

The Directors of the Company whose names appear on page iii accept responsibility for the information contained in this document. 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.

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## **CBIS GLOBAL FUNDS PLC**

(an investment company with variable capital incorporated with limited liability in Ireland with registered number 456305 and established as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended))

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## **PROSPECTUS**

**for**

**European Short Term Government Bond Fund**

**World Bond Fund**

**European Equity Fund**

**U.S. Core Equity Index Fund**

**World Equity Fund**

Dated 20 March 2023

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND THE FUNDS AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR BANK MANAGER, LEGAL ADVISER, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

*Certain terms used in this Prospectus are defined on pages 4 to 8 of this document.*

### ***Central Bank Authorisation***

***The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company or of any Fund.***

### ***Investment Risks***

**There can be no assurance that each Fund will achieve its investment objective. It should be appreciated that the value of Shares may go down as well as up. An investment in a Fund involves investment risks, including possible loss of the entire amount invested.** The capital return and income of a Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, a Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. Investors' attention is drawn to the specific risk factors set out in the section entitled "Risk Factors". **It is recommended that for retail investors an investment in any of the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Subject to the conditions and within the limits from time to time laid down by the Central Bank and except where otherwise stated in the investment objective and policies of a Fund, each Fund may engage in transactions in financial derivative instruments, whether for efficient portfolio management purposes (i.e. hedging, reducing risks or costs, or increasing capital or income returns) or investment purposes. In view of the fact that a transaction charge of up to 3% of repurchase monies may, at the sole discretion of the Investment Manager, be deducted and retained by a Fund to cover the Company's estimate of the costs of disposing of securities to fund the repurchase the difference at any one time between the sale and repurchase price of the Shares means that an investment in any of the Funds should be viewed as medium to long term.**

### ***Selling Restrictions***

*The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal*

*requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile.*

*Before investing in a Fund an investor shall be required to confirm whether the investor is an Irish Resident for tax purposes.*

*The Shares have not been and will not be registered under the 1933 Act, or any U.S. state securities laws, and neither the Funds nor the Company has been or will be registered under the 1940 Act. Except as otherwise described herein, such Shares may not be offered or sold, directly or indirectly to, or for the benefit of, any U.S. Person. For this purpose, a U.S. Person has the meaning set forth in the definitions section of this Prospectus. Shares may in the future be offered and sold to a limited number or category of U.S. Persons, but only pursuant to authorisation by the Directors, and in such a manner that will not require the registration of the Company, any Fund, or the Shares under the securities laws of the U.S. or any state thereof.*

### **Marketing Rules**

*Shares are offered only on the basis of the information contained in the current Prospectus, key investor information document, the latest audited annual accounts and any subsequent half-yearly report. Investors should note that the auditor's report on the Company's annual accounts is made only to the Company and the Shareholders as a body at the date of the auditor's report and is not addressed to, and therefore cannot be relied upon by, prospective investors.*

*Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.*

*This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland.*

*This Prospectus should be read in its entirety before making an application for Shares.*

# **CBIS GLOBAL FUNDS PLC DIRECTORY**

## ***Board of Directors***

Feargal Dempsey  
Lisa Martensson  
Jeffrey McCroy  
David L. Skelding

## ***Administrator, Registrar and Transfer Agent***

BNY Mellon Fund Services (Ireland) DAC  
One Dockland Central  
Guild Street  
IFSC  
Dublin 1  
Ireland

## ***Registered Office of the Company***

One Dockland Central  
Guild Street  
IFSC  
Dublin 1  
Ireland

## ***Manager***

Manager  
KBA Consulting Management Limited  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

## ***Global Distributor***

AllFunds Bank S.A.  
Estafeta 6, La Moraleja  
Complejo Plaza de la Fuente  
Alcobendas, Madrid  
Spain

## ***Promoter, Investment Manager and Distributor***

Christian Brothers Investment Services, Inc.  
125 S. Wacker Drive, Suite 2400  
Chicago, IL 60606  
USA

AllFunds Bank International S.A.  
Le Dome, Espace Petrusse  
Building C2  
Avenue Charles de Gaulle  
L-1653, Luxembourg

## ***Depository***

The Bank of New York Mellon SA/NV,  
Dublin Branch  
Riverside 2  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

## ***Italian Sub-Distributor and Paying Agent***

Banca Popolare di Sondrio  
Piazza Garibaldi, 16  
23100 Sondrio  
Italy

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

Arthur Cox  
10 Earlsfort Terrace  
Dublin D02 T380  
Ireland

## ***Belgian Sub-Distributor and Paying Agent***

Bank Degroef S.A./N.V.  
44 Rue de l'Industrie  
B-1040 Brussels

Belgium

***Auditors***

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

***Company Secretary***

Bradwell Limited  
10 Earlsfort Terrace  
Dublin D02 T380  
Ireland

***Sub-Investment Managers***

**European Short Term Government Bond Fund**

ARCA Fondi SGR S.p.A.  
Via Disciplini 3  
20123 Milano  
Italy

Degroof Petercam Asset Management  
Rue Guimard 18  
1040 Brussels  
Belgium

**World Bond Fund**

Degroof Petercam Asset Management  
Rue Guimard 18  
1040 Brussels  
Belgium

Wellington Management Company LLP  
280 Congress Street  
Boston, Massachusetts 02210

***French Centralising Correspondent***

Caceis Bank France  
1/3 Place Valhubert  
75013 Paris  
France

**European Equity Fund**

Degroof Petercam Asset Management  
Rue Guimard 18  
1040 Brussels  
Belgium

ARCA Fondi SGR S.p.A.  
Via Disciplini 3  
20123 Milano  
Italy

**U.S. Core Equity Index Fund**

RhumbLine Advisers  
265 Franklin Street  
21st Floor  
Boston, Massachusetts 02110  
USA

**World Equity Fund**

Hardman Johnston Global Advisors LLC  
300 Atlantic Street  
Stamford, Connecticut 06901  
USA

Fondsmaeglerselskabet Maj Invest A/S  
Gammeltorv 18  
DK-1457 Copenhagen K

RhumbLine Advisers  
265 Franklin Street  
21<sup>st</sup> Floor  
Boston, Massachusetts 02110  
USA

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## **CBIS GLOBAL FUNDS PLC**

### **SUMMARY**

**The information set out under this heading is a summary of the principal features of the Company and should be read in conjunction with the full text of this Prospectus.**

#### **Structure**

The Company is an umbrella fund with segregated liability between Funds, established as an open-ended, variable capital investment company incorporated as a public limited company under the laws of Ireland. The Constitution provides for separate Funds, each representing interests in a separate and defined portfolio of assets and liabilities which may be issued from time to time with the approval of the Central Bank.

The Company has appointed the Manager to act as the manager of the Company pursuant to the Management Agreement.

#### **Investment Objectives**

##### ***European Short Term Government Bond Fund***

The investment objective of the European Short Term Government Bond Fund is to provide current income, consistent with the preservation of capital through investment primarily in a diversified portfolio of high quality, Euro-denominated deposits and short term fixed-income securities provided that not more than 50% of the Net Asset Value of the Fund may be invested in Euro-denominated deposits.

The Sub-Investment Managers of the European Short Term Government Bond Fund are ARCA Fondi SGR S.p.A. and Degroof Petercam Asset Management.

The Base Currency of the European Short Term Government Bond Fund is euro.

##### ***World Bond Fund***

The investment objective of the World Bond Fund is to seek to achieve sustainable income and modest capital appreciation through investment primarily in Investment Grade, debt securities which may be sovereign, supranational, corporate, mortgage or securitised debt securities.

The Sub-Investment Managers of the World Bond Fund are Degroof Petercam Asset Management and Wellington Management Company LLP.

The Sub-Investment Managers monitor the World Bond Fund's performance relative to the Bloomberg Barclays Global Aggregate Index for performance comparison and risk management purposes.

The Base Currency of the World Bond Fund is euro.

##### ***European Equity Fund***

The investment objective of the European Equity Fund is to seek to achieve capital appreciation through investment generally in the equity securities of European issuers with a market capitalisation greater than €65 million. The investments of the European Equity Fund will be diversified with strict controls on the level of investment in any particular industry to maximise the impact of individual stock selection.



The Sub-Investment Managers of the European Equity Fund are ARCA Fondi SGR S.p.A. and Degroof Petercam Asset Management.

The Sub-Investment Manager monitors the European Equity Fund's performance relative to the MSCI Europe Index for performance comparison and risk management purposes.

The Base Currency of the European Equity Fund is euro.

### ***U.S. Core Equity Index Fund***

The investment objective of the U.S. Core Equity Index Fund is to seek to replicate the price and yield performance of the S&P 500® Index, an index which emphasises large-capitalisation companies.

**There can be no guarantee that the U.S. Core Equity Index Fund will equal or exceed the performance of the S&P 500® Index.**

The Sub-Investment Manager of the U.S. Core Equity Index Fund is RhumbLine Advisers.

The Base Currency of the U.S. Core Equity Index Fund is USD.

### ***World Equity Fund***

The investment objective of the World Equity Fund is to seek to achieve capital appreciation and outperform its primary benchmark index, the MSCI All Country World Index, by combining a number of different yet complementary investment approaches employed by the Sub-Investment Managers to invest in equity securities of medium to large capitalisation issuers on a worldwide basis while minimizing downside risk by focusing on companies that exhibit a high internal rate of return and avoiding speculative investment. Generally, investments will be in companies with a market capitalisation of greater than €0.35 billion and the World Equity Fund will be invested primarily in major developed markets.

The Sub-Investment Managers of the World Equity Fund are Hardman Johnston Global Advisors LLC, Fondismaeglerselskabet Maj Invest A/S and RhumbLine Advisers.

The Base Currency of the World Equity Fund is euro.

### **Taxation**

As an investment undertaking within the meaning of section 739B (1) of the Taxes Act, the Company is generally exempt from Irish tax on its income and gains and the Company will generally not be required to account for any tax in respect of Shareholders who are not Irish Residents provided that the necessary signed declarations are in place. The Company may be required to account for tax in respect of Shareholders who are Irish Residents. Shareholders who are not Irish Residents will generally not be liable to Irish tax on income from their Shares or gains made on the disposal of their Shares, provided that the Shares are not held directly or indirectly by or for a branch or agency in Ireland. No stamp duty or other tax is payable in Ireland on the subscription, issue, holding, redemption or transfer of Shares. Where any subscription for or redemption of Shares is satisfied by an *in specie* transfer of Irish securities or other Irish property, Irish stamp duty may arise on the transfer of such securities or property. A gift or inheritance of Shares may be liable to Irish capital acquisitions tax. Potential investors are advised to consult their own tax advisers as to the implications of an investment in the Company. Please refer to the section entitled "Taxation" for further information.

**Distributions**

Each of the Funds will accumulate its income and capital gains. It is not proposed to declare distributions in respect of any of the Funds.

**Fees and Expenses**

Investors' attention is drawn to the details of the fees and expenses charged to the Funds set out in the section entitled "Fees and Expenses".

**Dealing Days**

Shares may be issued on a Dealing Day by sending an application form to the Administrator to arrive no later than the Trade Cut-Off Time. Each Business Day shall be a Dealing Day, except where the Net Asset Value determination has been temporarily suspended in the circumstances outlined in the section entitled "Temporary Suspension of Valuation of the Shares and of Sales and Repurchases".

Shares in the Funds may be repurchased on a Dealing Day by sending a repurchase form to the Administrator to arrive no later than the Trade Cut-Off Time.

**Investor Restrictions**

The Shares may not be offered or sold in any jurisdiction in which such offer or sale is not lawful or in which the person making such offer or sale is not qualified to do so or to anyone to whom it is unlawful to make such an offer or sale. Except as otherwise permitted by the Directors, Shares may not be purchased or held by or for the account of any U.S. Person. Applicants and transferees will be required to certify whether or not they are Irish Residents.

**Investment Risks**

An investment in a Fund involves investment risks, including possible loss of the amount invested. There can be no assurance that a Fund will achieve its investment objective. A more detailed description of certain investment risks relevant to investors in the Company is set out under "Investment Objectives and Policies of the Funds" and "Risk Factors".

## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:-

"1933 Act"	means the U.S. Securities Act of 1933, as amended;
"1940 Act"	means the U.S. Investment Company Act of 1940, as amended;
"Administrator"	means BNY Mellon Fund Services (Ireland) DAC, or any successor administrator appointed in respect of the Company;
"Administration Agreement"	means the amended and restated administration agreement dated 16 December 2021 between the Company, the Manager and the Administrator pursuant to which the latter was appointed administrator of the Company;
"ADR's"	means American Depositary Receipts;
"Base Currency"	means the base currency of a Fund as specified in the section entitled "Investment Objectives and Policies of the Funds" or of a Class as specified in Schedule IV, as the case may be;
"Benchmarks Regulation"	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, as such may be amended, supplemented or replaced from time to time;
"Business Day"	means unless otherwise determined by the Directors and notified in advance to Shareholders, a day on which retail banks are open for business in Dublin;
"Central Bank"	means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Company;
"Central Bank Regulations"	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019, as amended or any further amendment thereto for the time being in force and any guidance, regulations and conditions issued by the Central Bank from time to time pursuant to the Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time;

"Class"	means any class of Shares;
"collective investment scheme"	means a vehicle or scheme for collective investment, such as, for example, an investment fund;
"Company"	means CBIS Global Funds plc, an investment company with variable capital, incorporated in Ireland pursuant to the Companies Act 2014 and the Regulations;
"Constitution"	means the constitution of the Company;
"Dealing Day"	means each Business Day, or such other Business Day as the Directors may determine and notify in advance to Shareholders, in respect of a Fund, provided that there shall be at least one Dealing Day per fortnight;
"Depository"	means The Bank of New York Mellon SA/NV, Dublin Branch, or any successor depository appointed in respect of the Company;
"Depository Agreement"	means the amended and restated depository agreement dated 16 December 2021 between the Company, the Manager and The Bank of New York Mellon SA/NV, Dublin Branch, pursuant to which the latter was appointed depository of the Company;
"Directive"	means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (Recast), as such may be amended, supplemented or replaced from time to time;
"Directors"	means the directors of the Company for the time being and any duly constituted committee thereof;
"Disclosures Regulation"	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial service sector;
"EDRs"	means European Depositary Receipts;
"EEA"	means the European Economic Area;
"Emerging Market Countries"	means any country that is not a member country of the OECD;
"ESMA"	means the European Securities and Markets Authority or such replacement or successor authority as may be appointed from time to time;
"€" or "euro" or "EUR"	means the currency unit referred to in the Second Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the euro;
"EU"	means the European Union;

"FDI"	means financial derivative instruments;
"Fund"	means any fund from time to time established by the Company including the Funds the subject of this Prospectus;
"GDRs"	means Global Depositary Receipts;
"Index Website"	means <a href="http://us.spindices.com/index-family/us-equity/market-cap">http://us.spindices.com/index-family/us-equity/market-cap</a> ;
"Initial Offer Period"	means the period determined by the Directors during which Shares representing interests in a Fund are first offered for subscription;
"Investor Money Regulations"	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers.
"Investor Monies"	means subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders;
"Investment Grade"	means securities that are, at the time of purchase: (i) rated BBB (Baa) or higher when rated by any two of Standard & Poor's, Moody's or Fitch; or (ii) non-rated but which are deemed by the relevant Sub-Investment Manager to be of comparable quality to securities having the ratings mentioned in (i) and (ii) above;
"Investment Manager"	means Christian Brothers Investment Services, Inc. or any successor investment manager appointed in respect of the Funds of the Company, provided that the Investment Manager may appoint sub-investment managers in accordance with the requirements of the Central Bank;
"Investment Management Agreement"	means the agreement dated 16 December 2021 between the Company, the Manager and the Investment Manager pursuant to which the latter was appointed investment manager to the Funds of the Company;
"Irish Resident"	means any person resident in Ireland or ordinarily resident in Ireland other than an Exempt Irish Resident (as defined in the Taxation section of the Prospectus);
"Manager"	means KBA Consulting Management Limited;

"Management Agreement"	means the management agreement between the Company and the Manager pursuant to which the latter was appointed as manager of the Company;
"Member State"	means a member state of the EU;
"Minimum Holding"	means €50,000 in the case of Classes whose Base Currency is euro and USD 65,000 in the case of Classes whose Base Currency is USD;
"Net Asset Value" or "NAV"	means the Net Asset Value of the Company, or of a Fund or Class, as appropriate, calculated as described herein;
"Net Asset Value per Share"	means, in respect of any Shares, the Net Asset Value attributable to the Shares issued in respect of a Fund or Class, divided by the number of Shares in issue in respect of the Fund or Class;
"NRSRO"	means a Nationally Recognised Statistical Rating Organisation;
"OECD"	means the Organisation for Economic Co-Operation and Development;
"Original Lender"	means an entity which, itself or through related entities, directly or indirectly, concluded the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised;
"Originator"	means an entity which: <ul style="list-style-type: none"> <li>(a) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised; or</li> <li>(b) purchases a third party's exposures on its own account and then securitises them;</li> </ul>
"Recognised Rating Agency"	means Moody's, S&P and any other internationally recognised rating agency equivalent to either of them;
"Regulated Market"	means any stock exchange or regulated market in the European Union or a stock exchange or regulated market which is set forth in Schedule I to this Prospectus, or such other markets as the Directors may from time to time determine in accordance with the Regulations and as shall be specified in a supplement or addendum to this Prospectus;
"Regulations"	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and any amendment thereto or replacement thereof for the time being in force;

"Rule 144A Securities"			means securities: (i) which are not registered under the 1933 Act and are eligible for resale in the U.S. pursuant to Rule 144A under the 1933 Act; and (ii) are not illiquid, meaning that they may be realised by the Company within seven days at the price, or approximately at the price, at which they are valued by the Company;
"Securities Regulation"	Financing	Transactions	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as such may be amended, supplemented or replaced from time to time;
"Securitisation"			means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics:  (a) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures;  (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;  (c) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013;
"Securitisation Position"			means an exposure to a Securitisation;
"Securitisation Regulation"			means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as such may be amended, supplement or replaced from time to time;
"Share" or "Shares"			means any Class of Share or Shares in the Company or the Fund, as the context so requires;
"Shareholder"			means a holder of Shares;
"Sponsor"			means a credit institution, whether located in the EU or not, as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU other than an Originator, that;

	(a) establishes and manages an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities; or
	(b) establishes an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities and delegates the day-to-day active portfolio management involved in that securitisation to an entity authorised to perform such activity in accordance with Directive 2009/65/EC, Directive 2011/61/EU or Directive 2014/65/EU.
"Subscriber Shares"	means the initial Share capital of two Shares of no par value subscribed for €2;
"Sub-Investment Manager"	means a Sub-Investment Manager appointed by the Investment Manager to manage some or all of the assets of a Fund;
"Supplemental Prospectus"	means any supplemental prospectus issued by the Company in connection with a Fund from time to time in accordance with the requirements of the Central Bank;
"Supranational Organisation"	has the meaning ascribed to that term in the section entitled "Types of Investments" under the heading "Supra-National Organisations";
"TCA"	means the Taxes Consolidation Act, 1997, as amended from time to time;
"Trade Cut-Off Time"	means 9.00 p.m. (Irish Time) on the Business Day prior to the relevant Dealing Day or such other later time as the Directors may resolve, provided that applications shall not be accepted after the Valuation Point;
"UCITS"	means an undertaking for collective investment in transferable securities established pursuant to the Regulations or, in the case of UCITS established in a Member State other than Ireland, the Directive;
"Umbrella Cash Account"	means any single umbrella cash account in the name of the Company;
"US"	means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;
"US\$" or "U.S. Dollar" or "USD" or "\$"	means U.S. Dollars, the lawful currency of the U.S.;
"U.S. Person"	means "U.S. person" as defined in Regulation S under the 1933 Act;



“Valuation Point”

means 4.00 p.m. Eastern Time on each Dealing Day.

## **INTRODUCTION**

The Company is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 and the Regulations. It was incorporated on 18 April 2008 under registration number 456305. Its sole object, as set out in Clause 3 of the Company's Constitution, is the collective investment in transferable securities and other liquid financial assets referred to in Regulation 68 of the Regulations of capital raised from the public and which operates on the basis of risk spreading.

The Company is organised in the form of an umbrella fund with segregated liability between Funds. The Constitution provides that the Company may offer separate Classes of Shares, each representing interests in a Fund, with each Fund comprising a separate and distinct portfolio of investments. The Company has obtained the approval of the Central Bank for the establishment of the European Short Term Government Bond Fund, the World Bond Fund, the European Equity Fund, the U.S. Core Equity Index Fund and the World Equity Fund. Additional Funds may be established by the Company, in consultation with the Manager, with the prior approval of the Central Bank. A Fund may consist of one or more Classes of Shares. A separate pool of assets will not be maintained for each Class within a Fund. The Classes of Shares offered in respect of the Funds are set out in Schedule IV.

The Company has appointed the Manager to act as the manager of the Company pursuant to the Management Agreement. Please refer to the section entitled "Management and Administration" for further details in relation to the Manager.

Further Classes of Shares may be issued on advance notification to, and in accordance with the requirements of, the Central Bank.

## **INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS**

Each Fund aims to achieve its investment objective, as set out below, while spreading investment risks through investment in transferable securities and liquid financial assets in accordance with the Regulations. The transferable securities and liquid financial assets in which each Fund may invest generally must be quoted or traded on a Regulated Market except that up to 10% of the Net Asset Value of a Fund may be invested in securities which are not traded on a Regulated Market and each Fund may, subject to the limits set out in Schedule II, invest in collective investment schemes, subject to the limitations contained in Regulation 68. Such investment in collective investment schemes includes investing in other Funds. However a Fund may not invest in another Fund which itself holds Shares in other Funds. Where a Fund invests in another Fund, the investing Fund may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other Fund. The Regulated Markets in which the Funds' investments will be traded are set out in Schedule I.

Each Fund may invest in liquid financial assets traded on a Regulated Market, particularly during periods of perceived uncertainty and volatility. The liquid financial assets in which a Fund may invest will include securities such as government securities, commercial paper, certificates of deposit and bankers' acceptances all rated investment grade by a Recognised Rating Agency or deemed by the Investment Manager to have a rating of investment grade.

Any change in the investment objective and any material change to the investment policies of a Fund will be subject to the prior approval of Shareholders of that Fund evidenced by a majority vote of such Shareholders in general meeting or by a resolution in writing signed by all of the Shareholders. In the event of a change in the investment objective and/or the investment policies of a Fund a reasonable notification period shall be provided by the Fund to Shareholders to enable Shareholders to redeem their Shares prior to the implementation of the change.

The Investment Manager seeks to reduce volatility in the Funds by allocating the management of the Funds' investments to one or more sub-investment managers with complimentary investment styles and clearly differentiated investment strategies where the level of assets in a Fund and the Fund's investment objective and policy permit. The Investment Manager believes that this approach helps to reduce the volatility of a Fund relative to its benchmark over a full market cycle when compared to those funds managed by a single investment manager.

The Disclosures Regulation defines "sustainability risks" as environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment. The Funds are not classified as products promoting environmental or social characteristics within the meaning of the Disclosures Regulation (Article 8), nor as a product with sustainable investment as its objective (Article 9) and the Investment Manager does not as such take into account sustainability risks within the meaning of the Disclosures Regulation. The Manager has adopted the Investment Manager's policy on the integration of sustainability risks in its investment decision-making process. However, the Investment Manager and Sub-Investment Managers have integrated certain sustainability risks as part of their investment decision-making and risk monitoring process for the Funds in the context of their Catholic Responsible Investing procedures, further details of which are available on the Investment Manager's website at <https://cbisonline.com/us/catholic-socially-responsible-esg-investing/>. As of the date hereof the portfolios of the Funds are comprised of different investments that may change over time as a result of specific investment decisions made and accordingly the identification and assessments of risks, including certain sustainability risks, will take place on an investment-by-investment basis in accordance with the foregoing policy. The Fund may be exposed to certain potential sustainability risks as, amongst others, reflected in the "Risk Factors" section in the Prospectus. The Investment Manager's and Sub-Investment Managers' assessment is that integration of certain sustainability risks through its Catholic Responsible Investment processes should help mitigate the potential material negative impact of such risks on the returns of the Fund, although there can be no assurance that all such risks will be mitigated.

*No consideration of adverse sustainability impacts.*

The Manager in conjunction with the Investment Manager and the Sub-Investment Managers do not consider the adverse impacts of its investment decisions on sustainability factors for the time being. The Manager and the Investment Manager and the Sub-Investment Managers do not currently do so because they could not gather and/or measure all of the data on which it would be obliged by the Disclosures Regulation to report, or could not do so systematically, consistently, and at a reasonable cost to investors. This is in part because underlying companies or issuers (which are global, and many not public interest entities) are not widely obliged to, and overwhelmingly do not currently, report by reference to the same data. The Manager and the Investment Manager's and the Sub-Investment Managers' positions on this matter will be reviewed at least annually by reference to market developments. Nevertheless, the Investment Manager and Sub-Investment Managers are focused on creating long-term value for its investors, the companies and properties in which it invests, and the communities where they live and work, and through its Catholic Responsible Investing actively investing in systems and procedures which will enable them over time to gather more and more granular data on adverse impacts of investment decisions. The Disclosures Regulation also requires the Company to determine and disclose whether it considers the principal adverse impacts of its investment decisions on sustainability factors at the level of each Fund. For the reasons set out above, the Company does not consider the principal adverse impacts of its investment decisions on sustainability factors at the level of each Fund at this time. This position will be kept under review by the Company.

Each Fund is a financial product which is not subject to either Article 8 or Article 9 of the Disclosures Regulation and so the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **European Short Term Government Bond Fund**

The investment objective of the European Short Term Government Bond Fund is to provide current income, consistent with the preservation of capital. The European Short Term Government Bond Fund will invest primarily in a diversified portfolio of high quality, Euro-denominated deposits and short term fixed-income securities provided that not more than 50% of the Net Asset Value of the Fund may be invested in Euro-denominated deposits.

The short term fixed-income securities in which the European Short Term Government Bond Fund will invest shall be Investment Grade direct government obligations of EU Member States, the United Kingdom (in the event the United Kingdom is no longer an EU member State), Switzerland, Norway and Supranational Organisations, including discount and zero coupon instruments provided that not more than 20% of the Net Asset Value of the Fund may be invested in Supranational Organisations which are not domiciled in Europe.

The European Short Term Government Bond Fund may also invest up to 30% of its Net Asset Value in corporate bonds and debt securities issued by companies rated Baa3/BBB- or higher by an NRSRO. The European Short Term Government Bond Fund may also invest up to 10% of its Net Asset Value in money market funds which qualify as open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations or collective investment schemes established as alternative investment funds authorised in the United Kingdom (in the event that the United Kingdom is no longer a Member State) and which comply, in all material respects, with the provisions of the Regulations and the Central Bank Regulations. The European Short Term Government Bond Fund may also invest in exchange-traded government futures contracts and forward currency exchange contracts for the purposes of managing portfolio duration, yield curve positioning or trading execution on a more cost-effective basis than through the use of physical securities alone. The European Short Term Government Bond Fund may be leveraged up to 20% of its Net Asset Value as a result of its use of exchange-traded futures contracts and forward currency exchange contracts.

The performance of the European Short Term Government Bond Fund shall be measured against that of the Bloomberg Barclays 80% Euro Aggregate Treasury 1-3 Year Index/ Bloomberg Barclays 20% Euro Aggregate Corporate 1-3 Year Index. The effective duration of the European Short Term Government Bond Fund will normally vary between 75% and 125% of the effective duration of the Bloomberg Barclays 80% Euro Aggregate Treasury 1-3 Year Index/ Bloomberg Barclays 20% Euro Aggregate Corporate 1-3 Year Index. The Bloomberg Barclays 80% Euro Aggregate Treasury 1-3 Year Index/ Bloomberg Barclays 20% Euro Aggregate Corporate 1-3 Year Index measure performance of short-term government bonds as well as corporate bonds and debt securities.

In pursuing its investment objective the European Short Term Government Bond Fund shall adhere to the principles of Catholic responsible investing. Please refer to the section entitled "Catholic Responsible Investing."

The Base Currency of the European Short Term Government Bond Fund is euro and the Sub-Investment Managers are ARCA Fondi SGR S.p.A. and Degroof Petercam Asset Management. The allocation of the assets of the Fund between the Sub-Investment Managers is at the sole discretion of the Investment Manager and the Investment Manager may from time to time, at its discretion, determine not to allocate any of the assets of the Fund to a Sub-Investment Manager.

**Profile of a Typical Investor in the Fund:** Investment in the Fund is suitable for investors seeking moderate income and the preservation of capital over the short to medium term with moderate volatility.

## **World Bond Fund**

The investment objective of the World Bond Fund is to seek to achieve sustainable income and modest capital appreciation through investment primarily in investment grade, debt securities which may be sovereign, supranational, corporate, mortgage or securitised debt securities.

Degroof Petercam adopts a total return approach, which is controlled by reference to certain parameters set by the Sub-Investment Manager, targeting income generation without excessive volatility. The investment objective is to manage realized volatility between 5% and 7%.

The Sub-Investment Manager also monitors the Fund's performance relative to the Bloomberg Barclays Global Aggregate Index (the "Benchmark") for performance comparison purposes and risk management purposes. The approach is otherwise unconstrained by the Benchmark. The Sub-Investment Manager's investment focus is on global companies that have sound business models, with minimal credit risk, and which can meet challenges in the medium- and long-term. Bottom-up security selection and fundamental analysis is the core of the Fund's investment process. The Sub-Investment Manager of the Fund invests in various market segments including inflation linked bonds, covered bonds, emerging markets corporate debt, financial debt, nominal government debt, convertible securities, and low beta and high beta corporate debt, which are all potential sources of return. Depending on the market cycles and risk premiums, each market segment can be raised or lowered to ensure a risk controlled, balanced portfolio.

Wellington Management Company LLP adopts a total return approach that is influenced by top-down macro themes and bottom-up fundamental analysis to establish relative sector and security weightings aiming for diversification across sectors, impact themes, and issuers. Wellington Management Company LLP strives to invest in securities that provide positive financial benefit to the fund in the form of a competitive risk adjusted return with an emphasis well-defined intentional and measurable impact investment themes. Wellington Management Company LLP's top-down research includes setting desired risk levels including credit risk and duration positioning as well as determining sector-relative value. In the bottom-up component of the investment process, the investment team partners closely with fixed income credit analysts and sector specialist portfolio managers across investment grade corporates, municipals, securitized, emerging markets debt, and high yield to both identify impact issuers and review the financial attractiveness of a bond.

Details of the Fund's performance relative to the Benchmark are available in the fund's key investor information documents, the latest audited annual report and any subsequent semi-annual report. Reference to the Benchmark is for illustrative purposes only. There is no guarantee that the Fund will outperform the Benchmark.

The securities in which the World Bond Fund will invest may be fixed or floating rate debt securities and may comprise bonds, commercial paper, debentures, convertible securities, zero coupon bonds, bankers' acceptance or certificates of deposits which will be traded on a Regulated Market. The securities may be denominated in any currency and may have short or long-dated maturities. Up to 10% of the Fund's Net Asset Value may be invested in securities which are not Investment Grade. The Fund may also invest indirectly in such securities for investment purposes through the use of the FDI set forth in the section entitled "Investment Techniques and Instruments". The Fund may be leveraged up to 30% of its Net Asset Value as a result of its use of FDI. The Fund may also invest up to 10% of its Net Asset Value in open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations or collective investment schemes established as alternative investment funds authorised in the United Kingdom (in the event that the United Kingdom is no longer a Member

State) and which comply, in all material respects, with the provisions of the Regulations and the Central Bank Regulations.

In pursuing its investment objective the Fund shall adhere to the principles of Catholic responsible investing. Please refer to the section entitled "Catholic Responsible Investing."

The Base Currency of the World Bond Fund is euro and the Sub-Investment Managers are Degroof Petercam Asset Management and Wellington Management Company LLP.

**Profile of a Typical Investor in the Fund:** Investment in the Fund is suitable for investors seeking sustainable income and modest capital appreciation over the medium to long term with moderate volatility.

### **European Equity Fund**

The investment objective of the European Equity Fund is to seek to achieve capital appreciation through investment generally in the equity securities of European issuers with a market capitalisation greater than €65 million. The investments of the European Equity Fund will be diversified with strict controls on the level of investment in any particular industry to maximise the impact of individual stock selection.

The Sub-Investment Manager monitors the Fund's performance relative to the MSCI Europe Index (the "Benchmark") for performance comparison purposes. The Fund also uses the Benchmark for risk management purposes. The Sub-Investment Manager's investment approach is otherwise unconstrained by the Benchmark. Details of the Fund's performance relative to the Benchmark are available in the Fund's key investor information documents, the latest audited annual report and any subsequent semi-annual report. Reference to the Benchmark is for illustrative purposes only. The majority of the investments made by the Fund will be components of the Benchmark but may have different weightings to the Benchmark. There is no guarantee that the Fund will outperform the Benchmark.

The Sub-Investment Manager will assess relative earnings strength and valuation discrepancies within industry groups, based upon the premise that stock markets are reasonably, but not perfectly, efficient. Growth is assessed by consideration of operating ratios, profit measures and near term prospects based upon forecast earnings estimates, among other things. Additionally, investor sentiment for each company is considered by assessment of earnings revisions, analyst recommendations and price behaviour. As outlined in the following paragraph, diversified portfolios of approximately 100 to 200 stocks are controlled within industry controls in accordance with the Sub-Investment Manager's internal and proprietary classifications to maximise the contribution of individual stock selection, and minimise trading and execution cost.

Investment will be made in the common stocks, ordinary shares and other equity or equity-related securities of European issuers. The issuers will be established in a European country or derive a substantial proportion of their income from activities in a European country. The securities will be listed or traded on a Regulated Market in Europe, but the European Equity Fund may also invest in EDRs and GDRs. Not more than 30% of the Net Asset Value of the European Equity Fund may be invested in the securities of issuers established in European Emerging Market Countries with not more than 10% of the Net Asset Value of the European Equity Fund invested in any one Emerging Market Country. No more than 3% of the Fund's Net Asset Value shall be invested in Russia. The Fund may also invest up to 10% of its Net Asset Value in open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations or collective investment schemes established as alternative investment funds authorised in the United Kingdom (in the event that the United Kingdom is no longer a Member State) and which comply, in all material respects, with the provisions of the Regulations and the Central Bank Regulations. The Fund may also invest indirectly in such securities for

investment purposes through the use of the FDI set forth in the section entitled "Investment Techniques and Instruments". The Fund may be leveraged up to 20% of its Net Asset Value as a result of its use of FDI.

In pursuing its investment objective the Fund shall adhere to the principles of Catholic responsible investing. Please refer to the section entitled "Catholic Responsible Investing."

The Base Currency of the European Equity Fund is euro and the Sub-Investment Managers are ARCA Fondi SGR S.p.A. and Degroof Petercam Asset Management. The allocation of the assets of the Fund between the Sub-Investment Managers is at the sole discretion of the Investment Manager and the Investment Manager may from time to time, at its discretion, determine not to allocate any of the assets of the Fund to a Sub-Investment Manager.

**As the Fund may invest more than 20% of its Net Asset Value in European Emerging Market Countries, investors should note that an investment in the Fund should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.**

**Profile of a Typical Investor in the Fund:** Investment in the Fund is suitable for investors seeking capital appreciation over the medium to long term with moderate to high volatility.

### **U.S. Core Equity Index Fund**

The investment objective of the U.S. Core Equity Index Fund is to seek to replicate the price and yield performance of the S&P 500® Index, an index which emphasises large-capitalisation companies. The S&P 500® Index is composed of 500 selected common stocks, most of which are listed on the New York Stock Exchange and all of which trade on Regulated Markets in the U.S. The composition of the S&P 500® Index is determined by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("McGraw-Hill"), and is based on such factors as the market capitalisation and trading activity of each stock and its adequacy as a representation of stocks in a particular industry group. Standard & Poor's chooses the stocks to be included on the S&P 500® Index solely on a statistical basis. Accordingly, Standard & Poor's may change the S&P 500® Index's composition from time to time. However, inclusion of a stock in the S&P 500® Index in no way implies an opinion by Standard & Poor's as to its attractiveness as an investment, nor is Standard & Poor's a sponsor of or in any way affiliated with the Index Fund. The composition of the S&P 500® Index is published on a daily basis on the Index Website and the S&P 500® Index is rebalanced on a quarterly basis. *"S&P 500®" is a registered trademark of McGraw-Hill. Neither McGraw-Hill nor Standard & Poor's is a sponsor of, or affiliated in any way with, the Index Fund and neither endorses the Index Fund.*

The weightings of stocks in the S&P 500® Index are based upon each stock's relative total market capitalisation; that is, its market price per share times the number of shares outstanding. The Sub-investment Manager will attempt over time to physically replicate the S&P 500® Index by allocating the U.S. Core Equity Index Fund's portfolio among common stocks in approximately the same proportions as they are represented in the S&P 500® Index, provided the weighting of any particular stock in the S&P 500® Index does not exceed the U.S. Core Equity Index Fund's permitted investment restrictions. The risks associated with the physical replication of the S&P 500® Index are detailed below in the section entitled "Risk Factors".

However, since the U.S. Core Equity Index Fund's investments adhere to the Investment Manager's Commitment to Catholic Responsible Investing, there may be circumstances where, because of the principles set forth in the Commitment to Catholic Responsible Investing, the Fund is unable to invest in a security that is included in the S&P 500® Index. See "Catholic Responsible Investing and Other Common Investment Policies." Accordingly, the Fund shall not be permitted to avail of the provisions contained in section 4.2 of Schedule II. In circumstances where, because of the principles set forth in the Commitment to Catholic Responsible Investing,

the Fund is unable to invest in a security that is included in the S&P 500® Index, the Fund's Sub-Investment Manager will, to the extent possible, attempt to identify investment opportunities in companies which are of comparable size, capitalisation and market position, and which are engaged in the same or a related industry, although the securities of such companies may not be included in the S&P 500® Index. Further, because of the difficulty and expense of executing relatively small stock transactions, the U.S. Core Equity Index Fund may not always be invested in the less heavily weighted S&P 500® Index stocks and may at times have its portfolio weighted differently from the S&P 500® Index. The U.S. Core Equity Index Fund may omit or remove an S&P 500® Index stock from its portfolio if, following objective criteria, the Sub-Investment Manager judges the stock to be insufficiently liquid or believes the merit of the investment has been substantially impaired by extraordinary events or financial conditions. The Sub-Investment Manager may purchase stocks that are not included in the S&P 500® Index to compensate for these differences if it believes that their prices will move together with the prices of S&P® 500 Index stocks omitted from the portfolio.

Regardless of the above-described deviations from the S&P 500® Index, the correlation between the performance of the U.S. Core Equity Index Fund and the S&P 500® Index is expected to be at least 0.95. A figure of 1.00 would indicate perfect correlation. The Fund is expected to have an annualised tracking error in normal market conditions of 0.75% or lower. The Investment Manager monitors the correlation between the performance of the Fund and the S&P 500® Index on a regular basis.

Cash flow considerations represent another potential obstacle to the Fund's ability to meet its investment objective. The performance of the U.S. Core Equity Fund depends in part on its cash flow, which, in turn, will depend on subscriptions and repurchases. A low level of transactions in the Shares will keep cash flow manageable and enhance the U.S. Core Equity Index Fund's ability to track the S&P 500® Index. The Sub-Investment Manager will make investment changes which it deems advisable to accommodate cash flow in an attempt to maintain the similarity of the U.S. Core Equity Index Fund's portfolio to the composition of the S&P 500® Index. The Fund may also invest up to 10% of its Net Asset Value in open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations or collective investment schemes established as alternative investment funds authorised in the United Kingdom (in the event that the United Kingdom is no longer a Member State) and which comply, in all material respects, with the provisions of the Regulations and the Central Bank Regulations. The Fund may also invest indirectly in such securities for investment purposes through the use of the FDI set forth in the section entitled "Investment Techniques and Instruments". The Fund may be leveraged up to 20% of its Net Asset Value as a result of its use of FDI.

In pursuing its investment objective the Fund shall adhere to the principles of Catholic responsible investing. Please refer to the section entitled "Catholic Responsible Investing."

The Base Currency of the U.S. Core Equity Index Fund is USD and the Sub-Investment Manager is RhumbLine Advisers.

**There can be no guarantee that the performance of the U.S. Core Equity Index Fund will equal or exceed the performance of the S&P 500® Index.**

**Profile of a Typical Investor in the Fund:** Investment in the Fund is suitable for investors seeking capital growth over the medium to long term with moderate to high volatility.

## **World Equity Fund**

The investment objective of the World Equity Fund is to seek to achieve capital appreciation and outperform its primary benchmark index, the MSCI All Country World Index, by combining a number of different yet complementary investment approaches employed by the Sub-Investment Managers to invest in equity securities of medium to large capitalisation issuers on



a worldwide basis while minimizing downside risk by focusing on companies that exhibit a high internal rate of return and avoiding speculative investment. The Investment Manager believes that the MSCI All Country World Index is an appropriate benchmark for the Fund over a full market cycle, typically 5 to 7 years, as it reflects the broader global range of countries and reflects best the universe in which the Fund's Sub-Investment Managers will invest. The MSCI All Country World Index is a market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets and consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

Generally, the Fund will invest in companies with a market capitalisation of greater than €0.35 billion and the World Equity Fund will be invested primarily in major developed markets. Not more than 30% of the Fund's Net Asset Value shall be invested in Emerging Market Countries and no more than 3% of the Fund's Net Asset Value shall be invested in Russia. The Fund will not target any specific sectors or industries.

The Fund may be managed by any one or more of three Sub-Investment Managers:

The Fondsmæglersekskabet Maj Invest A/S (Maj Invest) approach is inspired by the traditional value philosophy of Benjamin Graham and seeks companies that are superior in stability, profitability, return potential, balance sheet quality, and valuation. The team utilizes a fundamental bottom-up investment process that is combined with a macro analysis to avoid unintentional biases. The investment process is analytically driven and incorporates extensive use of technology. Maj Invest also employs a strong proprietary risk approach to ensure consistent alpha generation when portfolios are constructed. The portfolio is constructed by assessing the risk/return potential for each company from both a macroeconomic and company-specific perspective. Portfolios are concentrated and position sizing reflects the risk/return potential of the holding. The strategy aims to be neutral to exogenous factors that may have an impact on returns.

Hardman Johnston is a fundamental manager that invests in high-quality growth companies at value prices. The sub-adviser's philosophy is based on two key tenets, 1) earnings growth drives stock performance over time, and 2) short term inefficiencies in the market that create attractive entry points. Hardman Johnston follows a focused and disciplined investment process that results in concentrated, high conviction portfolios with low turnover and high active share. The sub-adviser is focused on a narrow group of companies within the global equity market. The combination of the team's experience and insight with its disciplined and research-intensive process results in a concentrated portfolio held for the long-term.

RhumbLine Advisers utilises a passive management style to closely track the benchmark with minimal risk. Through the use of an optimisation process this Sub-Investment Manager seeks to match the overall characteristics of the Fund's benchmark without the need to hold every stock in the benchmark; transaction costs are considered in determining the most appropriate securities to trade in order to minimise transaction costs while maintaining close tracking of the benchmark.

The securities in which the Fund will invest shall be listed or traded on a Regulated Market and shall include, but not be limited to, ordinary shares or common stock, ADRs, EDRs, GDRs, preferred stock, convertible securities, convertible preferred stock and warrants (provided that investment in warrants shall not comprise more than 5% of the Net Asset Value of the World Equity Fund). The Fund may also invest up to 10% of its Net Asset Value in open-ended collective investment schemes within the meaning of Regulation 68(1)(e) of the Regulations or collective investment schemes established as alternative investment funds authorised in the United Kingdom (in the event that the United Kingdom is no longer a Member State) and which comply, in all material respects, with the provisions of the Regulations and the Central Bank Regulations. The Fund may also invest indirectly in such securities for investment purposes through the use of the FDI set forth in the section entitled "Investment Techniques and

Instruments". The Fund may be leveraged up to 20% of its Net Asset Value as a result of its use of FDI.

In pursuing its investment objective the Fund shall adhere to the principles of Catholic responsible investing. Please refer to the section entitled "Catholic Responsible Investing."

The Base Currency of the World Equity Fund is euro and the Sub-Investment Managers are Hardman Johnston Global Advisors LLC, Fondsmæglersekskabet Maj Invest A/S and RhumbLine Advisers. The allocation of the assets of the Fund between the Sub-Investment Managers is at the sole discretion of the Investment Manager and the Investment Manager may from time to time, at its discretion, determine not to allocate any of the assets of the Fund to a Sub-Investment Manager.

**As the Fund may invest more than 20% of its Net Asset Value in Emerging Market Countries, investors should note that an investment in the Fund should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.**

**Profile of a Typical Investor in the Fund:** Investment in the Fund is suitable for investors seeking capital growth over the medium to long term with moderate to high volatility.

### **CATHOLIC RESPONSIBLE INVESTING**

The Investment Manager uses a disciplined approach to Catholic responsible investing (SRI) in order to integrate Catholic moral and social teachings into the investment process to enable investors to unify faith and finance. The principles underlying the Investment Manager's SRI approach reflect the teachings of the Catholic Church and the shared values and beliefs of those who invest with the Investment Manager.

**Human Life:** Human life is sacred. It must be cherished, protected and preserved.

**Human Dignity:** Human beings are created in God's image. The economy exists to serve the human person, not the other way around.

**Justice:** The moral measure of any economy is how the weakest are faring. A fundamental concern for investors and corporate executives must be the impact of their actions on the well being of families and children, particularly the poor.

**Stewardship:** We are stewards of God's creation, which it is our responsibility to nurture, respect, preserve and protect for future generations.

**Shared Prosperity:** Wealth is a gift to be shared and work must be fairly and justly rewarded.

**Responsible Ownership:** Ownership of capital should be used to promote corporate social responsibility and the common good.

**Corporate Social Responsibility:** Businesses must be responsible not only to their shareholders but to all stakeholders, employees, communities, the environment and the public.

### **BORROWING**

A Fund may not borrow money except as follows:

- (a) a Fund may acquire foreign currency by means of a "back to back" loan. Foreign currency obtained in this manner is not classified as borrowing for the purpose of the Regulation 103, except to the extent that such foreign currency exceeds the value of a "back to back" deposit; and

- (b) a Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis.

## **TYPES OF INVESTMENTS**

### **Further Information on the Securities in which the Funds may invest**

For each Fund, the information below regarding the securities in which the Fund may invest is subject to the limitations set forth for the Fund in the above description of the Fund's investment objective and policies.

#### **Asset-Backed Securities**

Asset-backed securities, are securities that directly or indirectly represent a participation in, or are secured by and payable from, assets such as motor vehicle installment loan contracts, leases on various types of real and personal property, and receivables from revolving credit (credit card) agreements. Such assets are securitised through the use of trusts or special purpose corporations. A pool of assets representing the obligations often of a number of different parties collateralises asset-backed securities.

#### **Commercial Paper**

Commercial paper is a short-term promissory note issued by corporations which at the time of purchase are rated P-1 and/or A-1. Commercial paper ratings by Moody's and A-1 by S&P are the highest investment grade category.

#### **Convertible Securities and Warrants**

A Fund may invest in convertible securities, which are bonds, debentures, notes, preferred stock or other securities, which may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities ordinarily provide a stream of income, which generate higher yields than those of common stocks of the same or similar issuers but lower than the yield on non-convertible debt. Convertible securities are usually subordinate or are comparable to non-convertible securities but rank senior to common stock or shares in a company's capital structure. The value of a convertible security is a function of: (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege; and (2) its worth, at market value, if converted into the underlying common stock. Convertible securities are typically issued by smaller capitalised companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument.

Warrants give a Fund the right to subscribe to or purchase securities in which a Fund may invest.

#### **Corporate Debt Securities**

Corporate debt securities are bonds, notes, or debentures issued by corporations and other business organisations, including business trusts, in order to finance their credit needs.

Corporate debt securities may pay fixed or variable rates of interest, or interest at a rate contingent upon some other factor, such as the price of some commodity. These securities

may be convertible into preferred or common equity, or may be bought as part of a unit containing common stock. In selecting corporate debt securities for a fund, the Investment Manager reviews and monitors the creditworthiness of each issuer and issue. The Investment Manager also analyses interest rate trends and specific developments, which they believe may affect individual issuers.

### **Debt Securities**

Debt securities include, but are not limited to, fixed or floating rate debt securities, bonds issued or guaranteed by corporations or governments or governmental agencies or instrumentalities thereof, central banks or commercial banks, notes (including freely transferable promissory notes), debentures, commercial paper, Brady bonds, Eurobonds, and convertible securities. Fixed rate debt securities are securities, which carry a fixed rate of interest, which does not fluctuate with general market conditions. Floating rate debt securities are securities that carry a variable interest rate, which is initially tied to an external index such as U.S. Treasury Bill rates.

### **Government Securities**

Government securities include securities issued or guaranteed by foreign governments (including political subdivisions) or their authorities, agencies or instrumentalities or by supra-national agencies. Not all government securities are supported by the full faith and credit of a national government or political subdivision. In the case of securities issued or guaranteed by certain countries, government securities may involve varying degrees of credit risk as a result of financial or political instability in such countries and the possible inability of the Funds to enforce their rights against the foreign government issuer.

### **Depository Receipts**

Depository receipts include sponsored and unsponsored depository receipts that are or become available, including ADRs, EDRs and GDRs and other depository receipts. Depository receipts are typically issued by a financial institution ("depository") and evidence ownership interests in a security or a pool of securities ("underlying securities") that have been deposited with the depository. The depository for ADRs is typically a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. ADRs are publicly traded on exchanges or over-the-counter in the U.S. and are issued through "sponsored" or "unsponsored" arrangements. In a sponsored ADR arrangement, the non-U.S. issuer assumes the obligation to pay some or all of the depository's transaction fees, whereas under an unsponsored arrangement, the non-U.S. issuer assumes no obligation and the depository's transaction fees are paid by the ADR holders. In addition, less information is available in the U.S. about an unsponsored ADR than about a sponsored ADR, and the financial information about a company may not be as reliable for an unsponsored ADR as it is for a sponsored ADR. In the case of EDRs and GDRs, the depository can be a non-U.S. or a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. EDRs and GDRs allow companies in Europe, Asia, the U.S. and Latin America to offer shares in many markets around the world, thus allowing them to raise capital in these markets, as opposed to just in their home market. The advantage of EDRs and GDRs is that shares do not have to be bought through the issuing company's home exchange, which may be difficult and expensive, but can be bought on all major stock exchanges. In addition, the share price and all distributions are converted to the shareholder's home currency. As for other depository receipts, the depository may be a non-U.S. or a U.S. entity, and the underlying securities may have a non-U.S. or a U.S. issuer. For purposes of a Fund's investment policies, investments in depository receipts will be deemed to be investments in the underlying securities. Thus, a depository receipt representing ownership of common stock will be treated as common stock. Depository receipts purchased by a Fund may not necessarily be denominated in the same currency as the underlying securities into which they may be converted, in which case the Fund may be exposed to relative currency fluctuations.

**Discount Notes**

Discount notes are unsecured corporate debt that is issued at a discount and matures at par. Discount note issuers include several U.S. government agencies and instrumentalities.

**Equities**

The Funds may invest in common stock or ordinary shares which may rise or fall in value.

**Equity-Related Securities**

Equity-related securities may include warrants for the acquisition of stock of the same or of a different issuer, corporate fixed income securities that have conversion or exchange rights permitting the holder to convert or exchange the securities at a stated price within a specified period of time to a specified number of shares of common stock, participations that are based on revenues, sales or profits of an issuer (i.e., fixed income securities, the interest on which increases upon the occurrence of a certain event (such as an increase in the price of oil)) and common stock offered as a unit with corporate fixed income securities.

**Eurobonds**

Eurobonds are fixed income securities issued by corporations and sovereign entities for sale in the Euromarket.

**Inflation-Protected Securities**

Inflation-protected securities are freely transferable securities that are structured to provide protection against inflation. The principal or interest components of inflation-protected securities are adjusted periodically according to the general movements of inflation in the country of issue. Inflation-indexed bonds issued by a governmental entity are generally adjusted to reflect a comparable inflation index calculated by that government. "Real return" equals total return less the estimated cost of inflation, which is typically measured by the change in an official inflation measure.

**Investment Grade Securities/Below Investment Grade Securities**

Investment grade securities are securities that are rated in one of the four highest rating categories by a Recognised Rating Agency or which, if unrated, are considered of equivalent quality by the Investment Manager. The below investment grade securities are securities which are rated below the fourth highest rating category by a Recognised Rating Agency or which if unrated are considered of equivalent quality by the Investment Manager. Below investment grade securities are commonly referred to as "junk bonds".

**Money Market Instruments/Securities**

Each Fund may hold money market instruments, including commercial paper, bankers acceptances, certificates of deposit and other short term debt securities as ancillary liquid assets.

**Mortgage-Backed Securities**

Mortgage-backed securities provide capital for mortgage loans to residential homeowners, including securities that represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage banks, commercial banks and others. Pools of mortgage loans are assembled for sale to investors (such as the funds) by various governmental, government-related and private organisations, such as dealers. The market value of mortgage-backed securities will fluctuate as a result of changes in interest rates and

mortgage loans.

Interests in pools of mortgage loans generally provide a monthly payment that consists of both interest and principal payments. In effect, these payments are a "pass through" of the monthly payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs that may be incurred. Some mortgage-backed securities (such as securities issued by Government National Mortgage Association (Ginnie Mae)) are described as "modified pass through" because they entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether the mortgagor actually makes the payment.

### **Municipal Securities**

Municipal securities are issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, roads, schools, water and sewer works, and other utilities. Other public purposes for which municipal securities may be issued include refunding outstanding obligations, obtaining funds for general operating expenses and obtaining funds to lend to other public institutions and facilities. In addition, certain debt obligations known as "private activity bonds" may be issued by or on behalf of municipalities and public authorities to obtain funds to provide certain water, sewage and solid waste facilities, qualified residential rental projects, certain local electric, gas and other heating or cooling facilities, qualified hazardous waste facilities, high-speed intercity rail facilities, government owned airports, docks and wharves and mass commuting facilities, certain qualified mortgages, student loan and redevelopment bonds and bonds used for certain organisations exempt from federal income taxation. Certain debt obligations known as "industrial development bonds" under prior federal U.S. tax law may have been issued by or on behalf of public authorities to obtain funds to provide certain privately-operated housing facilities, sports facilities, industrial parks, convention or trade show facilities, airport, mass transit, port or parking facilities, air or water pollution control facilities, sewage or solid waste disposal facilities, and certain facilities for water supply. Other private activity bonds and industrial development bonds issued to finance the construction, improvement, equipment or repair of privately operated industrial, distribution, research, or commercial facilities may also be municipal securities, but the size of such issues is limited under current and prior federal tax law.

Information about the financial condition of issuers of municipal securities may be less available than about corporations or issuers with a class of securities registered under the Securities Exchange Act of 1934, as amended.

### **Non-Publicly Traded Securities**

Non-publicly traded securities are transferable securities that are neither listed nor traded on a Regulated Market, including privately placed securities. A Fund can invest no more than 10% of its Net Asset Value in such securities. A Fund's investments in such illiquid securities are subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that the Fund deems representative of its value, the Fund's Net Asset Value could be adversely affected.

### **Preferred Shares/Stocks**

A Fund may purchase preferred shares listed or traded on Regulated Markets. Preferred shares may pay distributions at a specific rate and generally have preference over common stock in the payment of distributions in a liquidation of assets, but rank after debt securities. Unlike interest payments on debt securities, distributions on preferred shares are generally payable at

the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

### **Regulation S Securities**

Regulation S Securities are privately placed securities whose resale is restricted under U.S. securities laws. Regulation S permits securities exempt from registration under the 1933 Act to be freely traded among certain non-U.S. institutional buyers such as the Funds.

### **Rule 144A Securities**

Rule 144A Securities are securities that are not registered under the 1933 Act, but that can be sold to certain institutional buyers in accordance with Rule 144A under the 1933 Act.

### **Securities of Emerging Market Countries**

The Funds may invest in securities of companies domiciled in or conducting their principal business activities in Emerging Market Countries.

### **Supra-National Organisations**

A Fund may invest in debt securities issued by Supranational Organisations such as freely transferable promissory notes, bonds and debentures. Supranational Organisations are entities designated or supported by a government or governmental entity to promote economic development, and include, among others, the Asian Development Bank, the European Communities, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the International Bank for Reconstruction and Development ("World Bank") and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital" contributed by members at an entity's call), reserves and net income.

### **When-Issued Securities**

When-issued securities may be sold prior to the settlement date, but a Fund will usually enter into when-issued, only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. No income accrues on securities, which have been purchased on a when-issued basis prior to delivery of the securities. Due to fluctuations in the value of securities purchased or sold on a when-issued or delayed-delivery basis, the yields obtained on such securities may be higher or lower than the yields available in the market on the dates when the securities are actually delivered to the buyers. If a Fund disposes of the right to acquire a when-issued security prior to its acquisition the Fund may incur a gain or loss. There is a risk that the securities may not be delivered and that the Fund may incur a loss.

### **Zero Coupon Bonds**

Zero coupon bonds pay no interest in cash to their holder during their life, although interest is accrued during that period. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a "deep discount" price). Because zero coupon bonds usually trade at a deep discount, they will be subject to greater fluctuations in market value in response to changing interest rates than debt obligations of comparable maturities which make periodic distributions of interest. On the other hand,

because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate reinvestment risk and lock in a rate of return to maturity.

## **INVESTMENT TECHNIQUES AND INSTRUMENTS**

Subject to the conditions and within the limits from time to time laid down by the Central Bank as set forth in Schedule III, and except where otherwise stated in the investment objective and policies of a Fund, each Fund may engage in transactions in FDI, whether for efficient portfolio management purposes (i.e. hedging, reducing risks or costs, or increasing capital or income returns with an appropriate level of risk, taking into account the risk profile of the Funds as described herein and the general provisions of the Directive) or investment purposes. Although permitted to employ FDI, the Sub-Investment Managers of the European Equity Fund, the U.S. Core Equity Index Fund and the World Equity Fund do not propose to employ FDI for either efficient portfolio management purposes or for investment purposes. Each Sub-Investment Manager will submit a risk management process to the Central Bank prior to the engaging in FDI transactions in respect of the Fund it manages. A list of the Regulated Markets on which the FDI may be quoted or traded is set out in Schedule I.

The Funds will not invest in FDI until such time as a risk management process has been submitted to and cleared by the Central Bank by the relevant Sub-Investment Manager. As at the date of this Prospectus, (i) one of the Sub-Investment Managers of the European Short Term Government Bond Fund, ARCA Fondi SGR S.p.A.; and (ii) the Sub-Investment Manager of the World Bond Fund, Degroof Petercam Asset Management, have each submitted a Risk Management Process to the Central Bank.

For the purposes of compliance with the Regulations, the global exposure of the European Short Term Government Bond Fund and the World Bond Fund are measured using the commitment approach. In the event that the European Short Term Government Bond Fund or World Bond Fund uses FDI, each Fund may be leveraged as a result, but such leverage will not exceed 100% of the Fund's Net Asset Value or such lower limit as may be set out in the investment policies of the Funds.

If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund as set out in the section entitled "Investment Objective and Policies of the Funds". The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns is described in the section entitled "Risk Factors" under the heading "Risk of Utilising Swaps". It is not intended that the counterparties to total return swaps entered into by the Fund assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDI, or that the approval of the counterparty is required in relation to any portfolio transactions by the Fund.

The policy that will be applied to collateral arising from over-the-counter FDI transactions or efficient portfolio management techniques relating to the Fund is to adhere to the requirements set out in Schedule III. This policy sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements in Schedule III, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Investment Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Investment Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the



assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements in Schedule III. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the section entitled "Risk Factors".

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of stock lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to a Fund (for example, as a result of revenue sharing arrangements). These costs and fees should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Company or the Depositary. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and half-yearly reports of the Company.

Below are examples of the types of FDI that the Funds may purchase from time to time:

**Options:** Subject to the requirements laid down by the Central Bank, each Fund may purchase options contracts. A call option on a security is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. Put options may be purchased on condition that the security that is the subject of the put option remains at all times in the ownership of the relevant Fund except in the case of cash-settled put options in which case this condition will not apply. Index put options may be purchased provided that all of the assets of the Fund, or a proportion of such assets which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract.

**Futures and Options on Futures:** Subject to the requirements laid down by the Central Bank, each Fund may enter into certain types of futures contracts or options on futures contracts. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price. The purchase or sale of a futures contract differs from the purchase or sale of a security or option in that no price or premium is paid or received. Instead, an amount of cash, U.S. Government Securities or other liquid assets generally not exceeding 5% of the face amount of the futures contract 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 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 specific type of financial instrument or eligible commodity index 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 realises a gain. Conversely, if the price of the offsetting purchase exceeds the price of the initial sale, the seller realises 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 realised.

**Swaps and OTC contracts:** Subject to the requirements laid down by the Central Bank, each Fund may enter into transactions in swaps or options on swaps (including credit default swaps, interest rate swaps, total return swaps, swaptions, currency swaps and spread locks). An interest rate swap involves the exchange by a Fund with another party of their respective commitments to pay or receive cash flows (e.g., an exchange of floating rate payments for fixed-rate payments). The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of buying a cap and selling a floor. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate.

A Fund may enter into credit default swap agreements, provided that (i) the credit default swap agreement must be subject to daily valuation by the Funds and independently verified at least weekly, and (ii) the risks attached to the credit default swap must be independently assessed on a half-yearly basis and the report must be submitted to the Directors for review. A Fund may be either the buyer or seller in a credit default swap transaction. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. On the other hand, if the Fund is a buyer and an event of default does occur, the Fund (the buyer) will receive the full notional value of the reference obligation that may have little or no value. Conversely, if the Fund is a seller and an event of default occurs, the Fund (the seller) must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a Fund's investments and its share price and yield because, and to the extent, these agreements affect the Fund's exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities values, corporate borrowing rates or other factors such as security prices or inflation rates. Swap agreements will tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in U.S. Dollars for payments in the currency of another country, the swap agreement would tend to decrease the Fund's exposure to U.S. interest rates and increase its exposure to the other country's currency and interest rates. Caps and floors have an effect similar to buying or writing options.

Each Fund may also enter into options traded over-the-counter (or OTC options). Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options generally are established through negotiation with the other party to the option contract. While this type of arrangement allows a Fund great flexibility to tailor the option to its needs, OTC options

generally involve greater risk than exchange-traded options, which are guaranteed by clearing organisations of the exchanges where they are traded.

***Forward Currency Exchange Contracts:*** Each Fund may buy and sell currencies on a spot and forward basis, subject to the limits and restrictions adopted by the Central Bank from time to time to reduce the risks of adverse changes in exchange rates, as well as to enhance the return of a Fund by gaining an exposure to a particular foreign currency. A forward currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a Fund's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of a Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. A Fund may enter into these contracts to hedge against exchange risk, to increase exposure to a currency or to shift exposure to currency fluctuations from one currency to another. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that a Fund will engage in such transactions at any given time or from time to time. 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. Non-deliverable forwards (NDFs) may also be bought and sold by each Fund.

#### **Repurchase Agreements, Reverse Repurchase Agreements and Stocklending Agreements**

A portion of each Fund's assets may be held in ancillary liquid assets. For efficient portfolio management purposes, each Fund may enter into repurchase agreements, reverse repurchase agreements and stocklending agreements, subject to the conditions and limits set out in Schedule III. Repurchase agreements are transactions in which a Fund purchases securities from a bank or recognised securities dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed-upon date and price reflecting a market rate of interest unrelated to the coupon rate of maturity of the purchased securities. A reverse repurchase agreement involves the sale of securities with an agreement to repurchase the securities at an agreed upon price, date and interest payment. A Fund may also lend securities to a counterparty approved by the Investment Manager.

A Fund will only enter into repurchase agreements, reverse repurchase agreements and stocklending agreements in accordance with the requirements set out in Schedule III.

#### **Currency Transactions**

Each Fund may employ techniques and instruments that are intended to provide protection against exchange risks in the context of the management of its assets and liabilities (i.e., currency hedging) by gaining an exposure to one or more foreign currencies or otherwise altering the currency exposure characteristics of securities held by a Fund (i.e., active currency positions). While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the Company. Each Fund may also employ such techniques and instruments for the purpose of attempting to enhance the Fund's return provided that: (1) it is in the best interest of Shareholders to do so; and (2) the level of the currency exposure hedged does not exceed 105% of the Net Asset Value of a Class. If the level of currency exposure hedged exceeds 105% of the Net Asset Value of a Class as a result of market movements in the underlying investments of the relevant Fund or trading activity in respect of the Shares of the Fund the Sub-Investment Manager shall adopt as a priority objective the managing back of the leverage to 100%, taking due account of the interests of Shareholders. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the

purposes of hedging. While the Company will attempt to hedge against currency exposure at a Class level, there can be no guarantee that the value of a Class will not be affected by fluctuations in the value of the Base Currency relative to the currency of the Class. Any costs related to such hedging shall be borne separately by the relevant Class. All gains/losses which may be made by any Class of any Fund as a result of such hedging transactions shall accrue to the relevant Class of Shares. The use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class currency falls against the Base Currency and/or the currency in which the assets of the relevant Fund are denominated. Nothing herein shall limit a Fund's ability to hold ancillary liquid assets (subject to the investment restrictions described in Schedule II "Investment Restrictions Applicable to the Funds") or to use any of the techniques or instruments for investment purposes and/or efficient portfolio management as described above under "Investment Techniques and Instruments". The Funds may implement currency hedging strategies by using spot and forward foreign exchange contracts and currency futures, options and swap contracts.

### **Risks Associated with Umbrella Cash Accounts**

An Umbrella Cash Account will operate at umbrella level in respect of the Company rather than a specific Fund and the segregation of Investor Monies from the liabilities of Funds other than the relevant Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of the insolvency of a Fund, there is no guarantee that such Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full.

Monies attributable to other Funds within the Company will also be held in the Umbrella Cash Account. In the event of the insolvency of a Fund (an "Insolvent Fund"), the recovery of any amounts to which another Fund (the "Beneficiary Fund") is entitled, but which may have transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in this Prospectus, the investor may be required to indemnify the Fund against the liabilities that may be incurred by it. The Company may cancel any Shares that have been issued to the investor and charge the investor interest and other expenses incurred by the relevant Fund. In the event that the Company is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Shareholders, may be liable.

No interest will be paid on the amounts held in the Umbrella Cash Account.

The Central Bank's guidance on umbrella cash accounts is new and untested and, as a result, may be subject to change and further clarification. Therefore, the structure of any Umbrella Cash Accounts maintained by the Company may differ materially from that outlined in this Prospectus.

### **DISTRIBUTIONS**

It is intended that distributions will not be declared and that any net investment income attributable to a Fund will be accumulated in the Net Asset Value per Share of that Fund.

### **INVESTMENT RESTRICTIONS**

Each of the Funds' investments will be limited to investments permitted by the Regulations, as set out in Schedule II. If the Regulations are altered during the life of the Company, the investment restrictions may be changed to take account of any such alterations but any such changes shall be in accordance with the Central Bank's requirements and Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the Company. In the event that any alterations of the Regulations affect the investment policy of a Fund, the Prospectus shall be updated accordingly and a reasonable notification period shall be provided to Shareholders to enable Shareholders to redeem their Shares prior to the implementation of the change.

A Fund shall not invest in a Securitisation Position unless, where required by the Securitisation Regulation, the Originator, Sponsor or Original Lender retains on an ongoing basis a material net economic interest of not less than 5% in accordance the Securitisation Regulation. Where the Fund is exposed to a Securitisation that no longer meets the requirements provided for in the Securitisation Regulation it shall, in the best interest of the investors in the relevant Fund, act and take corrective action, if appropriate.

## **RISK FACTORS**

Investors' attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to investment in the Funds and investors' attention is drawn to the description of the instruments set out in the section entitled "Investment Objectives and Policies".

**Investment Risk:** There can be no assurance that the Funds will achieve their investment objective. The value of Shares may rise or fall, as the capital value of the securities in which a Fund invests may fluctuate. The investment income of a Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, a Funds' investment income may be expected to fluctuate in response to changes in such expenses or income.

**Equity Securities Risks:** Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Investment Manager will attempt to reduce these risks by utilising various techniques described herein, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by a Fund.

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

**Risks of Debt Securities:** The prices of debt securities fluctuate in response to perceptions of the issuer's creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater are such variations. The Funds are subject to credit risk (i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay). This is broadly gauged by

the credit ratings of the securities in which a Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

Not all government securities are backed by the full faith and credit of the United States or other national government in the case of foreign government securities. Some are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is at least a chance of default on these U.S. government securities, as well as on non-U.S. government securities in which the Funds may invest, which may subject a Fund to credit risk.

To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. Although the prices of low-rated securities are generally less sensitive to interest rate changes than are higher-rated securities, the prices of low-rated securities may be more sensitive to adverse economic changes and developments regarding the individual issuer.

When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Highly leveraged issuers may also experience financial stress during periods of rising interest rates. In addition, the secondary market for low-rated securities, which is concentrated in relatively few market makers, may not be as liquid as the secondary market for more highly rated securities. As a result, a Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Therefore, prices realised upon the sale of such low-rated securities, under these circumstances, may be less than the prices used in calculating the Fund's Net Asset Value.

Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If the Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities.

Changes in economic conditions or developments regarding individual issuers of medium or low-rated securities are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Investment in such lower rated debt securities may limit a Fund's ability to sell such securities at fair value. Judgment plays a greater role in pricing such securities than in the case of securities having more active markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market.

The ratings of NRSROs represent the opinions of those agencies. Such ratings are relative and subjective, and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The NRSROs may change, without prior notice, their ratings on particular debt securities held by a Fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities.

**Investments in the Securities of Emerging Market Countries:** The Funds may invest in securities of companies domiciled in or conducting their principal business activities in Emerging Market Countries. Investing in the equity and fixed income markets of Emerging Market Countries involves exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of developed countries. Historical experience indicates that the markets of Emerging Market Countries have been more volatile than the markets of the more mature economies of developed countries; however, such markets often have provided higher rates of return to investors. Investing in emerging markets poses certain risks, some of which are set out below.

**Economic & Political Factors:** Investments in securities of issuers located in Emerging Market Countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual Emerging Market Countries economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain Emerging Market Countries investments may also be subject to foreign withholding taxes. These and other factors may affect the value of a Fund's shares.

The economies of some Emerging Market Countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market Countries. The development of certain Emerging Market Countries economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S. and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in Emerging Market Countries. For example, some of the currencies of Emerging Market Countries have experienced steady devaluations relative to the U.S. Dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain Emerging Market Countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

**Market Liquidity & Volatility:** The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets in the

United States and Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

**Information Standards:** In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as U.S. and European companies. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries, including the United States.

**Custody and Settlement Risk:** As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances whereby the Depositary may have no liability in accordance with the terms of the Depositary Agreement and the Regulations (i.e., where the loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary).

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries (such as Russia); as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, or its local agents in Russia, if or when it amends the register of shareholders. As a consequence of this Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of,



nor responsible to, the Depositary or its local agents in Russia. Investments in securities listed or traded in Russia will only be made in equity and/or fixed income securities that are listed or traded on level 1 or level 2 of the RTS stock exchange or MICEX. A change occurred in the custody arrangements applicable to certain Russian securities on 1 April 2013. The holding of many Russian securities by investors such as a Fund are no longer evidenced by a direct entry on the issuer's register of shareholders. Instead, the ownership of, and settlement of transactions in, those Russian securities have been moved to a central securities depository, the National Securities Depository ("NSD"). The Depositary or its local agent in Russia is a participant on the NSD. The NSD in turn is reflected as the nominee holder of the securities on the register of the relevant issuer. Therefore, while this is intended to introduce a centralised and regulated system for recording of the ownership of, and settlement of transactions in, Russian securities, it does not eliminate all of the risks associated with the registrar system outlined above. The aforesaid risks in relation to safekeeping of securities in Russia may exist, in a similar manner, in other Central and Eastern European countries in which a Fund may invest.

**Below Investment Grade Securities:** A Fund may invest in securities which are below investment grade. Investments in securities which are below investment grade are considered to have a higher risk exposure than securities which are investment grade with respect to payment of interest and the return of principal. Investors should therefore assess the risks associated with an investment in such a Fund. Low rated debt securities generally offer a higher current yield than higher grade issues. However, low rated debt securities involve higher risks and are more sensitive to adverse changes in general economic conditions and in the industries in which the issuers are engaged, as well as to changes in the financial condition of the issuers and changes in interest rates. Additionally, the market for lower rated debt securities generally is less active than that for higher quality securities and a Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by such factors as adverse publicity and investor perceptions.

**Rating of Investment Risk:** There is no assurance that the ratings of each rating agency will continue to be calculated and published on the basis described in this Prospectus or that they will not be amended significantly. The past performance of a rating agency in rating an investment is not necessarily a guide to future performance.

**Index-Linked Securities (hereafter "Indexed Securities"):** Indexed securities are securities whose prices are indexed to the prices of securities indices, currencies, or other financial statistics. Indexed securities typically are debt securities or deposits whose value at maturity and/or coupon rate is determined by reference to a specific instrument or statistic. The performance of indexed securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their value may substantially decline if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations and certain U.S. government agencies. The U.S. Treasury recently began issuing securities whose principal value is indexed to the Consumer Price Index (also known as "Treasury Inflation-Indexed Securities"). A Fund will only purchase indexed securities of issuers, which are freely transferable securities and are rated at least investment grade at the time of purchase by a NRSRO. A Fund will not purchase leveraged Indexed Securities.

**Supra-national organisations:** Supra-national organisations are entities designated or supported by governments or governmental entities to promote economic development, and include, among others, the Asian Development Bank, the European Community, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the International Bank for Reconstruction and Development ("World Bank") and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supra-national entities are limited to a percentage of

their total capital (including "callable capital") contributed by members at an entity's call, reserves and net income.

**Securitisation Regulation Risk:** On 17 January 2018 the new Securitisation Regulation (Regulation EU 2017/2402) (the "Securitisation Regulation") came into force and will apply across the EU from 1 January 2019. The Securitisation Regulation replaces the existing sector-specific approach to securitisation regulation with a new set of rules that apply to all European securitisations. UCITS such as the Company will be within scope of the Securitisation Regulation. Investors should be aware that there are material differences between the current EU risk retention requirements and the requirements which will apply under the Securitisation Regulation.

The definition of "securitisation" is intended to capture any transaction or scheme where the credit risk associated with an exposure or a pool of exposures is tranching. Essentially, the definition includes any investment with tranches or classes where payments in the transaction or scheme are dependent on the performance of the exposure or of the pool of exposures and the participation in losses differs between the tranches during the life of the transaction or scheme.

Institutional investors such as the Company (including each Fund) must ensure that the originator, sponsor or original lender of a securitisation retains at least a 5% net economic interest in the securitisation. These rules will mean that the Investment Manager of the relevant Fund will need to conduct due diligence before an investment is made in a securitisation position and continue to perform due diligence during the period the investment continues in a securitisation. This new direct approach is intended to complement the existing due diligence requirements on institutional investors to verify before investing whether or not the securitising entity has retained risk. As a consequence, the new direct approach requires securitising entities established in the EU to retain risk even if the investors are located outside of the EU and are not institutional investors. The Directive has been amended to include a new provision stating that where Funds are exposed to securitisation positions which do not meet the requirements of the Securitisation Regulation, the UCITS shall "in the best interests of the investors in the relevant Fund, act and take corrective action".

The Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019 or which create new securitisation positions on or after that date. Preexisting securitisations will be required to continue to apply the rules in place immediately prior to the effective date of the Securitisation Regulation unless new securities are issued or new positions created. Though the Securitisation Regulation will apply to securitisations the securities of which are issued on or after 1 January 2019, there can be no assurance as to whether the investments described herein made by a Fund will be affected by the Securitisation Regulation or any change thereto or review thereof.

**Mortgage-Backed Securities:** Mortgage-backed securities provide a monthly payment consisting of interest and principal payments. Additional payments may be made out of unscheduled repayments of principal resulting from the sale of the underlying property, refinancing, or foreclosure, net of fees or costs that may be incurred. Prepayments of principal on mortgage-backed securities may tend to increase due to refinancing of mortgages as interest rates decline. Prepayments may be passed through to the registered holder with the regular monthly payments of principal and interest, and have the effect of reducing future payments. In the event of prepayments, a Fund may experience a loss (if the price at which the respective security was acquired by the Fund was at a premium over par, which represents the price at which the security will be redeemed upon repayment) or a gain (if the price at which the respective security was acquired by the Fund was at a discount from par). To the extent that a Fund purchases mortgage-backed securities at a premium, mortgage foreclosures and prepayments of principal by mortgagors (which may be made at any time without penalty) may result in some loss of the Fund's principal investment to the extent of the premium paid. Prepayments may occur with greater frequency in periods of declining mortgage rates because,

among other reasons, it may be possible for mortgagors to refinance their outstanding mortgages at lower interest rates. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancing slows, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities.

Mortgage pools created by private organisations generally offer a higher rate of interest than governmental and government-related pools because there are no direct or indirect guarantees of payments in the former pools. Timely payment of interest and principal in private organisation pools, however, may be supported by various forms of private insurance or guarantees, including individual loan, title, pool, and hazard insurance. There can be no assurance that the private insurers can meet their securities under the policies. The Funds' yields may be affected by reinvestment of prepayments at higher or lower rates than the original investment. In addition, like those of other debt securities, the values of mortgage-related securities, including government and government-related mortgage pools, generally will fluctuate in response to market interest rates. The markets in mortgaged-backed securities may from time to time be exposed to periods of illiquidity. During periods of illiquidity the Directors may have difficulty in obtaining a reliable valuation for these securities.

**Stripped Securities:** The yield to maturity on an interest only or principal only class of stripped mortgage-backed securities is extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the underlying assets. A rapid rate of principal prepayments may have a measurably adverse effect on the Funds' yields to maturity to the extent it invests in interest only Bonds. If the assets underlying the interest only bond experience greater than anticipated prepayments of principal, the Funds may fail to recoup fully their initial investments in these securities. Conversely, principal only bonds tend to increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The secondary market for stripped mortgage-backed securities may be more volatile and less liquid than that for other mortgage-backed securities, potentially limiting the Funds' ability to buy or sell those securities at any particular time.

**Asset-Backed Securities:** The principal of asset-backed securities may be prepaid at any time. As a result, if such securities were purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect. Conversely, if the securities are purchased at a discount, prepayments faster than expected will increase yield to maturity and prepayments slower than expected will decrease it. Accelerated prepayments also reduce the certainty of the yield because the Funds must reinvest the assets at the then-current rates. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principal because the premium may not have been fully amortised at the time the principal is repaid in full.

**Convertible Securities:** A Fund may also purchase various instruments convertible into equity securities. Many convertible securities have a fixed income component and therefore tend to increase in market value when interest rates decline and to decrease in value when interest rates rise. The price of a convertible security is also influenced by the market value of the underlying common stock and tends to increase as the market value of the underlying stock rises, whereas it tends to decrease as the market value of the underlying stock declines. Therefore, investments in convertible instruments tend to bear the same risks as direct investments in the underlying securities.

**Zero Coupon and Pay-In-Kind Bonds:** Zero coupon and pay-in-kind bonds are generally considered to be more interest sensitive than income-bearing bonds, to be more speculative than interest-bearing bonds, and to have certain tax consequences which could, under certain circumstances, be adverse to a Fund. For example, the Fund accrues, and is required to

distribute to shareholders, income on its zero coupon bonds. However, the Fund may not receive the cash associated with this income until the bonds are sold or mature. If the Fund does not have sufficient cash to make the required distribution of accrued income, the Fund could be required to sell other securities in its portfolio or to borrow to generate the cash required.

**Prepayment Risk:** Prepayment risk is the risk that homeowners will prepay mortgages during periods of low interest rates, forcing an investor to reinvest money at interest rates that might be lower than those on the prepaid mortgage.

**Currency Transactions:** The Funds that invest in debt securities and hold active currency positions that are denominated in currencies other than its Base Currency may be exposed to currency exchange risk. For example, changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Fund's investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments. A Fund may engage in foreign currency transactions in order to hedge against currency fluctuations between its underlying investments and its Base Currency. If the currency in which a security is denominated appreciates against the Fund's Base Currency, the Base Currency value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security expressed in the Base Currency of the Fund. A Fund's hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

**Fair Value Pricing:** Details of the method of calculation of the Net Asset Value per Share of a Fund are set out in the section of the Prospectus entitled "Determination of Net Asset Value" below. When a Fund uses fair value pricing, it may take into account any factors it deems appropriate. A Fund may determine fair value based upon developments related to a specific security, current valuations of stock indices and/or sector or broader stock market indices. The price of securities used by a Fund to calculate its Net Asset Value may differ from quoted or published prices for the same securities. Fair value pricing may involve subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realised upon the sale of that security.

The Funds expect to use fair value pricing for securities only under very limited circumstances, such as the early closing of the exchange on which a security is traded or suspension of trading in or illiquidity in trading of the security or in unusual market conditions.

**Derivatives:** Derivatives, in general, involve special risks and costs and may result in losses to a Fund. The successful use of derivatives requires sophisticated management, and a Fund will depend on the ability of the Fund's Investment Manager to analyse and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Fund's Investment Manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses to the Fund although a Fund may not be leveraged in any way through the use of derivative instruments.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the Funds' derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be "closed out" when desired. Over-the-counter instruments such as swap transactions also involve the risk that the other party will not meet its securities obligations to a Fund. The participants in

"over-the-counter" markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes the 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, thus causing the relevant Fund to suffer a loss. Derivatives also involve legal risk, the risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented corrected.

**Benchmarks Regulation Risk:** In respect of the U.S. Core Equity Index Fund, the Company is working with S&P Dow Jones Indices, the benchmark administrator for the S&P 500® Index, to confirm that the S&P Dow Jones Indices intends to procure that they are included in the register maintained by ESMA under the Benchmarks Regulation. A plan has been adopted by the Company to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the Benchmarks Regulation.

**Sustainability Risk:** As described further under the Investment Policies and Objectives section of this Prospectus, the Investment Manager does not promote products classified within Article 8 or Article 9 of the Disclosures Regulation nor does it take into account the sustainability risks within the meaning of the Disclosures Regulation. However, the Investment Manager does consider certain sustainability risks within the context of its Catholic Responsible Investing activities. The likely impacts of sustainability risks on the returns of each Fund will depend on each Fund's exposure to investments that are vulnerable to sustainability risks and the materiality of the sustainability risks. The negative impacts of sustainability risks on each Fund should be mitigated by the Manager's and the Investment Manager's and Sub-Investment Managers' approach to integrating sustainability risks in its investment decision-making in the course of its Catholic Responsible Investing activities. However, there is no guarantee that these measures will mitigate or prevent sustainability risks from materialising in respect of a Fund. The likely impact on the returns of a Fund from an actual or potential material decline in the value of an investment due to an environmental, social or governance ("ESG") event or condition will vary and depend on several factors including, but not limited to, the type, extent, complexity and duration of the event or condition, prevailing market conditions and the existence of any mitigating factors. The ESG information used to determine whether companies are managed and behave responsibly may be provided by third-party sources and is based on backward-looking analysis. The subjective nature of non-financial ESG criteria means a wide variety of outcomes are possible. The data may not adequately address material sustainability factors. The analysis is also dependent on companies disclosing relevant data and the availability of this data can be limited. These limitations are mitigated through the use of a variety of data sources and the Investment Manager's and Sub-Investment Manager's own in-house research.

**Securities Financing Transactions Regulations:** As of the date of this Prospectus, it is not intended that a Fund shall enter into securities financing transactions or total return swaps within the meaning of the Securities Financing Transactions Regulation.

**Risk of Utilising Options:** Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause the Fund's Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if the Fund did not utilise options.

Upon the exercise of a put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which the Fund is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by a Fund, the Fund may suffer a loss equal to the excess of the market value of the asset at the time of the option's exercise over the price at which the Fund is obliged to sell the asset, less the premium received for writing the option.

No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If a Fund cannot enter into a closing transaction, the Fund may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject a Fund to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

The Funds are prohibited from writing uncovered options.

**Risk of Utilising Swaps:** Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

In addition, because swap contracts are individually negotiated and ordinarily non-transferable, there also may be circumstances in which it would be impossible for a Fund to close out its obligations under the swap contract. Under such circumstances, a Fund might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless a Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Investment Manager has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Investment Manager is incorrect in its expectations of market values or interest rates the investment performance of a Fund would be less favourable than it would have been if this efficient portfolio management technique were not used.

**Taxation Risk:** Prospective investors' attention is drawn to the taxation risks associated with investing in the Company. Please see "Taxation" for additional information.

**Risks Associated with Delays in Providing Complete Customer Due Diligence:** Investors should note that there is a risk that any delay in providing a signed copy of the application form and all documents required in connection with the obligations to prevent money laundering and terrorist financing to the Administrator may result in Shares not being issued on a particular Dealing Day.

**Umbrella Structure of the Company and Cross-Liability Risk:** Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between sub-funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross-liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

**Custody Risk:** The Depositary and any sub-custodians to which securities will be entrusted for custodial purposes may encounter financial difficulties, fail or otherwise become unable to meet their obligations. In light of recent market turmoil and the overall weakening of the financial services industry, the financial condition of the Company and other financial institutions may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the activities and operations of the Company.

**Excessive Trading:** Prospective investors' attention is drawn to the risks associated with excessive trading. Please see "Excessive Trading" for additional information.

**Cyber Security Risks and Risk of Identity Theft:** Information and technology systems relied upon by the Company, the Investment Manager, the Company's service providers (including, but not limited to, the auditors, the Depositary the Administrator and the Sub-Investment Managers) and/or the issuers of securities in which a Fund invests may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Company's service providers have implemented measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, significant investment may be required to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Company, a Fund, the Investment Manager, a service provider and/or the issuer of a security in which a Fund invests and may result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) which may result in fraudulent subscriptions or transactions. Such a failure could also harm the reputation of the Company, a Fund, the Investment Manager, a service provider and/or an issuer, subject such entity and its affiliates to legal claims and/or otherwise affect its business and financial performance.

**Management and Operational Risk:** Each Fund is subject to management risk because it relies on the Investment Manager's or relevant Sub-Investment Manager's, as appropriate, ability to achieve its investment objective. The Investment Manager and the Sub-Investment Managers use proprietary investment techniques in making investment decisions for the Funds, but that does not assure that the Investment Manager or the Sub-Investment Managers, as appropriate, will achieve the desired results and a Fund may incur significant losses. The Investment Manager, or the Sub-Investment Managers, as appropriate, for example, may fail to use FDI effectively, choosing to hedge or not to hedge positions at disadvantageous times. Quantitative analyses and/or models may be used. Any imperfections or limitations in such analyses and/or models could affect the ability to implement strategies. By necessity, these analyses and models make simplifying assumptions that limit their efficacy. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most recent information about a company or a security. There also can be no assurance that all of the personnel of the Investment Manager or the Sub-Investment Managers will continue to be associated with the Investment Manager or the Sub-Investment Managers, as appropriate, for any length of time. The loss of the services of one or more employees of the Investment Manager or the Sub-Investment Managers, as appropriate, could have an adverse impact on a Fund's ability to achieve its investment objective.

Each Fund is also subject to the risk of loss and impairment of operations from operational risk as a result of the Investment Manager's or Sub-Investment Manager's, as appropriate, and other service providers' provision of investment management, administrative, custodial, accounting, tax, legal, shareholder and other services to the Funds. Operational risk can result from inadequate procedures and controls, human error and system failures by a service provider. For example, trading delays or errors (both human and systematic) could prevent a Fund from purchasing or selling a security that the Investment Manager or Sub-Investment Manager, as appropriate, expects will appreciate or decline in value, as the case may be, thus preventing the Fund from benefiting from potential investment gains or avoiding losses on the security. The Investment Manager and the Sub-Investment Managers are not contractually liable to a Fund for losses associated with operational risk absent their negligence, fraud, bad faith, wilful misfeasance or recklessness disregard in the performance of its duties and obligations. Other fund service providers also have limitations on their liability to the Funds for

losses resulting from their errors in the performance of their duties and obligations as outlined in the relevant agreement.

Each Fund is also subject to risk as a result of outsourcing arrangements that the Company's service providers (including the Depositary) may from time to time put in place. A service provider may outsource certain activities that they provide to the Company to delegates in different jurisdictions (in accordance with requirements of the Central Bank) and in such circumstance the service providers are responsible for the oversight of these delegates. There can be no assurance in respect of the performance of activities by the delegates and reliance is placed on delegates' oversight arrangements agreed by service providers of the Company.

**Changes Resulting from the United Kingdom's Exit from the EU:** On 29 March 2017, the Government of the United Kingdom formally notified the EU of its intention to leave the EU ("Brexit").

The United Kingdom's future economic and political relationship with the EU (and with other non-EU countries by agreement) remains uncertain. This uncertainty is likely to generate further global currency and asset price volatility. This may negatively impact the returns of the Funds and their investments resulting in greater costs if a Fund employs currency hedging policies. Ongoing uncertainty could adversely impact the general economic outlook and as such, this may impact negatively on the ability of the Funds and their investments to execute their strategies effectively, and may also result in increased costs to the Company.

It is possible that there will be more divergence between the United Kingdom and EU regulations post-Brexit, limiting what cross-border activities can take place.

The nature and extent of the impact of any Brexit related changes are uncertain, but may be significant. The information provided in this section was correct as of the date of this Prospectus".

**The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in investing in the Company. Various other risks may apply. Potential investors should read this entire Prospectus before determining whether to invest in the Shares and should consult with their own financial and tax advisors. Potential investors should also be aware that, if they decide to purchase Shares, they will have no role in the management of the Fund and will be required to rely on the expertise of the Investment Manager, the Sub-Investment Managers, the Depositary and the Administrator in dealing with the foregoing (and other) risks on a day to day basis.**

## **FEES AND EXPENSES**

Each Fund shall pay all of its expenses and its allocable share of any expenses incurred by the Company. These expenses may include the costs of: (i) maintaining the Company and the relevant Fund and registering the Company, the relevant Fund and the Shares with any governmental or regulatory authority or with any Regulated Market or stock exchange; (ii) management, administration, custodial and related services; (iii) preparation, printing and posting of prospectuses, sales literature and reports to Shareholders, the Central Bank and other governmental agencies; (iv) marketing expenses; (v) taxes; (vi) commissions and brokerage fees; (vii) expenses incurred in connection with the acquisition and disposal of the assets of the Company; (viii) auditing, tax and legal fees (including expenses arising in respect of legal or administrative proceedings); (ix) insurance premiums; (x) fees of paying agents, local representatives and similar agents, such fees to be at normal commercial rates; and (xi) other operating expenses.

The Constitution provides that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors, provided that



the aggregate amount of Directors' remuneration in any one year currently does not exceed €150,000. Directors' fees are not payable in respect of Jeffrey McCroy, who is an employee of the Investment Manager or companies affiliated to the Investment Manager and David Skelding, who works on a consultant basis for the Investment Manager

All expenses relating to the establishment of the Company will be borne by the Investment Manager.

The following fees will be borne by the Company:

### **Investment Management Fee**

Under the Investment Management Agreement, the Company will pay to the Investment Manager an annual investment management fee of up to:

European Short Term Government Bond Fund	0.25% of the Net Asset Value
World Bond Fund	0.65% of the Net Asset Value
European Equity Fund	1.25% of the Net Asset Value
U.S. Core Equity Index Fund	0.35% of the Net Asset Value
World Equity Fund	1.10% of the Net Asset Value

The Investment Management Fee shall be calculated and accrued on each Dealing Day and paid quarterly in arrears. In addition, the Investment Manager shall be entitled to be reimbursed its reasonable vouched out-of-pocket expenses. Each Fund shall bear *pro rata* its share of such out-of-pocket expenses. The Investment Manager shall discharge the fees and expenses of the Sub-Investment Managers out of its Investment Management Fee.

### **Management Fee**

The Manager shall be entitled to an annual management fee of up to 0.0175% of the Net Asset Value (the "Management Fee") of the relevant Fund. The Management Fee is based on a sliding scale applied to the aggregate assets across all Funds, subject to an annual minimum fee of €50,000 based on a single Fund and an annual minimum fee of €15,000 for each additional Fund.

The Management Fee shall be subject to the imposition of VAT, if required. The Management Fee will be calculated and accrued daily and is payable monthly in arrears.

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

### **Depositary's Fee**

The Depositary's fee shall comprise a fee of up to 0.023% per annum of the Net Asset Value of each of the Funds (together with VAT, if any, thereon) exclusive of transaction charges, which shall be at normal commercial rates, (plus VAT, if any). The Depositary shall be entitled to receive a minimum fee of USD 11,500 per Fund per annum. Each Fund may have one or more separate sub-accounts within each Fund for account management purposes. An annual maintenance fee of USD 3,000 per account shall be payable. The Depositary fee shall be accrued and be calculated on each Dealing Day and shall be payable monthly in arrears. In addition, the Depositary shall be entitled to be reimbursed its reasonable fees and customary agent's charges paid by the Depositary to any sub-custodian (which shall be charged at normal commercial rates) together with value added tax, if any, thereon.

## **Administrator's Fee**

The Administrator shall receive an administration fee of up to 0.10% per annum of the Net Asset Value of each of the Funds during the year, subject to a total minimum annual fee for each Fund of USD 40,000. The fee shall be calculated and accrued on each Dealing Day and payable monthly in arrears. In addition, the Administrator shall be entitled to be reimbursed its reasonable vouched out-of-pocket expenses, transaction and account fees. In addition, where assets of the World Equity Fund have been allocated between different Sub-Investment Managers, an annual multi-manager fee of USD 15,500 per Sub-Investment Manager shall be payable to the Administrator by the World Equity Fund (the "Multi-Manager Fee"). A share class fee of USD 5,000 is also payable by the World Equity Fund to the Administrator (the "Share Class Fee"). The Multi-Manager Fee and Share Class Fee shall be calculated and accrued on each Dealing Day and payable monthly in arrears.

## **Distribution fees**

Each Fund shall pay a distribution fee to the Investment Manager in respect of its distribution services of up to 0.55% per annum of the average Net Asset Value of that Fund. Such fee shall be calculated daily and payable quarterly in arrears.

## **Paying Agents**

It is intended that the Manager and the Company will appoint various paying agents in connection with the registration of its Shares in certain jurisdictions. Shareholders in certain jurisdictions where Shares are marketed may be charged directly additional fees and expenses by the paying agent in that jurisdiction for processing transactions on their behalf.

## **Remuneration Policy of the Manager**

The Manager has established, implemented and maintains a remuneration policy which meets the requirements of, and complies with the principles set out in UCITS V and the ESMA Remuneration Guidelines relating to same (the "Remuneration Guidelines") and ensures that the Investment Manager has an appropriate remuneration policy in place which is in compliance with the Remuneration Guidelines.

The Manager's remuneration policy applies to staff whose professional activities might have a material impact on the Company's risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company. The Manager's remuneration policy is accordingly consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Company.

Consistent with the principal of proportionality referred to in the Remuneration Guidelines the payout process requirements in the Remuneration Guidelines have been disapplied in the Manager's remuneration policies. This disapplication has been made following assessment by the Manager of each of the payout process requirements and takes account of specific facts applicable to each and is appropriate to each size, internal organisation and the nature, scope and complexity of its activities.

The Remuneration Policy of the Manager can be found at [www.kbassociates.ie](http://www.kbassociates.ie). A copy can be requested free of charge from the Manager.

The Manager's main business is the provision of fund management services to collective investment schemes such as the Company. The Manager is legally and operationally independent of the Administrator, the Depositary and the Investment Manager.

## **ADMINISTRATION OF THE COMPANY**

### **Determination of Net Asset Value**

The Administrator shall determine the Net Asset Value per Share of each Class, on each Valuation Point in Ireland on the basis set forth below and in accordance with the Constitution.

The Net Asset Value per Share of a Fund shall be the value of the gross assets attributable to such Fund less all of the liabilities attributable to such Fund (including such provisions as the Administrator considers appropriate in respect of the costs and expenses payable in relation to such Fund) divided by the number of Shares of such Fund outstanding as of the Dealing Day. Any liabilities of the Company which are not attributable to any Fund shall be allocated *pro rata* among all of the Funds.

The Net Asset Value of each Class shall be determined by calculating the amount of the Net Asset Value attributable to each Class, adjusted to at least the fourth decimal place. The amount of the Net Asset Value of a Fund attributable to a Class shall be determined by establishing the proportion of the assets of the Class as at the most recent Net Asset Value calculation or the close of the Initial Offer Period in the case of an initial offer of a Class, adjusted to take account of any subscription orders (after deduction of any repurchase orders) and by allocating relevant Class Expenses (as defined below) and fees to the Class and making appropriate adjustments to take account of distributions paid, if applicable, and apportioning the Net Asset Value accordingly. The Net Asset Value per Share of a Class shall be calculated by dividing the Net Asset Value of the Class by the number of Shares in issue in that Class. Class Expenses or fees or charges not attributable to a particular Class may be allocated amongst the Classes based on their respective Net Asset Value or any other reasonable basis approved by the Depositary having taken into account the nature of the fees and charges. Class Expenses and fees relating specifically to a Class will be charged to that Class. In the event that an unhedged currency Class of Shares is issued which is priced in a currency other than the currency of that Fund, currency conversion costs on subscription and repurchase will be borne by that Class and will take place at prevailing exchange rates. In the event that a hedged Class of Shares is issued which is priced in a currency other than the currency of that Fund, the costs and gains/losses of any hedging transactions will be borne by that Class. Unhedged currency Classes of Shares will be subject to exchange rate risk in relation to the Base Currency of the relevant Fund. The value of the assets of a Fund shall be determined in the Base Currency of the Fund as set out below.

"Class Expenses" means the expenses of registering a Class in any jurisdiction or with any stock exchange, regulated market or settlement system and all other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus. The cost of converting currency and the costs and gains/losses of the hedging transactions are borne solely by the relevant Class.

In determining the value of the assets of a Fund, each Dealing Day investment quoted, listed or traded on a Regulated Market for which market quotations are readily available shall be valued at the last traded price at the time of the determination of Net Asset Value in the relevant Regulated Market on the relevant Dealing Day. The value of an investment listed on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange may be valued, taking into account the level of premium or discount as at the date of valuation of the investment. The Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security. If the investment is normally quoted, listed or traded on or under the rules of more than one Regulated Market, the relevant Regulated Market shall be that which the Administrator in consultation with the Investment Manager determines provides the fairest criterion of value for the investment. If prices for an investment quoted, listed or traded on the relevant Regulated Market are not available at the relevant time or are unrepresentative such investment shall be

valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by a competent professional person appointed by the Directors and approved for such purpose by the Depositary. Neither the Investment Manager nor the Administrator shall be liable if a price reasonably believed by them to be the last traded price may be found not to be such.

Units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available net asset value per unit/share as published by the collective investment scheme.

Cash deposits and similar investments shall be valued at their face value together with accrued interest unless in the opinion of the Directors, in consultation with the Manager, any adjustment should be made to reflect the fair value thereof.

Exchange-traded derivatives shall be valued at the relevant settlement price on the appropriate exchange for such instruments on the relevant Dealing Day. If such market price is not available such value shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Company, in consultation with the Manager, and approved for the purpose by the Depositary. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Company at fair value. The Company may choose to value over the counter derivatives using either the counterparty valuation or an alternative valuation, such as a valuation calculated by the Company or by an independent pricing vendor provided the Company or other party has adequate human and technical means to perform the valuation. The Company must value over the counter derivatives on a daily basis. Where a the Company values over the counter derivatives using an alternative valuation the Company must follow international best practice and will adhere to the principles on the valuation of over the counter instruments established by bodies such as IOSCO and AIMA. The alternative valuation is that provided by a competent person appointed by the Directors, in consultation with the Manager, and approved for the purpose by the Depositary, or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where Company values over the counter derivatives using the counterparty valuation the valuation must be approved or verified by a party who is approved for the purpose by the Depositary and who is independent of the counterparty. The independent verification must be carried out at least weekly.

Forward foreign exchange contracts shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken as of the close of business on the Dealing Day.

The Directors, in consultation with the Manager and with the approval of the Depositary, may adjust the value of an asset where such an adjustment is considered necessary to reflect the fair value of such asset in the context of currency, marketability, dealing costs and/or such other considerations as the Directors or the Manager deem relevant. The Directors' intention is only to exercise this discretion to preserve the value of a Fund's assets.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out above or if such valuation is not representative of a security's fair market value a competent person appointed by the Directors, in consultation with the Manager, and approved for the purpose by the Depositary is entitled to use such other generally recognised valuation method in order to reach a proper valuation of that specific instrument, provided that such method of valuation has been approved by the Depositary.

In the absence of negligence, fraud or wilful default, every decision taken by the Administrator, the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in calculating the Net Asset Value of a Fund or Class or the Net Asset Value per Share

shall be final and binding on the Company and on present, past or future Shareholders.

### **Application for Shares**

The Initial Offer Period for the Extended Classes of all Funds (as identified in Schedule IV) and the U.S. Core Equity Index Fund will begin at 9.00 a.m. (Irish time) on 1 November 2017 and will conclude at 5.00 p.m. (Irish time) on 30 April 2018 or on such other date as the Directors may determine in accordance with the requirements of the Central Bank.

Subscriptions for Shares must be made in the Base Currency of the relevant Class. However, by agreement with the Administrator and the Company, subscriptions may be made in a currency that is not the currency of the Fund but will be converted into that currency at the rate of exchange available to the Administrator and the costs of conversion shall be deducted from the subscription monies which will then be invested in Shares.

Application forms for Shares may be obtained from the Investment Manager. Shares shall only be issued on a Dealing Day to eligible investors who have forwarded the completed application form and provided all supporting anti-money laundering documentation to the Administrator, so that the application form and all supporting anti-money laundering documentation shall be received by the Administrator no later than the Trade Cut-Off Time. Subscriptions received after the Trade Cut-Off Time but before the Valuation Point may, at the sole discretion of the Directors, be accepted. Before subscribing for shares an investor will be required to complete a declaration (included in the subscription application form) as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners of Ireland (the "Revenue Commissioners"). Initial subscriptions may be made by way of signed original application form.

In order to receive Shares at the Net Asset Value per Share on a Dealing Day, application forms must be received no later than the Trade Cut-Off Time. Unless otherwise agreed with the Investment Manager, investors should transmit cleared funds representing the subscription monies in the Base Currency of the relevant Class by wire instructions to the relevant account as set out in the application form, so that cleared funds are received in the relevant account by close of business on or before the third Business Day following the Dealing Day on which the completed application form was received. If payment for subscriptions is not received by the third Business Day following the Dealing Day on which the completed application form was received a subscription may be cancelled or the investor may be charged interest on the outstanding subscription monies at normal commercial rates. In such an event, the individual investor may be held liable for any loss to the Fund.

Applications for Shares by *in specie* transfer may be made by agreement with the Investment Manager on a case-by-case basis. In such cases the Company shall issue Shares in exchange for investments which the Company may acquire in accordance with its investment objectives, policies and restrictions and may hold or sell, dispose of or otherwise convert such securities into cash. No Shares shall be issued until the investments are vested in the Depositary or its nominee. The value of the Shares to be issued shall be calculated on the same basis as the valuation of Shares to be issued for cash. The Depositary shall be satisfied that the terms on which the Shares are issued shall not be such as are likely to result in any prejudice to the existing Shareholders in the relevant Fund.

The Administrator reserves the right to reject in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for Shares. The Funds are not intended for excessive trading. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within seven days of the date of such rejection.

The Company may issue fractional Shares rounded to the third decimal place. Fractional Shares shall not carry any voting rights.

The minimum initial investment per Shareholder in a Fund shall be €50,000 in the case of Classes whose Base Currency is euro and USD 65,000 in the case of Classes whose Base Currency is USD and the minimum subsequent investment shall be €5,000 in the case of Classes whose Base Currency is euro and USD 6,500 in the case of Classes whose Base Currency is USD.

The Company reserves the right to vary the minimum initial investment or the minimum subsequent investment and may choose to waive these minimum investment requirements if considered appropriate.

A contract note will be sent to applicants within two Business Days of acceptance of the application and allotment of the Shares. The contract note will provide full details of the transaction and a Shareholder number which, together with the Shareholder's personal details, will be proof of identity. The Shareholder number should be used for all future dealings with the Company and the Administrator.

Applications for Shares received during any period when the issue or valuation of Shares has been temporarily suspended will not be dealt with until dealings have recommenced. Such applications will be dealt with on the next Dealing Day after dealings have recommenced, unless such application has been withdrawn during the period of suspension of dealings.

The Directors reserve the right to reject an application for Shares for any reason in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant by transfer to the applicant's account or by post at the applicant's risk.

### **Umbrella Cash Account**

Cash account arrangements have been put in place in respect of the Company and the Funds as a consequence of the introduction of new requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations. The Investor Money Regulations are to take effect from 1 July 2016. The following is a description of how such cash accounts arrangements are expected to operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead will be subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Investor Monies will be held in a single Umbrella Cash Account in respect of each currency in which a Class is denominated. The assets in the Umbrella Cash Account will be assets of the Company.

Subscription monies received by a Fund in advance of the issue of Shares will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account and investors should address

the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see "Risks Associated with Umbrella Cash Accounts" in the section "Risk Factors" in this Prospectus.

### **Anti-Money Laundering Procedures**

Measures aimed at the prevention of money laundering will require: (i) an applicant to provide verification of identity, source of wealth and source of funds to the Administrator or the Investment Manager and, where applicable, the beneficial owner on a risk-sensitive basis; and (ii) the ongoing monitoring of the applicant's business relationship with the Company. The Administrator reserves the right to reject any application for Shares or to request further details or evidence of identity from an applicant for, or transferee of, Shares.

The Directors have authorised the Administrator to request such information and documentation as it considers is necessary to comply with the applicable anti-money laundering/terrorist financing requirements. Where a subscription is being made through a regulated intermediary, and the intermediary operates within an EEA jurisdiction or a third country that has anti-money laundering/terrorist financing requirements no less robust than those equivalent to Ireland, is effectively supervised for compliance with those anti-money laundering/terrorist financing requirements and the Administrator and the Company has taken risk-sensitive steps to be satisfied that the money laundering/terrorist financing risk associated with the intermediary is low and that the intermediary applies robust and risk-sensitive customer due diligence on its own customers and that the intermediary will provide all customer due diligence information immediately upon request, the Administrator may be entitled to apply simplified customer due diligence to such an investor or rely on written representations from the regulated intermediary with respect to the underlying prospective investor, but will also have to conduct ongoing monitoring of the investor for anti-money laundering purposes.

By way of example, an individual will be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants, this will require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or equivalent), or trust deed in the case of a trust and the names and addresses of all directors, trustees and/or beneficial owners.

The Administrator reserves the right to request such documentation as is necessary to comply with the applicable anti-money laundering/terrorist financing requirements. Delays in providing such anti-money laundering documentation to the Administrator may, in respect of initial application for Shares, result in Shares being issued on a Dealing Day subsequent to the Dealing Day on which the applicant initially wished to have Shares issued to him. The Company may take such steps as it considers appropriate or necessary to discontinue the relationship with the investor where required to do so under applicable law and regulation.

It is further acknowledged that the Administrator, in the performance of its delegated duties, shall be held harmless by the subscriber against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

### **Subsequent Subscriptions**

Subsequent subscriptions (i.e., subsequent to an initial subscription for Shares) may be made by submitting a subscription order to the Administrator by the relevant Trade Cut-Off Time in writing or by fax in accordance with the requirements of the Central Bank provided that

satisfactory proof of identity has been received by the Administrator. Subscription monies must be received in the relevant account no later than the third Business Day following the Dealing Day.

Subsequent faxed subscription requests may be processed without a requirement to submit original documentation provided that amendments to a Shareholder's registration details and payment instruction will only be effected on receipt of original documentation.

### **Subscription Price**

The initial subscription price per Share shall be €100 in the case of Classes whose Base Currency is euro and USD 100 in the case of Classes whose Base Currency is USD.

Thereafter, the subscription price per Share shall be the Net Asset Value per Share next determined.

### **Written Confirmations of Ownership**

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, repurchases, conversions and transfers of Shares will be recorded. Written confirmations of ownership shall be issued by post or facsimile in relation to each issue of Shares. Shares shall be in registered form. The Administrator shall not issue a Share certificate in respect of Shares. A Share may be registered in a single name or in up to four joint names. The register of Shareholders shall be available for inspection upon reasonable notice at the registered office of the Company during normal business hours where a Shareholder may inspect only his entry on the register.

### **Repurchase Requests**

Shares may be repurchased on a Dealing Day by contacting the Administrator so that a written repurchase request is received by the Administrator no later than the Trade Cut-Off Time. Redemption requests may be made by way of signed original redemption order form or by way of faxed instruction. In the case of faxed repurchase requests, payment will be made to the account of record only. Where a Shareholder instructs that repurchase proceeds are to be paid other than to the account of record, the original repurchase request must be sent to the Administrator before the repurchase proceeds shall be paid. Repurchase requests received after the Trade Cut-Off Time but before the Valuation Point may, at the sole discretion of the Directors, be accepted. Otherwise, repurchase requests received subsequent to the relevant Trade Cut-Off Time shall be effective on the next succeeding Dealing Day. In the case of faxed repurchase requests, payment will be made to the account of record only.

If total repurchase requests on any Dealing Day for the Company or a Fund exceed 10% of the total number of Shares in the Company or a Fund, the Directors may in their discretion refuse to repurchase any Shares in excess of 10%. All requests for repurchases on such Dealing Day shall be reduced rateably and the deferred repurchase requests shall be treated as if they were received on each subsequent Dealing Day until all Shares to which the original request related have been repurchased.

### **Repurchase Price**

Shares shall be repurchased at the applicable Net Asset Value per Share obtaining on the Dealing Day on which repurchase is effected. To protect the remaining shareholders a transaction charge of up to 3% of the repurchase monies may, at the sole discretion of the Investment Manager, be deducted and retained by the Fund to cover the Company's estimate of the costs of disposing of securities to fund the repurchase.

All payments of repurchase monies shall normally be made within three Business Days but in



any event within ten Business Days of the dealing deadline on which the repurchase request is effected. The repurchase proceeds shall be made by telegraphic transfer at the Shareholder's expense to the Shareholder's bank account, details of which shall be set out by the Shareholder to the Administrator in the application form. Repurchase proceeds cannot be released until the original application form and all relevant anti-money laundering documentation has been received by the Administrator.

With the consent of the Shareholder making such repurchase request, assets may be transferred to a Shareholder in satisfaction of the repurchase monies payable on the repurchase of Shares, provided that such distribution is equitable and not prejudicial to the interests of the remaining Shareholders. The allocation of such assets shall be subject to the approval of the Depositary. A transaction charge will not be payable in such instances. At the request of the Shareholder making such repurchase request such assets may be sold by the Company and the net proceeds of sale after the deduction of transaction charges shall be transmitted to the Shareholder.

### **Mandatory Repurchase of Shares**

If a repurchase causes a Shareholder's holding in the Company to fall below the Minimum Holding or such lesser amount as the Directors may determine, the Company may repurchase the whole of that Shareholder's holding. Before doing so, the Company shall notify the Shareholder in writing and allow the Shareholder thirty days to purchase additional Shares to meet the minimum requirement. The Company reserves the right to vary this mandatory redemption amount.

Shareholders are required to notify the Administrator immediately in the event that they become U.S. Persons. Shareholders who become U.S. Persons may be required to dispose of their Shares to non-U.S. Persons on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares. The Company reserves the right to repurchase or require the transfer of any Shares which are or become owned, directly or indirectly, by a U.S. Person or other person if the holding of the Shares by such other person is unlawful or, in the opinion of the Directors, the holding might result in the Company or the Shareholders incurring any liability to taxation or suffering pecuniary or material administrative or regulatory disadvantage which the Company or the Shareholders might not otherwise suffer or incur.

### **Transfer of Shares**

All transfers of Shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor and must be submitted to the Administrator. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Share register in respect thereof. Where the transferee is not an existing Shareholder in the Fund, the transferee must complete an application form and comply with the relevant anti-money laundering procedures. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the currency equivalent of the amount of the minimum initial investment for the relevant Fund or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. Such evidence may include a declaration that the proposed transferee is not a U.S. Person and that upon transfer the Shares will not be held by or for the account of any U.S. Person.

## **Withholdings and Deductions**

The Company will be required to account for tax on the value of the Shares repurchased or transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising therefrom. The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners.

## **Conversion of Shares**

With the consent of the Directors, a Shareholder may convert Shares of one Fund or Class into Shares of another Fund or Class on giving notice to the Administrator in such form as the Administrator may require provided that the shareholding satisfies the minimum investment criteria and provided that the original application is received within the time limits specified above in the case of subscriptions. Conversion is not intended to facilitate short term or excessive trading. The conversion is effected by arranging for the repurchase of Shares of one Fund or Class, converting the repurchase proceeds into the currency of another Fund or Class and subscribing for the Shares of the other Fund with the proceeds of the currency conversion. A transaction charge of up to 1% of the Shares to be converted may be retained by the Fund or Class in which the Shares are held prior to conversion to cover the costs of the conversion. No further transaction costs will be payable.

Conversion will take place in accordance with the following formula:-

$$NS = \frac{(A \times B \times C) - D}{E}$$

where:-

- |    |   |   |
|----|---|---|
| NS | = | the number of Shares which will be issued in the new Fund;              |
| A  | = | the number of the Shares to be converted;                               |
| B  | = | the repurchase price of the Shares to be converted;                     |
| C  | = | the currency conversion factor, if any, as determined by the Directors; |
| D  | = | a conversion fee of up to 1% of the Net Asset Value per Share; and      |
| E  | = | the issue price of Shares in the new Fund on the relevant Dealing Day.  |

If NS is not an integral number of Shares the Directors reserve the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares.

The length of time for completion of a conversion will vary depending on the Funds involved and the time when the conversion is initiated. In general, the length of time for completion of a conversion will depend upon each of the time required to obtain payment of repurchase proceeds from the Fund whose Shares are being repurchased and the time required to effect any foreign exchange transaction which may be necessary for the Shareholder to obtain the currency of the Fund in which Shares are being subscribed. A Shareholder is not required to submit a new application form for the purchase of Shares in connection with a conversion.

## **Excessive Trading**

Investment in the Funds is intended for long-term purposes only. The Funds will take reasonable steps to seek to prevent short-term trading. Excessive short-term trading into and out of a Fund can disrupt portfolio investment strategies and may increase expenses, and adversely affect investment returns, for all Shareholders, including long-term Shareholders who do not generate these costs. The Company reserves the right to reject any purchase request (including any conversion request) by any investor or group of investors for any reason without prior notice, including, in particular, if it believes that the trading activity would be disruptive to a Fund. For example, a Fund may refuse a purchase order if the Investment Manager believes it would be unable to invest the money effectively in accordance with the Fund's investment policies or the Fund would otherwise be adversely affected due to the size of the transaction, frequency of trading or other factors.

The trading history of accounts under common ownership or control may be considered in enforcing these policies. Transactions placed through the same financial intermediary on an omnibus basis may be deemed a part of a group for purposes of this policy and may be rejected in whole or in part by a Fund.

Transactions accepted by a financial intermediary in violation of the Funds' excessive trading policy are not deemed accepted by a Fund and may be cancelled or revoked by the Fund on the next Business Day following receipt.

Investors should be aware that there are practical restraints both in determining the policy which is appropriate in the interests of long term investors, and in applying and enforcing such policy. For example, the ability to identify and prevent covert trading practices or short-term trading where investors act through omnibus accounts is limited. Also, investors such as fund of funds and asset allocation funds will change the proportion of their assets invested in the Company or in Funds in accordance with their own investment mandate or investment strategies. The Company will seek to balance the interests of such investors in a way that is consistent with the interests of long-term investors but no assurance can be given that the Company will succeed in doing so in all circumstances. For example, it is not always possible to identify or reasonably detect excess trading that may be facilitated by financial intermediaries or made difficult to identify by the use of omnibus accounts by those intermediaries.

## **Disclosure of Portfolio Information**

Information on the underlying investments in the Funds such as shares, sector and geographic allocation is available to all Shareholders. Shareholders should contact the Investment Manager to request this information. Such information will also generally be made available on the Company's website at [www.cbisonline.com/eu/](http://www.cbisonline.com/eu/). There will be an appropriate time-lag (i.e. at least one month) between the purchase/sale of the relevant Fund's investments and the time at which the information is made available.

## **Publication of the Prices of the Shares**

Except where the determination of the Net Asset Value has been suspended, in the circumstances described below, the Net Asset Value per Share shall be made public at the registered office of the Administrator on each Dealing Day. In addition, the Net Asset Value per Share shall be published in relation to each Dealing Day on [www.cbisonline.com/eu/](http://www.cbisonline.com/eu/). Such information shall relate to the Net Asset Value per Share for the previous Dealing Day and is published for information only. It is not an invitation to subscribe for, repurchase or convert Shares at that Net Asset Value.

## **Temporary Suspension of Valuation of the Shares and of Sales and Repurchases**

The Company, in consultation with the Manager, may temporarily suspend the determination of the Net Asset Value and the sale or repurchase of Shares in any Fund or Class during:-

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- (ii) any period during which disposal of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Administrator;
- (iv) any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (v) any period when proceeds of the sale or repurchase of the Shares cannot be transmitted to or from the Fund's account; or
- (vi) upon the service on the Shareholders of a notice to consider a resolution to wind up a Fund or Class.

Any such suspension shall be notified immediately to the Central Bank.

## **Data Protection Notice**

Prospective investors should note that by completing the application form they are providing to the Company personal information, which may constitute "personal data" within the meaning of the Irish Data Protection Acts 1988 to 2018, the General Data Protection Regulation (Regulation (EU) 2016/679), the EU ePrivacy Directive 2002/58/EC (as amended), the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011 and any relevant transposition of, or successor or replacement to, those laws (including, when it comes into force the successor to the ePrivacy Directive) (together, the "Data Protection Legislation").

Investors' personal data will be used by the Company for the following purposes:

- (i) to manage and administer the investor's holding in the Company and any related accounts on an on-going basis;
- (ii) for any other specific purposes where the investor has given specific consent;
- (iii) to carry out statistical analysis and market research as the Company's legitimate business interest ;
- (iv) to comply with legal, tax and regulatory obligations applicable to the investor and the Company;
- (v) to comply with legal and regulatory obligations applicable to the investor and the Company from time to time including applicable anti-money laundering and counter terrorist financing legislation. In particular, in order to comply with the information reporting regimes set out in Section 891C and Section 891E to Section 891G (inclusive) of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), Shareholders' personal data (including financial information) may be shared with the Revenue Commissioners. They in turn may exchange information

(including personal data and financial information) with foreign tax authorities (including the U.S. Internal Revenue Service and foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie) for further information in this regard.

Investors' personal data may be disclosed by the Company to its delegates, professional advisors, service providers, regulatory bodies, auditors, technology providers and any duly authorised agents or related, associated or affiliated companies of the foregoing for the same or related purposes.

Investors' personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company is required to ensure that such processing of investors' personal data is in compliance with Data Protection Legislation and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission) or ensuring that the recipient is "Privacy Shield" certified, if appropriate.

Pursuant to the Data Protection Legislation, investors have a number of rights which may be exercised in respect of their personal data, i.e.:

- (i) the right of access to personal data held by the Company;
- (ii) the right to amend and rectify any inaccuracies in personal data held by the Company;
- (iii) the right to erase personal data held by the Company;
- (iv) the right to data portability of personal data held by the Company;
- (v) the right to request restriction of the processing of personal data held by the Company; and
- (vi) the right to object to processing of personal data by the Company.

These rights will be exercisable subject to limitations as provided for in the Data Protection Legislation. In certain circumstances it may not be feasible for the Company to discharge these rights, for example because of the structure of the Company or the manner in which the Shareholder holds Shares in a Fund.

Please note that personal data may be retained by the Company for the duration of an investor's investment and afterwards in accordance with the Company's legal and regulatory obligations, including but not limited to the Company's record retention policy.

The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation. Investors have the right to lodge a complaint with the Office of the Data Protection Commissioner if they are dissatisfied with the manner in which their personal data is used by the Company.

## **MANAGEMENT AND ADMINISTRATION**

### **The Board of Directors**

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Constitution. The Directors control the affairs of the Company and have delegated certain of their duties to the Manager, which, in turn, has delegated certain of its duties to the Administrator and the Investment Manager. The Depositary has also been appointed to hold the assets of each Fund. The conduct of the Company's business shall be decided by at least two of the Directors.

The Directors and their principal occupations are set forth below. The address of the Directors is the registered office of the Company.

### **Feargal Dempsey**

Mr. Dempsey is a provider of independent consulting and directorship services with over 20 years' experience in financial services. He serves on the boards of several investment funds and management companies. Mr Dempsey has held senior positions at Barclays Global Investors/BlackRock including Head of Product Governance, Head of Product Strategy iShares EMEA and Head of Product Structuring EMEA. Previously he has also served as Group Legal Counsel, Eagle Star Life Ireland (now Zurich Financial Services), Head of Legal to ETF Securities and as a senior lawyer in Pioneer Amundi. Mr. Dempsey holds a BA (Hons) and an LLB (Hons) from University College Galway and a Diploma in Financial Services Law from University College Dublin. He was admitted to the Roll of Solicitors in Ireland in 1996 and to the England and Wales Law Society in 2005. He has served on the Legal and Regulatory committee of Irish Funds and the ETF Working Group at the European Fund Asset Management Association.

### **Lisa Martensson**

Ms. Martensson is a Swedish national with residency in Ireland since 2002. Ms. Martensson left HSBC Securities Services (Ireland) DAC in 2019, where she was Chairman of the board and Global Head of Client Experience. Ms. Martensson studied Economics at the University of Stockholm in Sweden and holds a Certificate and Diploma (distinction), in Company Direction from the Institute of Directors (IOD). Ms. Martensson has over 30 years' experience in the asset management, securities services and investment funds' industry. For the last seventeen years she has held various senior executive positions within HSBC Securities Services in the areas of sales, business development and relationship management. From 1998 to 2001 Ms. Martensson held a position in client services with Bank of New York in Brussels, Belgium. Prior to that she worked ten years with SEB Asset Management in Sweden and Luxembourg.

### **Jeffrey McCroy**

Mr. McCroy brings extensive experience in the investment industry. He is President and Chief Executive Officer of the Investment Manager, responsible for the mission of the Investment Manager, its services and organizational development, and is a member of the management team of the Investment Manager. He joined the Investment Manager from American Century Investments (ACI), where he had been their Head of Global Client Relationship Management since 2012. Prior to ACI, he was President and Chief Operating Officer for Transamerica Investment Management (he also served as Chairman), where he worked extensively with various asset managers across distribution channels, grew the sales teams and improved the firm's profit margins. He was Managing Director and President for Bank of America's investment distribution unit (formed after the Fleet and Columbia acquisitions) that served the institutional and retirement segments. He holds a B.S. in Business Administration from Creighton University.

### **David Skelding**

Mr. Skelding is Principal of Spokes Advisory, LLC, a Chicago-based firm which offers legal and compliance services. From 1998 to 2018, he was General Counsel of the Investment Manager. During his tenure at the Investment Manager, he served in various other capacities. From 2004 to 2017 he was Chief Compliance Officer. From 2013 to 2018, he served as Head of Distribution with responsibility for oversight of the Investment Manager's sales and service areas. From 1999 to 2005 he was head of participant services with the Investment Manager with the responsibility for oversight and management of delivery of investment advisory services to the Investment Manager's clients. He joined the Investment Manager in 1998, prior to that he was a partner in the firm of Lord, Bissell & Brook (now known as Locke Lord LLP) where he was an attorney for 15 years specialising in investment management and other financial services work. He was educated at the Cornell Law School and the University of Chicago.

The Company Secretary is Bradwell Limited, 10 Earlsfort Terrace, Dublin D02 T380, Ireland.

The Constitution does not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The Constitution provides that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested provided that he or she has disclosed to the Directors the nature and extent of any material interest which he or she may have. A Director may not vote in respect of any contract in which he or she has a material interest. However, a Director may vote in respect of any proposal concerning any other company in which he or she is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he or she 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 in respect of any proposal concerning an offer of shares in which he or she 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 part.

### **Management of the Company – General**

The Company has delegated UCITS management company functions to the Manager. The Central Bank Regulations refer to the “responsible person”, being the party responsible for compliance with the relevant requirements of the Central Bank Regulations on behalf of an Irish authorised UCITS. The Manager assumes the role of the responsible person for the Company.

### **The Manager**

The Company has appointed KBA Consulting Management Limited as its management company pursuant to the Management Agreement.

The Manager is a limited company incorporated under Irish law on 4 December 2006, having its registered office at 5 George’s Dock, IFSC, Dublin 1, Ireland. The ultimate parent of the Manager is King TopCo Ltd. The company secretary of the Manager is KB Associates of 5 George’s Dock, IFSC, Dublin 1, Ireland. The Manager is authorised by the Central Bank to act as a UCITS management company. The Manager has an issued and paid up share capital of EUR6,750,000.

Under the terms of the Management Agreement, the Manager is appointed to carry out the management, distribution, and administration services in respect of the Company.

The Manager must perform its duties under the Management Agreement in good faith and in a commercially reasonable manner using a degree of skill, care, and attention reasonably expected of a professional manager and in the best interests of the Shareholders. The Manager has the discretion to delegate all the powers, duties, and discretions exercisable in respect of its obligations under the Management Agreement as the Manager and any delegate may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank.

The Manager has delegated the administration of the Company’s affairs, including responsibility for the preparation and maintenance of the Company’s records and accounts and related fund accounting matters, the calculation of the Net Asset Value per Share, and the provision of registration services in respect of the Funds to the Administrator.

The Manager has further delegated the investment management responsibilities in respect of the Funds to the Investment Manager.

The Management Agreement provides that the appointment of the Manager will continue in

force unless and until terminated by either party on ninety days' prior written notice or otherwise in accordance with the terms of the Management Agreement. The Management Agreement contains provisions regarding the Manager's legal responsibilities. The Manager is not liable for any loss or damage caused to the Company unless resulting from its negligence, wilful default or fraud.

The Manager's main business is the provision of fund management services to collective investment schemes such as the Company. The Manager is legally and operationally independent of the Administrator, the Depositary and the Investment Manager.

The Directors of the Manager are:

**Mike Kirby**

Mike Kirby (Irish) is the Managing Principal at KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore mutual funds. He has previously held senior positions at Bank of New York (previously RBS Trust Bank) (1995 to 2000) where he was responsible for the establishment and ongoing management of its Dublin operations. He has also held senior positions in the custody and fund administration businesses of JP Morgan in London and Daiwa Securities in Dublin.

Mr. Kirby holds a Bachelor of Commerce (Honours) Degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

**Peadar De Barra**

Peadar De Barra (Irish) is an executive director of KBA Consulting Management Limited with responsibility for operations and compliance. Prior to his appointment to KBA Consulting Management Limited he was a senior consultant within KB Associates' consulting business where he was responsible for advising investment funds on a range of risk and compliance matters. In this role he was responsible for developing risk management programmes for funds operating across a range of investment strategies. Mr. De Barra joined KB Associates in 2008. Prior to this Mr. De Barra was Vice-President at Citi Fund Services (Ireland) Ltd (formerly BISYS), where he was responsible for the Financial Administration team (2003 to 2007). Prior to this Mr. De Barra was an accountant and auditor with PricewaterhouseCoopers Dublin (1998 to 2002) and was an assistant manager at AIB/BNY Fund Management (Ireland) Ltd (2002 to 2003) with responsibilities for statutory reporting. In addition, Mr. De Barra also acts as a director to a number of investment funds, investment managers and management companies.

Mr. De Barra holds a Bachelor of Commerce (Honours) Degree from National University of Ireland Galway and is a Fellow of the Institute of Chartered Accountants in Ireland.

**Frank Connolly**

Frank Connolly (Irish) has been active in the mutual and hedge funds industry since 1997. He has particular expertise in the preparation and audit of financial statements for investment funds and in the regulatory and GAAP requirements applicable to the investment management industry. He also has expertise in the development of compliance programs for both AIFMD and UCITS funds as well as advising asset managers on the establishment and ongoing operation of both UCITS and non-UCITS funds. He is an executive director of KB Associates' AIFMD and UCITS authorised management company, KBA Consulting Management Limited.

Prior to joining KB Associates, Frank was Senior Manager in the Investment Management Group at PricewaterhouseCoopers Dublin where he specialised in the audit of UCITS funds. Previously he had been with PricewaterhouseCoopers in the Cayman Islands where his responsibilities included the provision of audit services to a wide range of alternative asset managers.



Mr. Connolly holds a Bachelor of Commerce Degree (Hons) from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

### **Samantha McConnell**

Samantha McConnell (Irish) has over 20 years' experience in the financial and pensions industry covering administration, investment services, change and integration management as well as expert in devising solutions to complex issues. Ms. McConnell is an independent, non-executive director (INED) of KBA Consulting Management Limited and is the Chair of its Independent Investment Committee. The function of the Investment Committee is the formulation, approval and oversight of the implementation of each fund's investment objectives and policies by the relevant investment manager. The Investment Committee also evaluates the market overview, each Fund's performance and any changes of investment objective of a Fund. Ms. McConnell is also an INED and interim Chair for another significant fund management company as well as INED on a number of fund boards. Ms. McConnell is a director for Willis HC&B as well as non-executive director for CFA Ireland.

Ms. McConnell holds a first class honours degree in commerce from University College Dublin and graduated first in Ireland in the ACCA exams. She is a CFA Charterholder, a holder of the Institute of Directors Diploma in Company Direction and was awarded the Graduate of Merit award from the Institute of Directors.

### **John Oppermann**

John Oppermann (Irish) is resident in Ireland and has been involved in the Investment Funds, Asset Management and Fund Services industry for over 30 years in London and Dublin. He has extensive experience with investment funds domiciled in various locations and across a variety of asset classes and investment strategies. Mr. Oppermann is an independent, non-executive director (INED) of KBA Consulting Management Limited and is the Chair of its Independent Risk Committee. Mr. Oppermann co-founded The Fund Governance Boardroom Panel, a firm which specialises in Collective Investment Governance. He established JPO Corporate Services in 2009 to provide corporate services to entities establishing operations in Ireland and has acted as a consultant within the hedge fund industry since 2008. From 2004 to 2008 Mr. Oppermann held the position of General Manager of Olympia Capital Ireland, and senior positions at RMB International (part of the First Rand Group) and International Fund Services (IFS) from 2001 to 2004. Mr. Oppermann established Capita's Registrar operation in Ireland after they purchased the share registration business of PwC and was Country Manager from 1998 to 2001. From 1995 to 1998 Mr. Oppermann was a member of the senior management team at Mellon Fund Administration (Ireland). Prior to that Mr. Oppermann held a number of senior financial and operational positions in the investment management, pensions and financial services divisions with The Prudential Corporation in London from 1987 to 1995. Mr. Oppermann is a non-executive director for a number of Companies and Funds. He is one of the founding members of the Irish Fund Directors Association and has served on council from 2015 – 2018.

Mr. Oppermann is a Fellow of the Chartered Association of Certified Accountants, holds an MBA from the Michael Smurfit Graduate School of Business and has received the accreditation of Certified Investment Fund Director from the Institute of Banking School of Professional Finance.

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

The promoter, Investment Manager and distributor is Christian Brothers Investment Services, Inc.

The Investment Manager is wholly owned by the three districts in the U.S. of the De La Salle Christian Brothers and the Generalate of the De La Salle Christian Brothers in Rome. The Investment Manager is regulated by the U.S. Securities and Exchange Commission. The

Investment Manager is incorporated under the laws of the State of Illinois and, as of 30 June 2016 had assets under management in excess of USD6.3 billion.

The terms relating to the appointment of the Investment Manager are set out in the Investment Management Agreement. The Investment Management Agreement provides that the Investment Manager shall be responsible for managing the assets of the Funds and for distributing the Shares. The Investment Manager will be liable to the Company for any losses, liabilities, actions, proceedings, claims, costs and expenses (individually a "Loss", collectively "Losses") sustained by reason of its fraud, bad faith, wilful default, recklessness or negligence in respect of its obligations and duties under the Investment Management Agreement. The Company shall indemnify and hold harmless the Investment Manager and each of its directors, officers and authorised agents against all or any Losses which may be suffered or incurred by the Investment Manager in the performance of its duties save where such Losses arise due to the fraud, bad faith, wilful default, recklessness or negligence of the Investment Manager, its directors, officers or authorised agents. The appointment of the Investment Manager shall continue in full force and effect unless and until terminated by either party giving not less than ninety days' written notice to the other or may be terminated in the event of the insolvency of the other party or if an examiner, administrator or similar person is appointed to the other party or the other party is unable to perform its obligations under applicable law or has failed to remedy a material breach of the Investment Management Agreement within fourteen days of being requested to do so.

The Investment Manager has also been appointed as the distributor of the Shares and may appoint sub-distributors.

Under the Investment Management Agreement, the Investment Manager may delegate the performance of its investment management functions with respect to a Fund. Any fees payable to such sub-investment managers or sub-advisors shall be discharged from the Investment Manager's investment management fee.

### **Sub-Investment Managers**

**European Short Term Government Bond Fund:** The Sub-Investment Managers of the European Short Term Government Bond Fund are Degroof Petercam Asset Management and ARCA Fondi SGR S.p.A. ARCA Fondi SGR S.p.A. is regulated by Banca d'Italia and had assets under management of approximately USD31.64 billion as of 30 June 2016. Degroof Petercam Asset Management is established in Belgium and is regulated by the Belgian Banking, Finance and Insurance Commission (CBFA). It had assets under management of approximately USD73.4 billion as of 31 March, 2022.

**World Bond Fund:** The Sub-Investment Managers of the World Bond Fund are Degroof Petercam Asset Management and Wellington Management Company LLP. Degroof Petercam Asset Management is established in Belgium and is regulated by the Belgian Banking, Finance and Insurance Commission (CBFA). It had assets under management of approximately USD73.4 billion as of 31 March, 2022. Wellington Management Company LLP is a Delaware Limited Liability Partnership whose principal place of business is Boston, Massachusetts, United States of America and is regulated by the U.S. Securities Exchange and Commission. It has assets under management of approximately USD1.3 trillion as of 31 March, 2022.

**European Equity Fund:** The Sub-Investment Managers of the European Equity Fund are ARCA Fondi SGR S.p.A. and Degroof Petercam Asset Management. ARCA Fondi SGR S.p.A. is regulated by Banca d'Italia and had assets under management of approximately USD31.64 billion as of 30 June 2016. Degroof Petercam Asset Management is established in Belgium and is regulated by the Belgian Banking, Finance and Insurance Commission (CBFA). It had assets under management of approximately USD73.4 billion as of 31 March, 2022.

**U.S. Core Equity Index Fund:** The Sub-Investment Manager of the U.S. Core Equity Index Fund is RhumbLine Advisers. RhumbLine Advisers is a limited partnership regulated by the U.S. Securities and Exchange Commission. It had assets under management of approximately USD 35.4 billion as of 30 June 2016.

**World Equity Fund:** The Sub-Investment Managers of the World Equity Fund are Fondsmæglersekskabet Maj Invest A/S, Hardman Johnston Global Advisors, LLC and RhumbLine Advisers. Fondsmæglersekskabet Maj Invest A/S is registered and authorized as an investment firm and is under the supervision of the Danish Financial Supervisory Authority ("Finanstilsynet"). It had assets under management of approximately USD16.5 billion as of 31 March 2022. Hardman Johnston Global Advisors LLC is a limited liability company whose principal place of business is Stamford, Connecticut, USA and is regulated by the U.S. Securities and Exchange Commission. It had assets under management of approximately USD8.35 billion as of 31 March 2022. RhumbLine Advisers is a limited partnership regulated by the U.S. Securities and Exchange Commission. It had assets under management of approximately USD 92.3 billion as of 31 March 2022.

The Sub-Investment Managers may delegate the performance of their investment management functions with respect to a Fund. Information on entities to which investment management functions have been delegated will be provided to Shareholders upon request and will be disclosed in the annual and half-yearly accounts of the Company. Any fees payable to such delegates will be discharged directly by the relevant Sub-Investment Manager.

### **The Administrator**

The Manager has appointed BNY Mellon Fund Services (Ireland) DAC to act as administrator, registrar and transfer agent of the Company with responsibility for performing the day to day administration of the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Fund. The Administrator is a private limited company incorporated in Ireland on 31 May 1994 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholders services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Administration Agreement shall continue in force until terminated by any party on 90 days' notice to the others. The Administration Agreement may be terminated forthwith by any party giving notice in writing to the other parties if at any time; if the Defaulting Party shall at any time (i) commit a material breach or is in material breach of any of the terms of the Administration Agreement which, if capable of remedy, has not been remedied within 30 days of a party serving written notice giving particulars of the breach and requiring it to be remedied; (b) enters into liquidation whether compulsory or voluntary (save for the purpose of amalgamation or reconstruction of a solvent company on terms agreeable to the other parties which agreement may not be unreasonably withheld, delayed or conditioned) or is unable to pay its debts as they fall due or has an administrator, receiver or examiner appointed over it or all or any of its assets or is the subject of a court order for its winding up; or (c) ceases to hold any authorisation under any applicable laws or if any limitation is placed on any authorisation held by it under any applicable laws (unless that cessation has been caused directly by the action or inaction of that other parties), which prevents or limits the lawful performance of the Defaulting Party's obligations under the Administration Agreement.

The Administrator shall not be liable to the Company for any loss, damage, or expense (including, without limitation, legal counsel and professional fees and other costs and expenses reasonably incurred in connection with the defence of any claim, action or proceedings) arising out of or in connection with the performance by the Administrator of its duties under the Administration Agreement and in accordance with or in pursuance of proper instructions or a result of the incompleteness or inaccuracy of any specifications, instructions or information furnished to the Administrator or for delays caused by circumstances beyond the

Administrator's control or otherwise howsoever arising otherwise than by reason of the negligence, recklessness, wilful default, bad faith or fraud of the Administrator in the performance of (or its failure to perform) its duties under the Administration Agreement. The Company shall indemnify and keep indemnified and hold harmless the Administrator from and against any and all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses (including reasonable legal and professional fees and expenses reasonably incurred arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the Administrator arising out of or in connection with the performance of the Administrator's duties under the Administration Agreement otherwise than by reason of the Administrator's negligence, recklessness, bad faith wilful default or fraud in the performance of its duties hereunder.

### **The Depositary**

The Company has appointed The Bank of New York Mellon SA/NV, Dublin Branch as depositary of the Company pursuant to the Depositary Agreement. The Bank of New York Mellon SA/NV, Dublin Branch is a limited liability company established in Belgium on 30 September 2008. The principal activity of the The Bank of New York Mellon SA/NV is asset servicing, which is provided to both third-party and internal clients within The Bank of New York Mellon group. The Bank of New York Mellon SA/NV is regulated and supervised as a significant credit institution by the European Central Bank and the National Bank of Belgium for prudential matters and under the supervision of the Belgian Financial Services and Markets Authority for conduct of business rules. The Depositary is also regulated by certain Irish regulations including the Central Bank for conduct of business rules as well as the Belgian supervision discussed above.

The Bank of New York Mellon SA/NV is a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services. As at 31 December 2015, it had US\$28.9 trillion in assets under custody and administration and US\$1.6 trillion in assets under management.

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

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

The Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to perform its obligations under the Directive and the Depositary Agreement.

The Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated certain of its safe-keeping

duties in respect of financial instruments in custody to The Bank of New York Mellon. The list of sub delegates appointed by the Depositary or The Bank of New York Mellon is set out in Schedule 5 hereto. The use of particular sub-delegates will depend on the markets in which the Company invests. No conflicts arise as a result of such delegation.

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

The Depositary Agreement may be terminated by either the Depositary, the Manager or the Company giving not less than ninety days' written notice to the other party. The Company or the Manager may terminate the Depositary Agreement forthwith in the event that: (i) the Depositary shall go into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Depositary which approval shall not be unreasonably withheld, delayed or conditioned) or being unable to pay its debts within the meaning of Section 570 of the Companies Act 2014 or in the event of the appointment of a receiver over any of the assets of the Company or if an examiner is appointed to the Company or if some event having an equivalent effect occurs; (ii) the Depositary fails to remedy a material breach of the Depositary Agreement within thirty (30) days of being requested to do so. The Depositary shall continue in office until a successor is appointed. The Depositary's appointment shall not terminate until revocation of the Company's authorisation by the Central Bank.

## **TAXATION**

**The following is a general summary of the main tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.**

### **Irish Taxation**

#### **TAXATION – IRELAND**

The following is a brief summary relevant to Shareholders of the Irish tax system applicable to the Company and details of the withholding taxes or deductions that may be made at source from the income and capital gains paid by the Company to Shareholders who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to particular categories of investors, some of whom may be subject to special rules. The tax consequences of an investment in Shares in the Company will depend not only on the nature of the Company's operations and the then applicable tax principles, but also on certain factual determinations which cannot be made at this time. Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of Ireland and/or their country of incorporation, establishment, citizenship, residence or domicile, or other liability to tax, and in light of their particular

## **circumstances.**

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

### **Taxation of the Company**

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

As a result of changes introduced in Finance Act 2016, a new regime applies to IREFs (i.e. Irish Real Estate Funds) which imposes a 20% withholding tax on certain 'IREF taxable events'. On the basis that the Company does not, and will not, hold Irish property assets, these provisions should not be relevant and are not discussed further.

### **Chargeable Event**

Although the Company is not chargeable to Irish tax on its income and gains, Irish tax (at rates currently ranging from 25% to 60%) can arise on the happening of a "chargeable event" in respect of the Company. A chargeable event includes any payments or distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Shareholder is neither resident nor ordinarily resident in Ireland ("**Non-Irish Resident**") and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or
- (c) the Shareholder is in a category of exempt Irish residents and has complied with certain filing requirements.

A reference to "intermediary" means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Company at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland ("**Irish Resident**") and is not in a category of exempt Irish residents and a charge to tax arises.

A chargeable event does not include:

- 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 Revenue Commissioners; or
- a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- an exchange by a Shareholder, effected by way of a bargain made at arm's length of Shares in the Company for other Shares in the Company or Shares in any Fund for Shares in another Fund; or
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder as is required to meet the amount of tax.

#### ***Taxation of Non-Irish Resident Shareholders***

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Unless the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self-assessment system.

#### ***Taxation of Irish Resident Shareholders***

##### **Deduction of Tax**

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company to an Irish Resident Shareholder who is not in a category of exempt Irish Shareholders or any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder at the rate of 41%.

Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Where the Shareholder is an Irish resident company and the Company is in possession of a relevant declaration from such a Shareholder and which includes the company's tax reference

number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

### **Exempt Irish Resident Shareholders**

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Company is referred to herein as an **"Exempt Irish Resident"**:

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- (d) a special investment scheme within the meaning of Section 737 of the TCA;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (f) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Asset Management Agency;
- (l) 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 of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the Company; or
- (o) any other person who is resident or 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 the tax exemptions associated with the Company.



There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

### ***The Foreign Account Tax Compliance Act (FATCA)***

The provisions of FATCA are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported by foreign financial institutions ("FFIs") to foreign tax authorities who will then provide the information to the IRS.

The Company may be regarded as an FFI for FATCA purposes. FATCA may impose a withholding tax of up to 30% with respect to certain U.S. source income (including dividends and interest) and, after 31 December 2018, gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends paid to an FFI.

FATCA compliance is enforced under Irish tax legislation, including the Financial Accounts Reporting (United States of America) Regulations 2014, and reporting rules and practices. The Company may require additional information from Shareholders in order to comply with these provisions. The Company may disclose the information, certificates or other documentation that it receives from (or concerning) its Shareholders to the Revenue Commissioners as necessary to comply with the Irish tax legislation and reporting rules and practices relating to FATCA, related intergovernmental agreements or other applicable law or regulation. The Revenue Commissioners, in turn, report such information to the IRS. If a Shareholder causes (directly or indirectly) the Company to suffer a withholding for or on account of FATCA ("FATCA Deduction") or other financial penalty, cost, expense or liability, the Company may compulsorily repurchase any Shares of such Shareholder and/or take any action required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically borne by such shareholder. Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation. If applicable, investors should contact their intermediary regarding the application of this regime to their investments in the Company.

### ***The OECD Common Reporting Standard***

Ireland has implemented the "Standard for Automatic Exchange of Financial Account Information", also known as the Common Reporting Standard ("**CRS**"), into Irish law.

The CRS is a single global standard on Automatic Exchange of Information ("**AEOI**") which was approved by the Council of the Organisation for Economic Cooperation and Development ("**OECD**") in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers. To comply with its obligations under the CRS (or similar information sharing arrangements), the Company may require additional information and documentation from Shareholders. The Company may disclose the information, certifications or other documentation that they receive from or in relation to Shareholders to the Revenue Commissioners who may in turn exchange this information with tax authorities in other territories.

By subscribing for Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate. Shareholders refusing to provide the requisite information to the Company may be reported to the Revenue Commissioners or other parties as necessary to comply with the CRS. The non-provision of such information may result in mandatory redemption of Shares or other appropriate action taken by the Company.

The above description is based in part on regulations, guidance from the OECD and the CRS, all of which are subject to change. Each prospective investor should consult their own tax adviser on the requirements applicable to their own situation under these arrangements.

**The foregoing is a summary of some of the important tax considerations affecting investors in the Company and the operations of the Company. The foregoing, however, does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks involved in purchasing or holding Shares. Prospective investors in the Company are urged to consult their own tax advisors.**

## **GENERAL**

### **Conflicts of Interest**

The Manager, Investment Manager, the Sub-Investment Managers, the Depositary and the Administrator may from time to time act as manager, investment manager, investment adviser, depositary, administrator, company secretary, dealer or distributor in relation to, or be otherwise involved in, other funds and accounts established by parties other than the Company which have similar investment objectives to those of the Company and any Fund. Such other funds and accounts may pay higher fees than a Fund or performance-based fees for such services. The Manager, Investment Manager, the Sub-Investment Managers and their affiliates shall not be under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients, taking into consideration the investment objectives, investment limitations, capital available for investment and diversification posture of the Company and other clients. The Investment Manager and the Sub-Investment Manager may hold Shares in any Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company and a Fund. Each will, at all times, have regard in such event to its obligations to the Company and the Fund and will ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the Company in respect of the assets of a Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and that such dealings are in the best interests of Shareholders.

The Company (or its delegate on behalf of the Company) may enter into a transaction with a connected person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or
- (c) where (a) and (b) are not practical, the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Directors are, satisfied conformed to the requirement that transactions with connected persons shall be conducted at arm's length and shall be in the best interests of Shareholders.

The Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document how it or they complied with the requirements of (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document its or their rationale for being satisfied that the transaction conformed to the requirement that transactions with connected persons shall be conducted at arm's length and shall be in the best interests of Shareholders.

It is proposed that soft commissions may be paid to brokers in respect of a Fund. The brokers or counterparties to the soft commission arrangements have agreed to provide best execution to the Company. The benefits provided under the arrangements will assist in the provision of investment services to the Funds. Details of the soft commission arrangements will be disclosed in the annual and half-yearly reports of the Company.

The Manager, Directors, the Investment Manager, the Sub-Investment Managers and their affiliates may invest, 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 Company. Neither the Directors, the manager, the Investment Manager, the Sub-Investment Managers nor any of their affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of or share with the Company or inform the Company of any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients.

The Investment Manager or a Sub-Investment Manager may be responsible for valuing certain securities held by the Funds. The Investment Manager and the Sub-Investment Manager are paid a fee which is a percentage of the Net Asset Value of each Fund and therefore the fees payable to the Investment Manager and the Sub-Investment Manager will increase as the value of the Fund increases. Consequently a conflict of interest could arise between its interest and those of the Funds. In the event of such a conflict of interests, the Investment Manager shall have regard to its obligations to the Company and the Fund and will ensure that such a conflict is resolved fairly and in the best interests of the Shareholders.

### **The Share Capital**

The share capital of the Company shall at all times equal the Net Asset Value of the Company. The Directors are empowered to issue up to five hundred billion Shares of no par value in the Company at the Net Asset Value per Share on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the Company. As of the date of this document the Company has issued Shares to the value of €300,000 including two Subscriber Shares which do not participate in the assets of any Fund. The Company reserves the right to redeem some or all of the Subscriber Shares provided that the Company at all times has a minimum issued share capital to the value of €300,000.

Each of the Shares entitles the Shareholder to participate equally on a *pro rata* basis in the distributions and net assets of the Fund attributable to the relevant Class in respect of which they are issued, save in the case of distributions declared prior to becoming a Shareholder. The Subscriber Shares' entitlement is limited to the amount subscribed and accrued interest thereon.

The proceeds from the issue of Shares shall be applied in the books of the Company to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each Fund shall be maintained separately.

The Directors reserve the right to redesignate any Class of Shares from time to time, provided that shareholders in that Class shall first have been notified by the Company that the Shares

will be redesignated and shall have been given the opportunity to have their Shares repurchased by the Company, except that this requirement shall not apply where the Directors redesignate Shares in issue in order to facilitate the creation of an additional Class of Shares.

Each of the Shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those Shares. No Class of Shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and distributions of any other Class of Shares or any voting rights in relation to matters relating solely to any other Class of Shares.

Any resolution to alter the Class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Constitution.

The Constitution empowers the Directors to issue fractional Shares in the Company. Fractional Shares may be issued and shall not carry any voting rights at general meetings of the Company or of any Fund or Class and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction.

It is intended that all but two of the Subscriber Shares will be repurchased by the Company at their Net Asset Value on the Dealing Day on which the first issue of Shares is effected after the Initial Offer Period. The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Company, but do not entitle the holders to participate in the distributions or net assets of any Fund or of the Company.

### **The Funds and Segregation of Liability**

The Company is an umbrella fund with segregated liability between Funds and each Fund may comprise one or more Classes of Shares in the Company. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further Funds by the issue of one or more separate Classes of Shares on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate Classes of Shares within each Fund on such terms as the Directors may resolve.

The assets and liabilities of each Fund will be allocated in the following manner:

- (a) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the Company to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Constitution;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (c) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and
- (d) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the net asset value of each Fund.

Any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and neither the Company nor any Director, receiver, examiner,

liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction of any liability incurred on behalf of, or attributable to, any other Fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

- (i) the party or parties contracting with the Company shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;
- (ii) if any party contracting with the Company shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and
- (iii) if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the relevant Fund.

In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.

A Fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if the Fund were a separate legal person.

Separate records shall be maintained in respect of each Fund.

## **Termination**

All of the Shares or all of the Shares in a Fund or Class may be repurchased by the Company in the following circumstances:

- (i) a majority of votes cast at a general meeting of the Company or the relevant Fund or Class, as appropriate, approve the repurchase of the Shares;
- (ii) if so determined by the Directors, provided that not less than twenty one days' written notice has been given to the holders of the Shares of the Company or the Fund or the Class, as appropriate, that all of the Shares of the Company, the Fund or the

Class, as the case may be, shall be repurchased by the Company; or

- (iii) if no replacement depositary shall have been appointed during the period of ninety days commencing on the date the Depositary or any replacement thereof shall have notified the Company of its desire to retire as depositary or shall have ceased to be approved by the Central Bank.

Where a repurchase of Shares would result in the number of Shareholders falling below two or such other minimum number stipulated by statute or where a repurchase of Shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the repurchase of the minimum number of Shares sufficient to ensure compliance with applicable law. The repurchase of such Shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient Shares to ensure that the repurchase can be effected. The Company shall be entitled to select the Shares for deferred repurchase in such manner as it may deem to be fair and reasonable and as may be approved by the Depositary.

On a winding up or if all of the Shares in any Fund are to be repurchased, the assets available for distribution (after satisfaction of creditors' claims) shall be distributed *pro rata* to the holders of the Shares in proportion to the number of the Shares held in that Fund. The balance of any assets of the Company then remaining that are not attributable to any particular Fund shall be apportioned among the Funds *pro rata* to the Net Asset Value of each Fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each Fund *pro rata* to the number of Shares in that Fund held by them. With the authority of an ordinary resolution of the Shareholders or with the consent of any Shareholder, the Company may make distributions *in specie* to Shareholders or to any individual Shareholder who so consents. At the request of any Shareholder the Company shall arrange the sale of such assets at the expense of such Shareholder and without any liability on the part of the Company, the Administrator or the Investment Manager if the proceeds of sale of any asset are less than the value of the assets at the time at which it was distributed *in specie*. The transaction costs incurred in the disposal of such investments shall be borne by the Shareholder. The Subscriber Shares do not entitle the holders to participate in the distributions or net assets of any Fund.

## **Meetings**

All general meetings of the Company or of a Fund shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. The quorum for general meetings shall be two persons present in person or by proxy. Twenty-one days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a plurality of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Constitution provides that matters may be determined by a meeting of Shareholders on a show of hands with each Shareholder having one vote unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share (including the Subscriber Shares) gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

## **Reports**

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Company. Such reports shall be prepared in accordance with Irish GAAP standards. These will be forwarded to Shareholders within four months of the end of the financial year and at least twenty one days before the annual general meeting. In addition, the Company shall prepare and circulate to Shareholders within two months of the end of the

relevant period a half-yearly report which shall include unaudited half-yearly accounts for the Company.

Annual accounts shall be made up to 31 December in each year. Unaudited half-yearly accounts shall be made up to 30 June in each year.

Audited annual reports and unaudited half-yearly reports incorporating financial statements shall be sent to each Shareholder free of charge by post, or where a Shareholder so elects in accordance with the Constitution of the Company by electronic communication, including by posting on a website, and will be made available for inspection at the registered office of the Company.

### **Best Execution Policy**

The Company has adopted a policy designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal and placing orders to deal on behalf of those Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to the execution of the order. Information about the Company's best execution policy and any material changes to the policy are available to Shareholders at no charge upon request to the Investment Manager.

### **Voting Policy**

The Company has developed a strategy for determining when and how voting rights are exercised. Details of the actions taken on the basis of those strategies are available to Shareholders at no charge upon request to the Investment Manager.

### **Complaints**

Information regarding the Manager's complaints procedure is available to Shareholders free of charge upon request to the Investment Manager or the Manager. Shareholders may file any complaints about the Company or a Fund free of charge at the registered office of the Manager.

### **Miscellaneous**

- (i) The Directors confirm and report that the Company was incorporated on 8 April 2008.
- (ii) The Company is not, and has not been since its incorporation, engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (iii) Except as disclosed in paragraph (iv) below, there are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iv) Jeffrey McCroy is a director and/or employee of the Investment Manager or companies affiliated to the Investment Manager. Save as disclosed above, none of the Directors is interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- (v) At the date of this document, neither the Directors nor their spouses nor their infant children have any direct or indirect interest in the share capital of the Company or any options in respect of such capital.
- (vi) No Share or loan capital of the Company is under option or is agreed conditionally or

unconditionally to be put under option.

- (vii) Save as disclosed herein in the section entitled "Fees and Expenses", no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (viii) The Company does not have, nor has it had since its incorporation, any employees or subsidiary companies.

### **Material Contracts**

The following contracts, details of which are set out in the section entitled "Management and Administration", have been entered into and are, or may be, material:

- a) The Investment Management Agreement dated 16 December 2021 between the Company, the Manager and the Investment Manager, pursuant to which the latter was appointed as investment manager and distributor in relation to the Company.
- b) The amended and restated Depositary Agreement dated 16 December 2021 between the Company the Manager and the Depositary pursuant to which the latter acts as depositary in relation to the Company.
- c) The amended and restated Administration Agreement dated 16 December 2021 between the Company the Manager and the Administrator pursuant to which the latter acts as administrator of the Company.
- d) The Sub-Investment Management Agreement dated 13 June 2008 between the Company, the Investment Manager and RhumbLine Advisers, as amended by amendment agreement dated 19 June 2014, pursuant to which the latter was appointed as Sub-Investment Manager of the U.S. Core Equity Index Fund and the World Equity Fund.
- e) The agreement for the performance of paying agent and investor relations in Italy dated 17 April 2009 between the Company and Banca Popolare di Sondrio pursuant to which the latter was appointed as Italian paying agent.
- f) The Sub-Investment Management Agreement dated 1 July 2016 between the Company, the Investment Manager, ARCA SGR S.p.A. and ARCA Fondi SGR S.p.A., pursuant to which the latter was appointed as Sub-Investment Manager to the European Short Term Government Bond Fund and the European Equity Fund.
- g) The Sub-Investment Management Agreement dated 10 August 2022 between the Company, the Investment Manager and Fondsmæglersekskabet Maj Invest A/S pursuant to which the latter was appointed Sub-Investment Manager of the World Equity Fund.
- h) The Sub-Investment Management Agreement dated 10 August 2022 between the Company, the Investment Manager and Hardman Johnston Global Advisors, LLC pursuant to which the latter was appointed as Sub-Investment Manager of the World Equity Fund.
- i) The Sub-Investment Management Agreement dated 19 July 2022, with effect from 10 August 2022, between the Company, the Investment Manager and Wellington Management Company LLP pursuant to which the latter was appointed as Sub-Investment Manager of the World Bond Fund.



- j) The Sub-Investment Management Agreement dated 28 May 2010 between the Company, the Investment Manager and Degroof Petercam Asset Management, as amended by amendment agreement dated 19 June 2014, pursuant to which the latter was appointed as Sub-Investment Manager of the European Equity Fund, the European Short Term Government Bond Fund and the World Bond Fund.
- n) The agreement for the performance of paying agent and investor relations activities in Belgium dated 1 November 2010 between the Company and Bank Degroof Petercam pursuant to which the latter was appointed as Belgian paying agent.
- o) The centralising correspondent and services delivery agreement dated 17 April 2012 between the Company and Caceis Bank France pursuant to which the latter was appointed as French centralising correspondent.
- p) The global distribution agreement between the Company, the Investment Manager, AllFunds Bank S.A., AllFunds Bank International S.A. dated 6 November 2014.

### **Supply and Inspection of Documents**

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) at the registered office of the Company:

- (a) the certificate of incorporation of the Company and Constitution;
- (b) the material contracts referred to above; and
- (c) the Regulations and the Central Bank Regulations issued by the Central Bank.

Copies of the Constitution (as amended from time to time in accordance with the requirements of the Central Bank) and the latest financial reports of the Company, as appropriate, may be obtained, free of charge, upon request at the registered office of the Company.

## **SCHEDULE I**

### **THE REGULATED MARKETS**

The following is a list of regulated stock exchanges and markets in which the assets of each Fund may be listed and/or traded from time to time and is set out in accordance with the Central Bank's requirements. With the exception of permitted investments in unlisted securities, each Fund will only invest in securities traded on a stock exchange or market that meets the regulatory criteria (regulated, operating regularly, recognised and open to the public) and is listed in this Prospectus. The Central Bank does not issue a list of approved stock exchanges or markets. A Regulated Market shall comprise any stock exchange which is located in any Member State or located in any of the following countries: Australia, Canada, Japan, Hong Kong, New Zealand, Norway, Switzerland, United States of America, or the U.K. (in the event the U.K. is no longer a Member State); or any stock exchange included in the following list:

Argentina — the stock exchanges in Buenos Aires, Cordoba, Mendoza, Rosario, and La Plata; Bahrain — the stock exchange in Manama; Bangladesh — the stock exchange in Dhaka; Botswana — the stock exchange in Serowe; Brazil — the stock exchanges in Sao Paulo, Brasilia, Bahia-Sergipe-Alagoas, Porto Alegre, Curitiba, Regional Fortaleza, Santos, Recife and Rio de Janeiro; Bulgaria — the stock exchange in Sofia; Chile — the stock exchange in Santiago; China — the stock exchanges in Shanghai and Shenzhen; Colombia — the stock exchange in Bogota; Croatia — The Zagreb Stock Exchange; Cyprus — Larnaca Stock Exchange; the Czech Republic — the stock exchange in Prague; Egypt — the stock exchanges in Cairo and Alexandria; Ghana — the stock exchange in Accra; Hong Kong — the stock exchange in Hong Kong; Hungary — the stock exchange in Budapest; Iceland — the stock exchange in Reykjavik; India — the stock exchanges in Mumbai, Madras, Delhi, Ahmedabad, Bangalore, Cochin, Gauhati, Magadh, Pune, Hyderabad, Ludhiana, Uttar Pradesh and Kolkata; Indonesia — the stock exchanges in Jakarta and Surabaya; Israel — the stock exchange in Tel Aviv; Jordan — the stock exchange in Amman; Kazakhstan — Kazakhstan Stock Exchange; Kenya — the stock exchange in Nairobi; Korea — the stock exchange in Seoul; Lebanon — the Beirut Stock Exchange; Mauritius — the stock exchange in Mauritius; Malaysia — the stock exchange in Kuala Lumpur; Mexico — the stock exchange in Mexico City; Morocco — the stock exchange in Casablanca; Pakistan — the stock exchange in Karachi; Peru — the stock exchange in Lima; Philippines — the Philippine Stock Exchange; Poland — the stock exchange in Warsaw; Qatar — the Doha Stock Exchange; Romania — the Bucharest Stock Exchange; Slovak Republic — the Bratislava Stock Exchange; Slovenia — the Ljubljana Stock Exchange; Singapore — the stock exchange in Singapore; Serbia — the Serbian stock exchange; South Africa — the stock exchange in Johannesburg; Sri Lanka — the stock exchange in Colombo; Taiwan — the stock exchange in Taipei; Thailand — the stock exchange in Bangkok; Tunisia — the stock exchange in Tunis; Turkey — the stock exchange in Istanbul; Ukraine — the Ukraine Stock Exchange in Kiev; United Arab Emirates — Dubai Financial Market; Uruguay — the stock exchange in Montevideo; Venezuela — the stock exchanges in Caracas and Maracaibo; Vietnam — the Stock Trading Center of Viet Nam in Ho Chi Minh City; Zambia — the Zambian stock exchange; Zimbabwe — the stock exchange in Harare; or any of the following: Equity Securities listed in Russian Trading System 1 (RTS1) and Russian Trading System 2 (RTS2) and Moscow Interbank Currency Exchange (MICEX); the market organised by the International Capital Markets Association; the "listed money market institutions", as described in the Bank of England publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Currency and Bullion" dated April, 1988 (as amended from time to time); the market comprising dealers which are regulated by the Federal Reserve Bank of New York; the over-the-counter market conducted by primary and secondary dealers comprising dealers which are regulated by the United States Financial Industry Regulatory Authority and the United States Securities and Exchange Commission; NASDAQ; and the Over-the-Counter market in Japan regulated by the Securities Dealers Association of Japan.

The following is a list of regulated futures and options exchanges and markets in which the assets of each Fund may be invested from time to time and is set out in accordance with the

Central Bank's requirements. The Central Bank does not issue a list of approved futures and options exchanges or markets.

(i) all futures and options exchanges:

- in a Member State;
- in a member state of the European Economic Area (EEA) (excluding Iceland, Liechtenstein and Norway); or
- in the U.K. (in the event that the U.K. is no longer a Member State or member state of the European Economic Area).

(ii) any futures and options exchanges included in the following list:

- Australian Stock Exchange;
- American Stock Exchange;
- Bolsa Mexicana de Valores;
- Chicago Board of Trade;
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- the Commodity Exchange Inc;
- Coffee, Sugar and Cocoa Exchange;
- Copenhagen Stock Exchange (including FUTOP);
- Eurex Deutschland;
- Euronext Amsterdam;
- Euronext.liffe;
- Euronext Paris;
- European Options Exchange;
- Financial Futures and Options Exchange;
- Financieel Termijnmarkt Amsterdam;
- Finnish Options Market;
- Hong Kong Futures Exchange;
- International Monetary Market;
- International Capital Market Association;
- Irish Futures and Option Exchange (IFOX);
- New Zealand Futures and Options Exchange;
- Kansas City Board of Trade
- Korean Futures Exchange;
- Korean Stock Exchange;
- Marché des Options Négociables de Paris (MONEP);
- Marche À Terme International de France;
- MEFF Renta Fija;
- MEFF Renta Variable;
- Midwest Stock Exchange;
- Montreal Exchange;
- National Association of Securities Dealers Automated Quotations System (NASDAQ);
- New York Futures Exchange;
- New York Mercantile Exchange;
- New York Stock Exchange;
- Osaka Securities Exchange;
- OMX Exchange Helsinki;
- OMX The London Securities and Derivatives Exchange Ltd.;
- OM Stockholm AB;
- Pacific Stock Exchange;
- Philadelphia Board of Trade;
- Philadelphia Stock Exchange;
- Singapore International Monetary Exchange;
- Singapore Stock Exchange;
- Tokyo International Financial Futures Exchange;
- Tokyo Stock Exchange;

- Singapore International Monetary Exchange;
- South Africa Futures Exchange (SAFEX);
- Sydney Futures Exchange;
- Tokyo Stock Exchange;
- Toronto Futures Exchange; and
- TSX Group Exchange.

**SCHEDULE II**  
**INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS**

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	Transferable securities and money market instruments 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 a regulated Market, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments other than those dealt on a Regulated Market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of AIFs.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p>Recently Issued Transferable Securities</p> <p>1. Subject to paragraph 2 below, a responsible person shall not invest any more than 10% of its assets in securities of the type to which Regulation 68(1)(d) of the Regulations 2011 apply.</p> <p>2. Paragraph 1 above does not apply to an investment by a responsible person in U.S. securities known as "Rule 144A securities" provided that:</p> <p>(i) the securities are issued with an undertaking to register with the SEC within one year of issue; and</p> <p>(ii) the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, which they are valued by the UCITS.</p>
<b>2.3</b>	A UCITS 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%.
<b>2.4</b>	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. It is not proposed to avail of this without the prior approval of the Central Bank.
<b>2.5</b>	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.
<b>2.6</b>	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.
<b>2.7</b>	Cash booked in accounts held as ancillary liquidity shall not exceed 20% of the net assets of the UCITS.
<b>2.8</b>	<p>The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p>
<b>2.9</b>	<p>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:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul>
<b>2.10</b>	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.
<b>2.11</b>	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.
<b>2.12</b>	<p>A UCITS 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.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>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, EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>

<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
<b>3.1</b>	A UCITS may not invest more than 20% of net assets in any one CIS.
<b>3.2</b>	Investment in AIFs may not, in aggregate, exceed 30% of net assets.
<b>3.3</b>	The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
<b>3.4</b>	When a UCITS 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, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
<b>3.5</b>	Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment adviser receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank Regulations and is recognised by the Central Bank.
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, ICAV 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.
<b>5.2</b>	<p>A UCITS may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> </ul>

	<p>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</p> <p>(iv) shares held by a UCITS 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 UCITS 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.</p> <p>(v) Shares held by an investment company, ICAV or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</p>
<b>5.4</b>	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	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.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	<p>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:</p> <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments;<sup>1</sup></li> <li>- units of investment funds; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	For a Fund using the commitment approach to calculate its global exposure, UCITS global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set

<sup>1</sup> Any short selling of money market instruments by UCITS is prohibited.



	out in the Central Bank Regulations.)
<b>6.3</b>	<p>UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that</p> <ul style="list-style-type: none"> <li>- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.</li> </ul>
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

**SCHEDULE III**  
**Investment Techniques and Instruments**

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

1. A Fund may invest in FDI provided that:
  - 1.1 the relevant reference items or indices consist of one or more of the following: instruments referred to in Regulation 68 (1)(a) – (f) and (h) of the Regulations including financial instruments having one or several characteristics of those assets; financial indices; interest rates; foreign exchange rates or currencies;
  - 1.2 the FDI do not expose the Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
  - 1.3 the FDI do not cause the Fund to diverge from its investment objectives; and
  - 1.4 the reference in 1.1 above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the Central Bank Regulations:
    - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
      - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
      - (ii) where the index is composed of assets referred to in Regulation 68(1) of the Regulations, its composition is at least diversified in accordance with Regulation 71 of the Regulations;
      - (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71(1) of the Regulations;
    - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
      - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
      - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;
      - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;
    - (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
      - (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index

value, including pricing procedures for components where a market price is not available;

- (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the Regulations, be regarded as FDI on a combination of the assets referred to in Regulation 68(1)(g)(i) of the Regulations, excluding financial indices; and

- 1.5 where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the Regulations.

## **2. Credit derivatives**

Credit derivatives are permitted where:

- 2.1 they allow the transfer of the credit risk of an asset as referred to in paragraph 1.1 above, independently from the other risks associated with that asset;
  - 2.2 they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and (2) of the Regulations;
  - 2.3 they comply with the criteria for OTC derivatives set out in paragraph 4 below; and
  - 2.4 their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the Fund or the credit risk issuer.
- 3. FDI must be dealt in on a market which is regulated, operates regularly, is recognised and is open to the public in a Member State or non-Member State. Restrictions in respect of individual stock exchanges and markets may be imposed by the Central Bank on a case by case basis.
  - 4. Notwithstanding paragraph 3, a Fund may invest in FDI dealt in over-the-counter ("OTC derivatives") provided that:
    - 4.1 the counterparty is (a) a credit institution listed in Regulation 7(a) to (c) of the Central Bank Regulations; (b) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive; (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve; and (d) such other categories of counterparties as are permitted by the Central Bank;
    - 4.2 where a counterparty within sub-paragraphs (b) or (c) of paragraph 4.1: (a)

was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph 4.2 this shall result in a new credit assessment being conducted of the counterparty by the responsible person without delay;

- a) In the case of subsequent novation of the OTC derivative contract, the counterparty is one of the entities set out in paragraph 4.1; or
  - b) A CCP authorised or recognised by ESMA under EMIR or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the U.S. Securities and Exchange Commission (both CCP);
- 4.3 risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the Regulations. In this regard the Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The Fund may net its FDI positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have with the same counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank USITS Regulations; and
- 4.4 The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time of their fair value at the Fund's initiative.
5. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide the Fund with collateral. The Fund may disregard the counterparty risk on condition that the value of the collateral, valued at market price and taking into account appropriate discounts, exceeds the value of the amount exposed to risk at any given time.
6. Collateral received must at all times meet with the requirements set out in paragraphs 26 to 33 below.
7. Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

#### **Calculation of issuer concentration risk and counterparty exposure risk**

8. A Fund using the commitment approach must ensure that its global exposure does not exceed its total Net Asset Value. The Fund may not therefore be leveraged in excess of 100% of its Net Asset Value. A Fund using the VaR approach must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in the relevant Fund's risk management procedures for FDI, which are described below under "Risk Management Process and

Reporting”.

Each Fund must calculate issuer concentration limits as referred to in Regulation 70 of the Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach.

9. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the Regulations.
10. A Fund must calculate exposure arising from initial margin posted to, and variation margin receivable from, a broker relating to exchange-traded or OTC derivative, which is not protected by client money rules or other similar arrangements to protect the Fund against the insolvency of the broker, within the OTC derivative counterparty limit referred to in Regulation 70(1)(c) of the Regulations.
11. The calculation of issuer concentration limits as referred to in Regulation 70 of the Regulations must take account of any net exposure to a counterparty generated through a securities lending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations.
12. When calculating exposures for the purposes of Regulation 70 of the Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.
13. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes when combined, where relevant, with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the Regulations. When calculating issuer-concentration risk, the FDI (including embedded FDI) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. 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 Regulation 71(1) of the Regulations.
14. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the Central Bank Regulations and which contain a component which fulfils the following criteria:
  - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has a significant impact on the risk profile and pricing of the transferable

security or money market instrument.

15. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

#### **Cover requirements**

16. A Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI.
17. Monitoring of FDI transactions to ensure they are adequately covered must form part of the risk management process of the Fund.
18. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:
  - (i) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled, a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure; and
  - (ii) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
    - (a) the underlying assets consists of highly liquid fixed income securities; and/or
    - (b) the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process, which is described below, and details are provided in this Prospectus.

#### **Risk management process and reporting**

19. A Fund must provide the Central Bank with details of its proposed risk management process vis-à-vis its FDI activity. The initial filing is required to include information in relation to:
  - a) permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
  - b) details of the underlying risks;
  - c) relevant quantitative limits and how these will be monitored and enforced; and
  - d) methods for estimating risks.

Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.

20. The Company must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must include information which reflects a true and fair view of the types of FDI used by the Funds, the underlying risks, the quantitative units and the methods used to estimate those risks, must be submitted with the annual report of the Company. The Company must, at the request of the Central Bank, provide

this report at any time.

**Techniques and instruments, including repurchase agreements, reverse repurchase agreements and securities lending, for the purposes of efficient portfolio management**

21. A Fund may employ techniques and instruments relating to transferable securities and money market instruments subject to the Regulations and to conditions imposed by the Central Bank. The use of these techniques and instruments should be in line with the best interests of the Fund.
22. Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:
  - 22.1 they are economically appropriate in that they are realised in a cost-effective way;
  - 22.2 they are entered into for one or more of the following specific aims:
    - (a) reduction of risk;
    - (b) reduction of cost;
    - (c) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in Regulation 71 of the Regulations;
  - 22.3 their risks are adequately captured by the risk management process of the Fund, and
  - 22.4 they cannot result in a change to the Fund's declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.
23. FDI used for efficient portfolio management, in accordance with paragraph 21, must also comply with the provisions of the Central Bank Regulations.

**Repurchase agreements, reverse repurchase agreements and securities lending**

24. Repurchase/reverse repurchase agreements and securities lending ("efficient portfolio management techniques") may only be effected in accordance with normal market practice.
25. All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down in paragraph 26 below.
26. Collateral must at all times meet with the following criteria:
  - (a) **liquidity:** collateral received other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations;

- (b) **valuation:** collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) **issuer credit quality:** collateral received should be of high quality. The Fund shall ensure that: (i) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process; and (ii) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in (i) above this shall result in a new credit assessment being conducted of the issuer by the Fund without delay;
- (d) **correlation:** collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that it would not display a high correlation with the performance of the counterparty;
- (e) **diversification (asset concentration):** (i) subject to (ii) below, collateral received should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer; and (ii) it is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value. If the Fund intends to be fully collateralised in securities issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong, the Company shall disclose this fact in the Prospectus. The Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20% of its Net Asset Value shall 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 investment grade), Government of India (provided the issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Restructuring 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, EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC; and
- (f) **immediately available:** collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

27. Risks linked to the management of collateral, such as operational and legal risks, should



be identified, managed and mitigated by the risk management process of the Fund.

28. Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision and which is unrelated to the provider of the collateral.
29. Non-cash collateral cannot be sold, pledged or re invested.
30. Cash collateral may not be invested other than in the following:
  - (a) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations (which are set out in paragraph 4.1 above);
  - (b) high-quality government bonds;
  - (c) reverse repurchase agreements provided the transactions are with is a credit institution referred to in Regulation 7 of the Central Bank Regulations (which are set out in paragraph 4.1 above) and the Fund is able to recall at any time the full amount of cash on an accrued basis; or
  - (d) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds. (ref CESR/10-049).
31. Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or with any entity that is related or connected to the counterparty.
32. A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
  - (a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - (b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - (c) reporting frequency and limit/loss tolerance thresholds; and
  - (d) mitigation actions to reduce loss including haircut policy and gap risk protection.
33. A Fund should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a Fund should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph 32. This policy should be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
34. Where a counterparty to a repurchase or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible

person in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

35. A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
36. A Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the Fund.
37. A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
38. Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the Regulations respectively.
39. A Fund should disclose in the prospectus the policy regarding direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the Fund. The Fund should disclose the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicate if these are related parties to the Company or the Depositary.
40. All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, should be returned to the Fund.

**SCHEDULE IV  
CLASSES OF SHARES**

<b>Share Class</b>	<b>Base Currency</b>	<b>Hedging Policy</b>	<b>Status*</b>
<b><u>European Short Term Government Bond Fund</u></b>			
Class A (EUR)	EUR	Unhedged	Funded
Class A (USD)	USD	Unhedged	Extended
<b><u>World Bond Fund</u></b>			
Class A (EUR)	EUR	Unhedged	Funded
Class A (USD)	USD	Unhedged	Extended
<b><u>European Equity Fund</u></b>			
Class A (EUR)	EUR	Unhedged	Funded
Class A (USD)	USD	Unhedged	Extended
<b><u>U.S. Core Equity Index Fund</u></b>			
Class A (USD)	USD	Unhedged	Extended
<b><u>World Equity Fund</u></b>			
Class A (EUR)	EUR	Unhedged	Funded
Class A (USD)	USD	Unhedged	Extended

\* This column specifies "**New**" where a Class is being offered for the first time, "**Funded**" where a Class is in issue, "**Extended**" where a Class has been offered, the Initial Offer Period has commenced and is continuing but no Shares are in issue, and "**Reoffered**" where a class has been in issue, became unfunded and is offered again.

**SCHEDULE V**  
**SUB-CUSTODIANS APPOINTED BY THE DEPOSITARY**

<b>Argentina</b>	<p>Citibank N.A., Argentina</p> <p>*</p> <p>* On March 27, 2015, the Comisión Nacional de Valores (CNV: National Securities Commission) has appointed the central securities depository Caja de Valores S.A. to replace the branch of Citibank N.A. Argentina for those activities performed within the capital markets and in its role as custodian.</p>	<p>Bartolome Mitre 502/30</p> <p>(C1036AAJ) Buenos Aires, Argentina</p>
<b>Australia</b>	HSBC Limited	100, Barrangaroo Avenue. Sydney, ACT 2000, Australia
<b>Australia</b>	Citigroup Pty Limited	Level 16, 120 Collins Street, Level 16, 120 Collins Street, Australia
<b>Austria</b>	UniCredit Bank Austria AG	Rothschildplatz 1 1020 Vienna Austria
<b>Bahrain</b>	HSBC Bank Middle East Limited	2nd Floor, Building No 2505, Road No 2832, Al Seef 428, Bahrain
<b>Bangladesh</b>	HSBC Limited	Management Office, Shanta Western Tower, Level 4, 186 Bir Uttam Mir Shawkat Ali Shorok, (Tejgaon Gulshan Link Road) Tejgaon Industrial Area, Dhaka 1208, Bangladesh
<b>Belgium</b>	Citibank Europe Plc	Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom

<b>Belgium</b>	The Bank of New York Mellon SA/NV	46 Rue Montoyerstraat Brussels, 1000 Belgium
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Custody and Clearing Department 6 Front Street Hamilton Bermuda HM11
<b>Botswana</b>	Stanbic Bank Botswana Limited	Plot 50672, Fairground Office Park Gaborone, Botswana
<b>Brazil</b>	Citibank N.A., Brazil	Citibank N.A. Avenida Paulista, 1111 – 12th floor Cerqueira Cesar – Sao Paulo, Brazil CEP: 01311-920
<b>Brazil</b>	Itaú Unibanco S.A.	Praça Alfredo Egydio de Souza Aranha, 100, São Paulo, S.P. - Brazil 04344- 902
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	48 Sitnyakovo Blvd Serdika Offices, 10th floor Sofia 1505, Bulgaria
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	320 Bay Street Toronto, Ontario, M5H 4A6 Canada
<b>Cayman Islands</b>	The Bank of New York Mellon	1 Wall Street New York, NY 10286 United States
<b>Chile</b>	Banco de Chile	Estado 260 2nd Floor Santiago, Chile Postal code 8320204
<b>Chile</b>	Itaú Corpbanca S.A.	Avenida Apoquindo 3457, Las Condes, 7550197, Santiago, Chile
<b>China</b>	HSBC Bank (China) Company Limited	33 Floor, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong Shanghai, China (200120)

<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Carrera 9A No 99-02 Piso 3 Bogota D.C., Colombia
<b>Costa Rica</b>	Banco Nacional de Costa Rica	1st and 3rd Avenue, 4th Street San José, Costa Rica
<b>Croatia</b>	Privredna banka Zagreb d.d.	Radnicka cesta 50 10 000 Zagreb Croatia
<b>Cyprus</b>	BNP Paribas Securities Services S.C.A., Athens	94 V. Sofias Avenue & 1 Kerasountos 115 28 Athens Greece
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Bucharova 2641/14 158 02 Prague 5, Czech Republic
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	306 Corniche El Nil, Maadi, Cairo, Egypt
<b>Estonia</b>	SEB Pank AS	Tornimäe Str. 2 15010 Tallinn Estonia
<b>Eswatini</b>	Standard Bank Swaziland Ltd	Standard House Swazi Plaza Mbabane, Swaziland
<b>Euromarket</b>	Clearstream Banking S.A.	42 av. J.-F. Kennedy, 1855 Luxembourg
<b>Euromarket</b>	Euroclear Bank SA/NV	Boulevard Roi Albert II 1, 1210 Bruxelles, Belgium
<b>Finland</b>	Finland Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>France</b>	BNP Paribas Securities Services S.C.A.	Office Address: Les Grands Moulins de Pantin – 9 rue du Débarcadère 93500 Pantin, France  Legal address: 3 rue d'Antin, 75002 Paris, France
<b>France</b>	The Bank of New York Mellon SA/NV	7 Rue Scribe, 75009 Paris, France

<b>Germany</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Friedrich-Ebert-Anlage, 49 60327 Frankfurt am Main Germany
<b>Ghana</b>	Stanbic Bank Ghana Limited	Stanbic Heights, Plot No. 215 South Liberation RD, Airport City, Cantonments, Accra, Ghana
<b>Greece</b>	BNP Paribas Securities Services S.C.A., Athens	94 V. Sofias Avenue & 1 Kerasountos 115 28 Athens Greece
<b>Hong Kong</b>	HSBC Limited	1, Queen's Road, Central Hong Kong
<b>Hong Kong</b>	Deutsche Bank AG	52/F International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Szabadság tér 7 1051 Budapest Hungary
<b>Iceland</b>	Landsbankinn hf.	Austurstraeti 11 155 Reykjavik Iceland
<b>India</b>	Deutsche Bank AG	4th Floor, Block I, Nirlon Knowledge Park, W.E. Highway Mumbai - 400 063, India
<b>India</b>	HSBC Ltd	11F, Building 3, NESCO - IT Park, NESCO Complex, Western Express Highway, Goregaon (East), Mumbai 400063, India
<b>Indonesia</b>	Deutsche Bank AG	7th Floor, Deutsche Bank Building Jl. Imam Bonjol No.80, Jakarta – 10310, Indonesia
<b>Ireland</b>	The Bank of New York Mellon	1 Wall Street New York, NY 10286 United States
<b>Israel</b>	Bank Hapoalim B.M.	50 Rothschild Blvd Tel Aviv 66883 Israel

<b>Italy</b>	Citibank N.A. Milan	Via Mercanti 12 20121 Milan Italy
<b>Italy</b>	Intesa Sanpaolo S.p.A.	Piazza San Carlo, 156, 10121 Torino, Italy.
<b>Japan</b>	Mizuho Bank, Ltd.	4-16-13, Tsukishima, Chuo-ku, Tokyo 104- 0052 Japan
<b>Japan</b>	MUFG Bank, Ltd.	2 Chome-7-1 Marunouchi, Chiyoda City, Tokyo 100- 8388, Japan
<b>Jordan</b>	Standard Chartered Bank	1 Basinghall Avenue London, EC2V5DD, England
<b>Kazakhstan</b>	Joint-Stock Company Citibank Kazakhstan	Park Palace Building A, 41 Kazybek Bi Street, Almaty, Kazakhstan
<b>Kenya</b>	Stanbic Bank Kenya Limited	First Floor, CfC Stanbic Centre P.O. Box 72833 00200 Chiromo Road, Westlands, Nairobi, Kenya
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Hamad Al-Saqr St., Qibla Area, Kharafi Tower, G/1/2 P.O. Box 1683, Safat 13017, Kuwait
<b>Latvia</b>	AS SEB banka	Meistaru iela 1 Valdlauci Kekavas pagasts, Kekavas novads LV-1076 Latvia
<b>Lithuania</b>	AB SEB bankas	12 Gedimino Av. LT-01103 Vilnius Lithuania
<b>Luxembourg</b>	Euroclear Bank	1 Boulevard du Roi Albert II B-1210 Brussels - Belgium
<b>Malawi</b>	Standard Bank PLC	Cnr Victoria Avenue, Glyn Jones Road, Kaomba



		Centre, Blantyre, P O Box 1111, Malawi
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad	Level 20, Menara IMC No 8 Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia
<b>Malaysia</b>	HSBC Bank Malaysia Berhad	HSBC Bank Malaysia Berhad, 12th Floor, South Tower, 2 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Friedrich-Ebert-Anlage, 49 60327 Frankfurt am Main Germany
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	5th Floor, HSBC Centre, 18 Cybercity, Ebene, Mauritius
<b>Mexico</b>	Citibanamex (formerly Banco Nacional de México S.A.)	Isabel la Catolica No. 44 Colonia Centro Mexico, D.F. C.P. 06000
<b>Mexico</b>	Banco S3 Mexico S.A.	Torre A, Av. Vasco de Quiroga No. 3900, Piso 20 Cuajimalpa de Morelos Edificio Diamante, Sta Fé, 05300 Ciudad de México, CDMX, Mexico
<b>Morocco</b>	Citibank Maghreb	Zenith Millenium, Immeuble 1 Sidi Maarouf, B.P. 40 20190 Casablanca Morocco
<b>Namibia</b>	Standard Bank Namibia Limited	N2nd Floor, Standard Bank Centre, Town Square Corner of Post Street Mall and Werner List Street Windhoek, Namibia
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Rue Montoyer, 46 1000 Brussels Belgium
<b>New Zealand</b>	HSBC Limited	1 Queen St, Auckland, 1010, New Zealand
<b>Nigeria</b>	Stanbic IBTC Bank Plc	Walter Carrington Crescent, Victoria Island, Lagos, Nigeria

<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Oman</b>	HSBC Bank Oman S.A.O.G.	2nd Floor, Head Office Building, P.O. Box 1727, Al Khuwair, Postal Code 111, Sultanate of Oman
<b>Pakistan</b>	Deutsche Bank AG	242-243, Avari Plaza, Fatima Jinnah Road Karachi – 75330, Pakistan
<b>Panama</b>	Citibank N.A., Panama Branch	14th floor, Torres de las Americas, Punta Pacifica, Panama
<b>Peru</b>	Citibank del Peru S.A.	Avenida Canaval y Moreyra, 480, 3rd floor Lima 27, Peru
<b>Philippines</b>	Deutsche Bank AG	23rd Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, 1226 Makati City Philippines
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	53/57 Grzybowska Street 00-950 Warszawa
<b>Portugal</b>	Citibank Europe Plc	Rua Barata Salgueiro, 30 1269-056 Lisbon Portugal
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha	2nd Floor, Ali Bin Ali Tower, Building no: 150, Al Matar Street (Airport Road) P.O. Box 57, Street no. 950, Umm Ghuwalina Area, Doha, Qatar
<b>Romania</b>	Citibank Europe plc, Romania Branch	145, Calea Victoriei 010072 Bucharest Romania
<b>Russia</b>	PJSC ROSBANK	34, Mashki Poryvaevoy street, Moscow, 107078, Russia
<b>Russia</b>	AO Citibank	8-10, building 1 Gasheka Street, Moscow 125047, Russia

<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited	HSBC Building, 7267 Olaya Road, Al-Murooj Riyadh 12283-22555, Kingdom of Saudi Arabia
<b>Serbia</b>	UniCredit Bank Serbia JSC	Rajiceva Street 27-29, 11000 Belgrade, Serbia
<b>Singapore</b>	DBS Bank Ltd	12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
<b>Singapore</b>	United Overseas Bank Ltd	80 Raffles Place, UOB Plaza, Singapore 048624
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky	Mlynske Nivy 43 825 01 Bratislava, Slovak Republic
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.	Smartinska 140, 1000 - Ljubljana, Slovenia
<b>South Africa</b>	The Standard Bank of South Africa Limited	9th Floor 5 Simmonds Street Johannesburg 2001, South Africa
<b>South Africa</b>	Standard Chartered Bank	4 Sandown Valley Cres, Sandown, Sandton, 2196, South Africa
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	5th Floor, HSBC Building, 37, Chilpae-ro, Jung-Gu, Seoul, Korea, 100-161
<b>South Korea</b>	Deutsche Bank AG	18th Floor, Young-Poong Building 41 Cheonggyecheon-ro, Jongro-ku, Seoul 03188, South Korea
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.	Plaza San Nicolás, 4 48005 Bilbao Spain
<b>Spain</b>	Santander Securities Services S.A.U.	Ciudad Grupo Santander. Avenida de Cantabria s/n, Boadilla del Monte 28660 – Madrid, Spain
<b>Sri Lanka</b>	HSBC Limited	24 Sir Baron Jayathilake Mawatha Colombo 01, Sri Lanka

<b>Swaziland</b>	Standard Bank Swaziland Limited	Standard House, Swazi Plaza Mbabane, Swaziland
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Kungsträdgårdsgatan 8 106 40 Stockholm - Sweden
<b>Switzerland</b>	Credit Suisse AG	Paradeplatz 8 8070 Zurich Switzerland
<b>Switzerland</b>	UBS Switzerland AG	Bahnhofstrasse 45, 8001 Zürich, Switzerland
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	16th floor, Building G, No. 3-1 Park Street Taipei 115, Taiwan
<b>Taiwan</b>	Standard Chartered Bank (Taiwan) Ltd.	No 168, Tun Hwa North Road, Taipei 105, Taiwan
<b>Tanzania</b>	Stanbic Bank Tanzania Limited	99 Kinondoni Rd, Dar es Salaam, Tanzania
<b>Thailand</b>	HSBC Limited	Level 5, HSBC Building, 968 Rama IV Road, Bangrak Bangkok 10500, Thailand
<b>Tunisia</b>	Union Internationale de Banques	Building 65 Habib Bourguiba Street Tunisia Tunis 1000
<b>Turkey</b>	Deutsche Bank A.S.	Esentepe Mahallesi Büyükdere Caddesi Tekfen Tower No:209 K:17 Sisli TR-34394-Istanbul, Turkey
<b>Uganda</b>	Stanbic Bank Uganda Limited	Plot 17 Hannington Road Short Tower- Crested Towers P.O. Box 7131, Kampala, Uganda
<b>Ukraine</b>	Public Joint Stock Company "Citibank"	16G Dilova Street 03150 Kiev Ukraine
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai	Emaar Square, Building 5, Level 4 PO Box 502601 Dubai, United Arab Emirates

<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
<b>U.K.</b>	The Bank of New York Mellon	225 Liberty Street, New York, NY 10286, United States
<b>U.S.A.</b>	HSBC Bank, USA, N.A.	452 Fifth Avenue, New York, Ny 10018
<b>U.S.A.</b>	The Bank of New York Mellon	225 Liberty Street, New York, NY 10286, United States
<b>U.S.A.</b>	The Bank of Nova Scotia	Scotia Plaza, 44 King Street West, Toronto, ON M5H 1H1, Canada
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Dr. Luis Bonavita 1266 Toree IV, Piso 10 CP 11300 Montevideo, Uruguay
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd.	The Metropolitan, 235 Dong Khoi Street District 1, Ho Chi Minh City, Vietnam
<b>WAEMU</b>	Société Générale Côte d'Ivoire	5 et 7 avenue Joseph Anoma, Abidjan, Côte d'Ivoire
<b>Zambia</b>	Stanbic Bank Zambia Limited	Stanbic House, Plot 2375, Addis Ababa Drive P.O Box 31955 Lusaka, Zambia
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	59 Samora Machel Avenue, Harare, Zimbabwe