-effective means of accessing the relevant underlying equities. The Fund may take long and synthetically short positions over a variety of time periods in accordance with the requirements of the Central Bank, however the combination of long and short positions will never result in uncovered short positions in the Fund. The net market exposure of the Fund will vary according to the Investment Manager's view of market prospects. However, the Fund's net market exposure will not normally exceed a range from 70 per cent to 120 per cent net long. Only derivative instruments listed herein and in the Company's risk management process and cleared by the Central Bank may be

utilised. In respect of any instrument which contains an embedded derivative, for example exchange traded notes, the derivative component of such instrument shall be of a type which the Fund could otherwise invest in directly. Any investment in open-ended ETFs will be made in accordance with the investment limits for collective investment schemes as set out under the heading "The Company - Investment and Borrowing Powers" in Appendix 1 to the Prospectus.

Leverage will only be achieved through Financial Derivative Instruments. The use of derivatives (whether for hedging or investment purposes) will give rise to an additional leveraged exposure. The level of leverage utilised by the Fund will generally under normal market conditions not exceed 200 % of the Net Asset Value of the Fund and will in any event operate within the limitations relating to the use of leverage set out in the UCITS Regulations. The use of leverage has the potential to magnify investment gains and losses to investors. The leverage figure is calculated using the sum of the notionals of the derivatives used as is required by the Central Bank and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time.

The "relative" value-at-risk ("VaR") approach is the primary risk indicator used by the Investment Manager to measure global exposure, details of which are set out in page 8 of the main body of the Prospectus. The benchmark used for this purpose will be MSCI China A + H Net TR USD (ticker MSCHAHNU) (the "Benchmark"). The Investment Manager considers the Benchmark to be appropriate to the Fund because the fund's investment policy is to invest primarily in equities of Chinese Companies such as those included in the Benchmark. The VaR of the Fund will not exceed two times the VaR of the Benchmark.

In addition, the Fund's assets may be invested on an ancillary basis in AAA- or Aaa-rated fixed or floating rate government debt. Some of the Fund's assets



may also be held on an ancillary basis in cash or cash equivalents (including, without limitation, via a holding in money market funds), pending reinvestment, if this is considered appropriate to the objective of maximising returns.

## **Investment approach**

### ***The TOPS Process***

The Fund's assets will be invested systematically on the basis of those investment ideas of the brokerage community selected by the TOPS investment process. The Investment Manager has discretion to exploit additional investment opportunities (in line with the Investment Policy described above) identified by the Investment Manager. The TOPS investment process comprises a framework of proprietary applications and models which seeks to capture, appraise, optimise and act upon the investment ideas of contributors from the brokerage community and to aggregate them in a dynamic portfolio construction process. This involves five key elements, which are described below: investment idea collection, contributor relationship management, optimisation, risk management, and trade execution.

#### ***Idea Collection***

The Investment Manager developed the TOPS process to capture what it considers to be the substantial and valuable investment information generated by investment banks and regional brokers, through their sales and research departments, and specialist research boutiques. The Investment Manager selects individual contributors with appropriate expertise from certain firms to contribute their ideas based on the information resource of their firms to TOPS.

#### ***Contributor Relationship Management***

Contributor relationships are actively managed by the Investment Manager to ensure that each contributor regularly appraises the ideas they have supplied.

### *Optimisation*

The optimisation process seeks systematically to identify those ideas that can be combined in a diversified portfolio. It further ensures diversification both at the position level and also by theme and style.

### *Risk Management*

Risk management is an integral part of the investment process. The primary risk management measures that are built into the portfolio construction process, at security level, are liquidity, position size, instrument volatility and directional exposure.

On a portfolio level, the primary risk measures are volatility (taking into account the VaR limit of the Fund) and stock, sector, market and factor exposures.

### *Trade Execution*

The Investment Manager manages the execution of each trade order relative to the trading volume in the relevant security in order to minimise the price impact on the security and the cost to the portfolio, and to ensure that commission costs paid by the Fund are controlled.

### **Investment in collective investment schemes:**

The Fund will not invest more than 10% of its net assets in aggregate in the units of other UCITS or other collective investment schemes.

### **Valuation Point:**

11.59 p.m. (Dublin time) on the Business Day immediately preceding the relevant Dealing Day.

### **Dealing Day:**

Every Business Day.

### **Dealing Request Deadline:**

12 noon (Irish time) two Business Days immediately preceding the relevant Dealing Day or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Request Deadline is no later than the Valuation Point.

**Price Publication:**

The Net Asset Value per Share will be published weekly at <http://ucitsfunds.mwam.com> and updated following each calculation of Net Asset Value. Such prices will be up to date as of the time of publication.

**Shares available:**Shares

A (€) Shares

A (\$) Shares

A (£) Shares

A (CHF) Shares

(together the "A Shares")

B (€) Shares

B (\$) Shares

B (£) Shares

B (CHF) Shares

(together the "B Shares")

C (€) Shares

C (\$) Shares

C (£) Shares

(together the "C Shares")

C2 (\$) Shares

C2 (£) Shares

C2 (€) Shares

(together the "C2 Shares")

E (€) Shares

E (\$) Shares

E (£) Shares

E (CHF) Shares

(together the "E Shares")

F (€) Shares

F (\$) Shares

F (£) Shares

F (CHF) Shares

(together the "F Shares")

H (€) Shares

H (\$) Shares

H (£) Shares

H (CHF) Shares

(together the "H Shares")

If not stated to be Distribution Shares, Shares will be Accumulation Shares.

**Base currency:** United States Dollars

	<b>A (€) Shares</b>	<b>A (\$) Shares</b>	<b>A (£) Shares</b>	<b>A (CHF) Shares</b>
<b>Initial Offer Price</b>	(€)100	US\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Bench mark

	<b>B (€)Shares</b>	<b>B (\$)Shares</b>	<b>B (£)Shares</b>	<b>B (CHF)Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.00% per annum	1.00% per annum	1.00% per annum	1.00% per annum
<b>Performance Fee</b>	15% per annum of outperformance	15% per annum of outperformance	15% per annum of outperformance	15% per annum of outperformance

	above high water mark	above high water mark	above high water mark	above high water mark
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	<b>C (€) MW Shares</b>	<b>C (\$) MW Shares</b>	<b>C (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	0.6% per annum	0.6% per annum	0.6% per annum
<b>Performance Fee</b>	10% per annum of outperformance above the Benchmark	10% per annum of outperformance above the Benchmark	10% per annum of outperformance above the Benchmark

	<b>C2 (€) MW Shares</b>	<b>C2 (\$) MW Shares</b>	<b>C2 (£) MW Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100
<b>Investment Management Fee</b>	None	None	None
<b>Performance Fee</b>	None	None	None

	<b>E (€) Shares</b>	<b>E (\$) Shares</b>	<b>E (£) Shares</b>	<b>E (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum

<b>Performance Fee</b>	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark
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	<b>F (€) Shares</b>	<b>F (\$) Shares</b>	<b>F (£) Shares</b>	<b>F (CHF) Shares</b>
<b>Initial Offer Price</b>	€100	\$100	£100	CHF100
<b>Minimum Subscription*</b>	€20,000	\$20,000	£20,000	CHF20,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.5% per annum	1.5% per annum	1.5% per annum	1.5% per annum
<b>Performance Fee</b>	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Bench mark	25% per annum of outperformance above the Benchmark

	<b>H (€) Shares</b>	<b>H (\$) Shares</b>	<b>H (£) Shares</b>	<b>H (CHF) Shares</b>
<b>Initial Offer Price</b>	(€)100	US\$100	£100	CHF100
<b>Minimum Subscription*</b>	€5,000,000	\$5,000,000	£5,000,000	CHF5,000,000
<b>Minimum Additional Subscription</b>	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.00% per annum	1.00% per annum	1.00% per annum	1.00% per annum

<b>Performance Fee</b>	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Benchmark	25% per annum of outperformance above the Bench mark
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\*(Investors should refer to the section of the Prospectus headed "Important Information" which may refer to an alternative minimum subscription requirement for investors from a particular country)

There is no Minimum Holding in relation to the A Shares, B Shares, C Shares, C2 Shares, E Shares, F Shares or H Shares.

F Shares may be offered in limited circumstances for distribution in the United Kingdom or such other countries as the Directors in their absolute discretion may determine; and through certain distributors having separate fee arrangements with their clients. In addition, F Shares may be offered to professional and/or other investors at the discretion of the Directors.

The Directors may reduce or waive the Minimum Subscription and the Minimum Additional Subscription at their sole discretion. C (€) Shares, C (\$) Shares, C (£) Shares are only available for subscription by the employees and partners of the Investment Manager and its affiliates. C2 Shares are only available for subscription by other Marshall Wace Funds.

### **Initial Offer Period**

The Initial Offer Period for all Shares, save for Class B Shares, will commence at 9:00am (Dublin time) on 18 November, 2015 and will close at 5:00p.m. (Dublin time) on 3 November, 2016 or such prior date and time on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

The Initial Offer Period for Class B Shares will commence at 9:00am (Dublin time) on 3 May, 2016 and will close at 5:00p.m. (Dublin time) on 3 November, 2016 or such prior date and time on which the first application form for the relevant Shares is received or such other date and/or time as the Directors may determine.

Class H Shares will be open to investment from the start of the Initial Offer Period until 30 December, 2016 or such other time as the Directors may determine, after which the Class H Shares will be closed to any investment except at the discretion of the Directors, or by delegated discretion, the Investment Manager. As set out in the Prospectus, any other Class of Shares in the Fund may be closed to new subscriptions on such basis and on such terms as the Directors in their sole discretion may determine.



Shares are available for issue during the Initial Offer Period at the price set out above.

### **Preliminary Charge**

The Investment Manager will not apply a preliminary charge on the sale of Shares.

### **Details of the Individuals Responsible for Managing the Assets of the Fund**

**Anthony Clarke** is a partner of Marshall Wace LLP and is a director of Marshall Wace Asset Management Limited. Having joined Marshall Wace Asset Management Limited in 1999, Mr Clarke became a partner of Marshall Wace LLP in September 2004. Mr Clarke is the MW TOPS Global Portfolio Manager and is primarily responsible for the day to day implementation of the strategy and the relationships with contributing service providers. Mr Clarke oversees the strategy's trading activities and co-ordinates the risk management and optimisation of the TOPS portfolios. Mr Clarke holds a B.A. (Hons) from The Queen's College, University of Oxford, in Philosophy, Politics and Economics.

### **Fees and Expenses**

#### **Investment Management Fee**

The Investment Manager will receive from the Company, an Investment Management Fee with respect to each Class equal to 1/12 of the relevant percentage per annum per month (set forth in the table above applicable to the relevant Class) of the Net Asset Value of such class of Shares (before deduction of that month's fees, expenses, borrowings and interest together with VAT, if any on such a fee and before deduction for any accrued Performance Fees). Such fee is payable every month in arrears and is accrued daily and calculated as at each Valuation Point.

#### **Performance Fee**

The Fund will pay to the Investment Manager a Performance Fee in relation to each Class of Shares except for the C2 Shares. No Performance Fee shall be payable in respect of C2 Shares.

The Performance Fee will be calculated in respect of each period of twelve months beginning on 1 October and ending on the following 30 September (a "Calculation Period"). The first Calculation Period for any Class will be the period commencing on the Business Day immediately following the close of the relevant Initial Offer Period and ending on the next following 30 September.

*Performance Fee in respect of A Shares, C Shares, E Shares, F Shares and H Shares*

The Performance Fee is equal to 25 per cent of any relative outperformance in the Net Asset Value of a Class over the performance of the Benchmark (except in the case of the B Shares, which are detailed below, in the case of the C Shares, which shall be equal to 10% and the C2 Shares, which shall be 0%), provided that a Performance Fee will not be payable until any previous shortfalls relative to the Benchmark's performance (a "Loss Carry Forward") are recovered.

In order to calculate the Performance Fee, a "Benchmark Amount" and any Loss Carry Forward is calculated as at each Valuation Point by the Administrator. The Performance Fee is calculated by reference to the amount by which the net asset value of the relevant Class exceeds the Benchmark Amount ("Net New Appreciation"), less any Loss Carry Forward. The initial Benchmark Amount will be the initial Net Asset Value of the relevant Class and the Benchmark Amount is then adjusted as at each Valuation Point to take into account the performance of the Benchmark and any subscriptions, redemptions and distributions. After the end of each Calculation Period, the Benchmark Amount is re-set to equal the net asset value of the relevant Class at the start of the following Calculation Period.

The Loss Carry Forward for the first Valuation Period of each Calculation Period shall be (i), where New Net Appreciation as at the end of the previous Calculation Period is greater than zero, zero and; (ii) where New Net Appreciation as at the end of the previous Calculation Period is less than zero, the New Net Appreciation proportionally decreased for any redemptions. For all other Valuation Points, the Loss Carry Forward shall be the Loss Carry Forward as the end of the previous Valuation Period proportionally reduced for any redemptions from the relevant Class, as set out above, as at the relevant Valuation Point.

*Performance Fee in respect of the B Shares*

For each Calculation Period, the Performance Fee in respect of each Class of B Shares will be equal to 15% of any "New Net Appreciation".

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class (prior to reduction for accrued Performance Fee) as of the end of the relevant Calculation Period exceeds the "High Water Mark" (defined below).

The **High Water Mark** attributable to each Class of B Shares is the greater of:-

- a) the Net Asset Value of such Class as of the most recent 30 September at which a Performance Fee was paid by the relevant Class (after reduction for the Performance Fee then paid and for the dividends paid out to the shareholders of the relevant Class in relation to the Calculation Period

then ending). The Net Asset Value referred to in the previous sentence shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever a redemption is made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately prior to, such redemption (Net Asset Value of the relevant Class in each case to be calculated prior to reduction for any accrued Performance Fee);

and

- b) if no Performance Fee has ever been paid, then the aggregate Subscriptions reduced proportionately whenever a redemption is made from the relevant Class through the date of determination.

The Performance Fee will be calculated and accrued as an expense of the relevant Class at each Valuation Point and will be payable to the Investment Manager in arrears within 14 days of the end of each Calculation Period after verification of the calculation of the Performance Fee by the Custodian.

The Performance Fee in respect of each Calculation Period will be calculated by reference to the net asset value before the deduction of any accrued performance fee and before any deduction for distributions.

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, performance fees may be paid on unrealised gains, which may subsequently never be realised.

If a Redemption is made from the relevant Class as of a date other than 30 September, a Performance Fee (if accrued as of the date of such Redemption) shall be crystallised in respect of the Shares being redeemed and paid to the Investment Manager 14 days after the Dealing Day (or upon termination of the Investment Management Agreement, if earlier). Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy Redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and in its sole discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the directors), or to intermediaries, or to the Fund, part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

If the appointment of the Investment Manager is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

The performance fee will be calculated by the Administrator and verified by the Custodian.

### **Administration Fee**

The Company shall pay the Administrator out of the assets of each Fund an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate for the relevant Fund of up to 0.12% of the Net Asset Value of the Fund (before accrual for any Management or Performance Fees), subject to an minimum monthly fee of US\$7,000 per Fund. For each Fund, the Administrator may be entitled to additional fees in respect of tax services and with respect to other reporting.

The Administrator shall also be entitled to be reimbursed by the Company out of the assets of the relevant Fund(s) all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

### **Custodian Fee**

The Custodian shall be entitled to receive out of the assets of the Company an annual fee, accrued as at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.03% of the first US\$250 million of the Net Asset Value of the Company, 0.02% of the Net Asset Value of the Company between US\$250 million and US\$750 million and 0.015% of the Net Asset Value of the Company thereafter subject to an annual minimum fee of US\$24,000 per Fund.

The Custodian shall also be entitled to be repaid all of its out-of-pocket expenses out of the assets of the Company, including legal fees, couriers' fees and telecommunication costs and expenses, transaction charges and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Details on other fees and expenses to be incurred by the Company are detailed in the main body Prospectus under the heading entitled "**Fees and Expenses**".

## **Establishment Costs and Expenses**

All fees and expenses relating to the establishment and organisation of the Fund, including the fees of the Fund's professional advisers and the fees and expenses incurred in registering it for sale in various markets will be borne by the Fund. Such fees and expenses are estimated to amount to €25,000 and may be amortised over period equal to the first three accounting periods of the Fund or such other period and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Classes as the Directors may determine. Costs may (at the discretion of the Directors with the consent of the Custodian) be amortised over such period as may be determined by the Directors with the consent of the Custodian and will represent a liability for the purposes of calculating the Net Asset Value of the Fund. In accordance with International Accounting Standards, where any such establishment or organisational expenses are so amortised, it should be noted that the Net Asset Value will be reported in the financial statements as if such expense had been fully amortised in the accounting period in which they were incurred.

## **Fees Arising from Efficient Portfolio Management Techniques**

The Fund does not currently engage in Efficient Portfolio Management techniques. In the event that the Fund engages in such techniques, direct and indirect operational costs and fees (which shall not include hidden revenue) arising from efficient portfolio management techniques may be deducted from the revenue arising from such techniques and delivered to the Fund.

Such costs and fees may be paid to entities which are affiliates of the Custodian.

## **Certain Risk Factors**

Investors' attention is particularly drawn to the section entitled "Certain Risk Factors" on page 57 of the Prospectus.

## **Risk Factors Specific to the Fund**

### China Focus

Because the Fund invests its assets primarily in companies in a specific region, the Fund is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Political, social or economic disruptions in the region, even in countries in which the Fund is not invested, may adversely affect the value of securities values held by the Fund. Investors should therefore pay particular attention to the Risk Factors contained in the sub-section of the "Certain Risk Factors" section of the Prospectus entitled "China Related Risks".

### *Volatility*

Chinese equities markets are highly volatile. In 2015 the daily volatility over any monthly period of the Benchmark exceeded five times the level seen by the MSCI Daily TR Net World Index, a global developed equity markets index. This can cause large performance drawdowns, as demonstrated by the Benchmark which lost in excess of 30% over 18 trading days between 12th June 2015 and 8th July 2015. During such a drawdown of the Chinese equity markets, the Fund is likely to suffer large losses. Movements in equity prices are influenced by amongst other things: government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; fluctuations in commodity prices; and changes in interest rates. In addition, the Chinese government from time to time intervenes, directly and by regulation, in the equities markets and foreign exchange markets with the specific intention of influencing equity prices and exchange rates. The Fund may be exposed to adverse changes in its Net Asset Value as a result of these factors.

### Reliance on Contributors

The performance of the TOPS process is heavily dependent on the ability of the Investment Manager to select, attract, motivate and retain suitable contributors. In the event that the Investment Manager is unable to continue to select, attract, motivate and retain suitable contributors, the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

### Reliance on Optimisation

The performance of the TOPS process is heavily dependent on the ability of the Investment Manager to create a diversified portfolio combining in an optimised manner the large number of trade ideas received by the Investment Manager from contributors. In the event that the Investment Manager is unable to continue to implement a successful optimisation strategy the performance of the Fund will be adversely affected. In that event, the value of the Shares, and thereby the Shareholders, would also be adversely affected.

