

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.**

The Directors of Blackfriars Developing Markets Funds p.l.c. (the “Company”) whose names appear in the section headed "Management and Administration" 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 the information. The Directors accept responsibility accordingly.

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**Blackfriars Developing Markets Funds p.l.c.**

*(an open-ended umbrella investment company with variable capital incorporated with limited liability under the laws of Ireland, registered number 335843, with segregated liability between Funds)*

**PROSPECTUS**

**Investment Manager/Promoter/UK Representative**

**Blackfriars Asset Management Limited**

**Dated 13 December 2016**

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**Distribution of this Prospectus is not authorised in any jurisdiction unless it is accompanied by a copy of the most recent annual and any subsequent semi-annual report of the Company. Such reports, this Prospectus and any Supplement together form the Prospectus for the issue of Shares. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Memorandum and Articles of Association of the Company, copies of which are available as mentioned herein.**

**The Company is an open-ended umbrella type investment company with variable capital incorporated with limited liability under the laws of Ireland, registered number 335843, authorised in Ireland as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended. There exists segregated liability between the Funds of the Company. The authorisation of the Company by the Central Bank 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. In addition, the authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

The Company is currently comprised of two Funds, Blackfriars Oriental Focus Fund and Blackfriars Developing Markets Focus Fund. Other Funds may be introduced by the Company from time to time, with the prior approval of the Central Bank.

No person is authorised to give any information or to make any representations concerning the Company other than as contained in this Prospectus, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Prospectus shall be solely at the risk of the purchaser.

Application has been made to the Irish Stock Exchange for the Shares issued and to be issued by Blackfriars Oriental Focus Fund and for certain of the Shares issued and to be issued by Blackfriars Developing Markets Focus Fund to be admitted to listing on the Irish Stock Exchange. The Directors do not expect an active secondary market to develop in any of the Shares of the Company. This Prospectus and the applicable Supplement will together comprise listing particulars for the purpose of such application.

Neither the admission of the Shares of any Fund to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of this document pursuant to the listing requirements of the Irish Stock Exchange p.l.c. shall constitute a warranty or representation by the Irish Stock Exchange p.l.c. as to the competence of service providers to or any other party connected with the Company, the adequacy of information contained in this document or the suitability of the Company for investment purposes. No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Shares and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

The Company is a recognised collective investment scheme for the purposes of Section 264 of the Financial Services and Markets Act 2000 (“FSMA”) of the United Kingdom. This Prospectus is distributed in the United Kingdom by or on behalf of the Directors and is approved by Blackfriars Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority, for the purposes of Section 21 of FSMA. As a recognised scheme, a United Kingdom investor who enters into an agreement to acquire Shares in the Company in response to the Prospectus may not have the right to cancel the agreement under any cancellation rules made by the FCA. The agreement will be binding upon the acceptance of the application by the Company. In addition most, if not all, of the protections provided by the United Kingdom regulatory system may not apply. The rights of Shareholders in the Company will not be protected by the investors’ compensation scheme established in the United Kingdom.

Blackfriars Asset Management Limited (the “UK Representative”) has been appointed by the Company to act as the UK Facilities Agent.

Investors can obtain information about (i) the Net Asset Value per Shares; and (ii) the process for redemptions from the Administrator and the Facilities Agent during normal business hours.

The following documents of the Company, in the English language, can be inspected free of charge and copies of them obtained (free of charge, in the case of the document at (b) and (c), and otherwise at no more than a reasonable charge) from the offices of the Facilities Agent:

- (a) the Articles of Association of the Company and any amendments thereto;
- (b) the prospectus most recently issued by the Company together with any supplements;
- (c) the key investor information document most recently issued by the Company;
- (d) the most recently published annual and half yearly reports relating to the Company.

Complaints about the operation of the Company may be submitted to the Facilities Agent at the following address:

Blackfriars Asset Management Limited

9 Cloak Lane

London EC4R 2RU

England

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or qualified under any applicable state statutes, and the Shares may not be offered, sold or transferred in the United States of America (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as that term is defined herein), except pursuant to registration or an exemption. The definition of “U.S. Person” is set out in Part VII: General Information – Definition of a U.S. Person of this document. The Company is not, and will not be, registered under the United States Investment Company Act of 1940, as amended (the “1940 Act”) and investors will not be entitled to the benefit of such registration. The Company may make a private placement of its Shares to a limited number or category of U.S. Persons.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Each U.S. Person subscribing for Shares must agree that the Directors may reject, accept or condition any proposed transfer, assignment or exchange of those Shares in its discretion.

Under the Memorandum and Articles of Association of the Company the Directors have the power to redeem or require the transfer of Shares held by any person in breach of the laws or requirements of any country or government authority or by any person or persons in circumstances where the holding of such Shares may, in the opinion of the Directors, result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or to such minimum holding of Shares as shall be prescribed from time to time by the Directors.

**Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their country of citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Shares. The value of investments and the income from them can go down as well as up and an investor may not get back the amount he invests. The difference at any one time between the Net Asset Value of Shares for the purposes of purchases and redemptions means that investment in the Company should be viewed as medium to long term. The attention of potential subscribers is drawn to the “RISK FACTORS” in Part I: The Company – Risk Factors of this Prospectus.**

**Shareholders should note that some or all of the dividends of a Fund may be paid from the capital of that Fund. The policy of paying dividends from capital will have the following effects: (i) capital will be eroded, (ii) distribution is achieved by forgoing the potential for future capital growth and (iii) the cycle may continue until all capital is depleted. Shareholders should also note that the payment of dividends out of capital may have different tax implications to distributions out of income and therefore tax advice should be sought in this regard.**

This Prospectus may be translated into other languages. Any such translation will contain all of the information contained in the Prospectus. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in such translation the English text shall prevail.

This Prospectus, including all information required to be disclosed by the ISE listing requirements, comprises listing particulars for the purpose of the listing of the Shares of the Fund on the Irish Stock Exchange.

As at the date of this Prospectus, the Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges, or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

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## DEFINITIONS

In this Prospectus the words and expressions listed below have the meanings set opposite them, except where the context otherwise requires:

“Administrator”	RBC Investor Services Ireland Limited or any successor appointed by the Company and in accordance with the requirements of the Central Bank as administrator of the Company’s affairs;
"AIF"	Alternative Investment Fund;
“Articles”	the Memorandum and Articles of Association of the Company as amended from time to time;
“Auditor”	Grant Thornton or any successor appointed by the Company from time to time;
“Business Day”	as set out in the applicable Supplement;
“Base Currency”	the currency of account of a Fund as determined by the Directors at the time of creation of the Fund and as set out in the applicable Supplement;
“Central Bank”	the Central Bank of Ireland;
"Central Bank UCITS Regulations"	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 and any guidance issued by the Central Bank in respect of UCITS funds;
“Company”	Blackfriars Developing Markets Funds p.l.c.;
“Custodian”	RBC Investor Services Bank S.A., Dublin Branch or any successor appointed by the Company and approved by the Central Bank as Custodian of the Company’s affairs;
“Dealing Day”	as set out in the applicable Supplement;
"Dealing Deadline"	as set out in the applicable Supplement;
“Directors”	the board of directors of the Company and, as the context requires, a duly constituted committee thereof;
“Euro” or “€”	the currency referred to in the second sentence of Article 2 of the Council Regulation (EC) No. 974/98 of 3 May 1998 and adopted as the single currency of participating European Union Member States;
“Exempt Irish Resident”	as defined in Part VII: General Information of the Prospectus;
“FCA”	the Financial Conduct Authority in the United Kingdom;
“Fund”	any fund or funds established by the Directors from time to time with the prior approval of the Central Bank which may be represented by one or more classes of Shares;
“Investment Manager”	Blackfriars Asset Management Limited;
“Ireland”	means the Republic of Ireland;
“Irish Resident”	as defined in Part VII: General Information of the Prospectus;

“Intermediary”	<p>means a person who:</p> <ul style="list-style-type: none"> <li>• carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or</li> <li>• holds shares in an investment undertaking on behalf of other persons.</li> </ul>
“Irish Stock Exchange”	The Irish Stock Exchange p.l.c.;
“Management Share”	a non-participating share in the capital of the Company;
“Member State”	a member state of the European Union;
“Net Asset Value of the Fund” and “Net Asset Value per Share”	the amount determined for any Dealing Day in accordance with the principles set out in Part III – Calculation of Net Asset Value and Subscription and Redemption Prices of the Prospectus as being the net asset value of the Fund and the net asset value per Share respectively;
Ordinarily Resident in Ireland	as defined in Part VII: General Information of the Prospectus;
"Person closely associated"	<p>in relation to a director means:</p> <ul style="list-style-type: none"> <li>• the spouse of the director,</li> <li>• dependent children of the director,</li> <li>• other relatives of the director, who have shared the same household as that person for at least one year on the date of the transaction concerned,</li> <li>• any person - <ul style="list-style-type: none"> <li>(i) the managerial responsibilities of which are discharged by a person - (a) discharging managerial responsibilities within the issuer, or (b) referred to in the first three bullet points of this definition,</li> <li>(ii) that is directly or indirectly controlled by a person referred to in subparagraph (i) of the fourth bullet point of this definition,</li> <li>(iii) that is set up for the benefit of a person referred to in subparagraph (i) of the fourth bullet point of this definition, or</li> <li>(iv) the economic interests of which are substantially equivalent to those of a person referred to in subparagraph (i) of the fourth bullet point of this definition;</li> </ul> </li> </ul>
“Prospectus”	this document as amended from time to time and any Supplement hereto as amended from time to time;
“Recognised Clearing System”	means Custodian and Clearing Centre, Clearstream Banking AG, Clearstream Banking SA, CREST, Custodian Trust Company of New York, Euroclear, Japan Securities Depository Center, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG or any other system for clearing shares which is designated for the purposes of Chapter 1A in Part 27 of

	the Taxes Act, by the Irish Revenue Commissioners as a recognised clearing system;
“Recognised Market”	in relation to any investment, any stock exchange, over-the-counter market or other securities market on which the Fund may invest. A list of these stock exchanges and markets is set out under Part V: Recognised Markets of the Prospectus;
“Regulations”	European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016, as same may be further amended or replaced from time to time;
“Relevant Declaration”	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act;
“Relevant Period”	means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding Relevant Period;
“Shareholder”	any person holding Shares;
“Shares”	participating shares of no par value in the capital of the Company, which may be designated in different classes with reference to one or more Funds;
“Supplement”	a supplement to this Prospectus containing information relating to a particular Fund;
“Taxes Act”	The Taxes Consolidation Act, 1997 (of Ireland) as amended;
“UCITS”	an Undertaking for Collective Investment in Transferable Securities, within the meaning of Council Directive 85/611/EEC as amended, consolidated or substituted from time to time;
“UK Representative”	Blackfriars Asset Management Limited;
“United States”	United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction;
“U.S. Person”	is defined in Part VII: General Information of the Prospectus;
“Valuation Point”	the day(s) and time(s) as at which the assets and liabilities of the Fund will be valued for the purposes of calculating the Net Asset Value of a Fund as set out in the relevant Fund’s Supplement;
“1933 Act”	the United States Securities Act of 1933, as amended; and
“1940 Act”	the United States Investment Company Act of 1940, as amended.

References to “U.S. Dollars” or “U.S.\$” are to United States dollars. References to “Stg£”, “Pounds Sterling” and “Sterling” are to pounds sterling of the United Kingdom. References to “Japanese Yen” “¥” or “Yen” are to Japanese yen.

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**PART I: THE COMPANY**

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**DIRECTORY**

**Directors**

Peter Blessing  
Thomas Waring (Alternate)  
Gariesh Sharma  
Cormac Byrne

**Registered Office**

25/28 North Wall Quay  
Dublin 1  
Ireland

**Registrar and Administrator**

RBC Investor Services Ireland  
Limited  
4<sup>th</sup> Floor, One George's Quay  
Plaza  
George's Quay  
Dublin 2  
Ireland

**Investment Manager, Promoter and UK  
Representative**

Blackfriars Asset Management Limited  
9 Cloak Lane  
London EC4R 2RU  
England.

**Custodian**

RBC Investor Services Bank S.A.,  
Dublin Branch  
4th Floor, One George's Quay Plaza  
George's Quay  
Dublin 2  
Ireland

**Auditors**

Grant Thornton  
24-26 City Quay  
Dublin 2, Ireland

**Sponsoring Broker**

A&L Listing  
25/28 North Wall Quay  
Dublin 1, Ireland

**Company Secretary**

Goodbody Secretarial Limited  
25/28 North Wall Quay  
Dublin 1  
Ireland

**Legal Advisers**

A&L Goodbody  
IFSC  
Dublin 1  
Ireland

## INTRODUCTION

The Company was incorporated on 27 November 2000 under the laws of Ireland as an open ended umbrella-type investment company with variable capital and limited liability. There exists segregated liability between the Funds of the Company. The Company's share capital is at all times equal to the Net Asset Value of the Company. The Company is a UCITS authorised in Ireland by the Central Bank as an investment company pursuant to the Regulations on 14 February 2001.

As an umbrella-type collective investment vehicle the Directors are authorised to establish one or more Funds from time to time with the prior approval of the Central Bank. The Company is currently comprised of two funds, Blackfriars Oriental Focus Fund and Blackfriars Developing Markets Focus Fund. Subject to the prior approval of the Central Bank, the Company may create such additional Funds as the Directors may deem appropriate.

The name of each Fund, the terms and conditions of its initial offer of Shares, details of its investment objectives, policies and restrictions and of any applicable fees and expenses shall be set out in a Supplement. This Prospectus and any Supplements should be read and construed as one document. Supplements may be added to or removed from this Prospectus from time to time as Funds are added to the Company or revoked, as the case may be, in accordance with the requirements of the Central Bank.

The Directors may, whether on the establishment of a Fund or from time to time, create more than one class of Shares in a Fund to which different currencies, charging structures or other terms and conditions of issue may apply. The creation of further classes must be effected in accordance with the requirements of the Central Bank. A separate pool of assets shall not be maintained for each class.

Monies subscribed for each Fund should be in the currency of denomination of the relevant Share class. Any other currency subscribed will be converted to the currency of denomination of the relevant Share class at the rate (whether official or otherwise) which the Administrator deems appropriate in the circumstances.

## INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS

### Investment Objective and Policy

The assets of each Fund will be invested in accordance with the investment objectives and policies of that Fund as set out in the applicable Supplement. The Company and its Directors, in consultation with the Investment Manager, are responsible for the formulation of the investment policy of each Fund and any subsequent change to that policy.

Pending full investment of the subscription proceeds, a greater proportion of the assets of a Fund than is anticipated by its investment policy may initially be held in cash, money market instruments (such as short term treasury bills traded on markets in which the Fund may invest) and other debt instruments (such as promissory notes which are freely transferable and certificates of deposit).

Any change to the investment objective of a Fund or a material change to the investment policy of the Fund may only be made with the approval by ordinary resolution of the Shareholders on the basis of a majority of the votes cast at a general meeting. Any such amendments shall be subject to giving reasonable notice to the Shareholders to enable them to request the redemption of their Shares prior to the implementation of any change. Any non-material change to the investment policy of a Fund may be made from time to time by the Directors, if they shall deem it in the interests of the Fund to do so.

### Investment and Borrowing Powers and Restrictions

Investments made by each Fund will be made subject to the Regulations and any restrictions which may be imposed by the Central Bank. The investment and borrowing powers of each Fund and the investment restrictions to which it is subject are summarised in Part IV: Investment Restrictions of the Prospectus. Any Fund may derogate from the provisions of the investment restrictions under paragraphs (iii) to (v) therein for up to a period of six months from the date of authorisation of the Fund by the Central Bank subject to the

observance of the principle of risk spreading. Additional restrictions (if any) relevant to each Fund will be set out in the applicable Supplement.

### **Financial Derivative Instruments and Efficient Portfolio Management**

The Company, on behalf of any of its Funds, may invest in financial derivative instruments for the purposes of efficient portfolio management and for investment purposes (as separately outlined in the relevant Supplement) in each case under and in accordance with conditions or requirements imposed by the Central Bank. The financial derivative instruments in which the Company, on behalf of any of its Funds, may invest and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are disclosed in the relevant Supplement. The purpose of any such investment will be disclosed in the Supplement for the relevant Fund. The extent to which a Fund will be leveraged through the use of financial derivative instruments will be disclosed in the relevant Supplement.

For the purpose of providing margin or collateral in respect of transactions in financial derivative instruments, the Custodian may, on the instructions of the Investment Manager, transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund.

Financial derivative instruments may be traded on Recognised Markets worldwide or may be traded over the counter. The Company will only enter into over the counter derivative transactions on behalf of a Fund with entities which are subject to prudential supervision and belong to categories approved by the Central Bank as set down in the Central Bank UCITS Regulations. Details of the risks associated with efficient portfolio management techniques and derivative instruments are set out in the section entitled “Risk Factors” below.

Any direct and indirect operational costs and/or fees which arise from efficient portfolio management techniques (including those used for currency hedging as described in greater detail below) which may be deducted from the revenue delivered to a Fund shall be at normal commercial rates and shall not include any hidden revenue.

Such direct or indirect costs and fees will be paid to the relevant counterparty which, in the case of financial derivative instruments used for currency hedging purposes, may include the Custodian or entities related to the Custodian. All revenues generated through the use of efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the relevant Fund.

### **Risk Management Process**

The Company will employ a risk management process which will enable it to monitor and measure the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments. Information on financial derivatives used for each Fund will be included in the Company’s semi-annual and annual reports and accounts. The commitment approach will be used in calculating the global exposure of the Company or any of its Funds unless otherwise stated in the relevant Supplement.

### **Class Currency Hedging**

In the interests of seeking the optimal protection of a Shareholder’s interest, each Fund may, where practicable, engage in foreign exchange hedging transactions for each class (where the profits, gains, losses, costs, income and expenditure consequent upon such hedging transactions are allocated solely to the relevant class). Foreign exchange transactions with respect to the Dollar Shares will be undertaken with a view to protecting the value of that class in US Dollars from the adverse movements of other currencies. Foreign exchange transactions with respect to the Sterling Shares will be undertaken with a view to protecting the value of that class in pounds sterling from the adverse movements of other currencies. Foreign exchange transactions with respect to the Euro Shares will be undertaken with a view to protecting the value of that class in Euros from the adverse

movements of other currencies. Performance among classes will, however, vary due to their different currency exposure. Any currency exposure of a class may not be combined with or offset against that of any other class. Investors should be aware that this strategy may substantially limit Shareholders of the relevant class from benefiting if the designated currency of the class falls against the base currency of the Fund and the currencies in which the assets of the Fund are denominated.

Although the Company does not intend to over-hedge or under-hedge positions, over or under-hedging may arise due to factors outside the control of the Company. The Company will not permit over hedged positions to exceed 105% of the Net Asset Value of a hedged class. Hedged positions will be kept under review to ensure that over hedged positions do not exceed 105% of the Net Asset Value of a hedged class. This review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

The annual and semi-annual accounts of the Fund will indicate how transactions undertaken to provide protection against exchange rate risks have been utilised.

## **DISTRIBUTION AND REINVESTMENT POLICY**

Any dividend payment in respect of a Fund shall be made in accordance with the dividend policy of that Fund as set out in the applicable Supplement.

## **MANAGEMENT AND ADMINISTRATION**

### **Directors**

Details of the Directors, who have overall responsibility for the establishment and supervision of the Company's investment policy relating to the Fund, are set out below:

**Peter Blessing** is a consultant to Corporate Finance Ireland Limited, an independent advisory firm. He has been extensively involved in the International Financial Services Centre ("IFSC") since its initiation and is currently a consultant to and director of a number of IFSC companies. From 1991 to 1995, he was managing director of Credit Lyonnais' IFSC subsidiary. He worked with Allied Irish Banks as a founding director of its IFSC subsidiary from 1988 to 1991 and as a senior executive in its Corporate Finance division from 1982 to 1988.

**Thomas Waring** (Alternate) gained extensive experience over 32 years in the asset management business in Asia, the U.K. and the Middle East before joining Blackfriars in 2011 as Chief Executive Officer. His early career was spent in Asia as a portfolio manager and he has since held Chief Executive/Managing Director positions at Royal Trust Asset Management, Credit Lyonnais International Asset Management Asia, Nicholas Applegate Capital Management and First State Investments Asia. In 2003 Tom moved to London to become the CEO of First State Investments International, managing Commonwealth Bank's First State asset management businesses in the U.K., Hong Kong and Singapore as well as developing two new start-up businesses in China (joint venture) and Indonesia. Between 2003 and 2006, First State established itself as a very successful Asian and global emerging markets specialist boutique. Prior to joining Blackfriars, Tom was the Group Head of Investments and Senior Executive Director of Gulf Finance House in Bahrain.

**Gariesh Sharma** is an investment manager with over 20 years' experience in equity markets. He joined Blackfriars Emerging Markets in 2011. Before Blackfriars, he worked at C Brooke Investment Partners (subsequently Soditic CBIP) and co-managed small and mid-cap portfolios for US endowments, foundations and pension fund clients as well as family offices. He became a Director in 2005. Gariesh started his investment career at Mercury Asset Management (subsequently Merrill Lynch Investment Managers) in 1996 and spent eight years focusing on the research and management of small and mid-cap portfolios. Prior to Mercury, Gariesh worked at IBM. Gariesh follows an investment style best described by the books of Peter Lynch, Richard Oldfield and Anthony Bolton. He is also influenced by the work of Nassim Taleb and John Kelly. He is an Associate of the CFA Society of the UK and has a degree in Engineering, Economics and Management from Oxford University.

**Cormac Byrne** (Chair) is a director with KB Associates, a firm which provides a range of advisory and project management services to the promoters of offshore investment funds. Prior to this, from March 2003 to June 2006, Mr. Byrne was operations director with Brandeaux Administrators Limited, a company specialising in the administration of property funds. Cormac previously held senior positions with MiFund (a privately owned mutual funds supermarket), Dekra International Ireland Limited where he was responsible for transfer agency and fund accounting and Chase Manhattan Bank (Ireland) Limited where his responsibilities included fund accounting and statutory reporting. Mr. Byrne holds a Bachelor of Commerce Degree and a Post Graduate Diploma in Accounting from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

None of the Directors have ever:

- had any unspent convictions in relation to indictable offences; or
- been a director of any company or partnership which, while he was a director with an executive function or partner at the time of or within the 12 months preceding such events, been declared bankrupt, went into receivership, liquidation, administration or voluntary arrangements; or
- been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of affairs of any company.

### **Investment Manager, Promoter and UK Representative**

The Company has appointed the Investment Manager, Blackfriars Asset Management Limited, to undertake the day to day discretionary investment management of the Company. The Investment Manager has also been appointed by the Company to act as the distributor of Shares of the Company and is entitled to receive any initial charge payable on purchases of Shares. Blackfriars Asset Management Limited is a UK incorporated asset manager regulated by the Financial Conduct Authority. Blackfriars Asset Management Limited was established in 1998 and is part of the Hamon Investment Group. Group assets under management as at 30 September 2016 were \$500 million. Blackfriars Asset Management Limited has particular expertise in the management of investments in emerging markets.

The Investment Manager has been appointed by the Company to act as UK representative to maintain the facilities required of a recognised scheme by the rules contained in the FCA Collective Investment Schemes Sourcebook. The registered address of the UK Representative is set out in the Directory.

### **Administrator**

The Company has appointed RBC Investor Services Ireland Limited to act as administrator under the terms of the Administration Agreement. The Administrator is a company incorporated with limited liability in Ireland and is authorised by the Central Bank under the Investment Intermediaries Act 1995. The Administrator is a wholly-owned subsidiary of the Royal Bank of Canada Group.

The Administrator is engaged in the business of, inter alia, providing fund administration services to collective investment undertakings. The Administrator has responsibility for the administration of the Company's affairs including the calculation of the Net Asset Value and preparation of the accounts of the Company, subject to the overall supervision of the Directors.

### **Custodian**

The Custodian is RBC Investor Services Bank S.A, which is a company incorporated with limited liability in Luxembourg, operating through its Dublin Branch. The Custodian is a wholly-owned subsidiary of the Royal Bank of Canada Group and its head office is 14, Porte de France L 4360 Esch sur Alzette Luxembourg, Luxembourg. The Custodian has been approved by the Central Bank to act as custodian for the Company.

The Custodian provides safe custody of the Company's assets which are held under the control of the Custodian. The main activity of the Custodian is to act as trustee and custodian of collective investment schemes such as the Company.

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

Local laws/regulations in EEA Member States may require the appointment of paying agents/representatives/distributors/correspondent banks ("Paying Agents") and maintenance of accounts by such Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Custodian (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Custodian for the account of the Company or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of Paying Agents appointed by the Company or the Investment Manager on behalf of the Company or a Fund which will be at normal commercial rates will be borne by the Company or the Fund in respect of which a Paying Agent has been appointed.

## **FEES AND EXPENSES**

### **Investment Management Charges**

The Investment Manager will be paid a fee in respect of its duties as investment manager of each Fund. Details of such fee are as set out in the applicable Supplement.

### **Administration Charges**

The Administrator will be paid a fee in respect of its duties as administrator and registrar which shall accrue daily and be payable monthly in arrears at a rate as set out in the applicable Supplement.

The fees payable to the Administrator may be varied from time to time by agreement with the Company. Any such variation will be notified to Shareholders. The fees are exclusive of value added tax (if any).

### **Remuneration of the Custodian**

The Custodian will be paid a fee accrued and calculated daily and payable monthly in arrears at a rate as set out in the applicable Supplement.

The fees payable to the Custodian may be varied from time to time by Agreement with the Company. Any such variation will be notified to Shareholders. The fees are exclusive of value added tax (if any). The fees of any sub-custodian appointed by the Custodian shall be at normal commercial rates and shall be paid by the Company.

### **Directors' Remuneration**

Each Director shall be entitled to such remuneration for his services as the Directors may determine. The Directors have determined that the aggregate remuneration payable to all of the Directors in respect of any calendar year shall not exceed Euro 60,000. In addition, each Director may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties.

The Directors have put in place a remuneration policy (the "Remuneration Policy") which is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times, taking into consideration the need to align risks in terms of risk management and exposure to risk and for the policies to be in line with the business strategy, objectives and interests of the Company. Details of the Remuneration Policy can be found at

<http://www.blackfriarsam.com/funds/oriental-focus> and a paper copy of the policy will be made available free of charge upon request.

The Directors consider the Remuneration Policy to be consistent with and promote sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Company or the Funds. The Remuneration Policy applies to those categories of staff (including senior management) whose professional activities have a material impact on the risk profile of the Company or the Funds. In this regard, none of the Directors will have a performance based variable component to their remuneration.

### **Other Expenses**

The Investment Manager, the Custodian, the Administrator, any sub-custodian appointed in respect of the Company and any other service provider appointed by the Company are entitled to recover reasonable out-of-pocket expenses incurred in the performance of their duties out of the assets of the Company. The Company bears all its operating and other expenses including, without limitation:

- (i) all stamp duty (other than any payable by an applicant for Shares or a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of the Company or on creation or issue of Shares or arising in any other circumstance;
- (ii) all purchase, fiscal and sale charges arising on any acquisition or disposal of investments;
- (iii) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of the Company or the Custodian, or any sub-custodian or their nominees or the holding of any investment or the custody of investments and/or any documents or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise) and charges made by the registrar or agents of the Custodian or any sub-custodian for acceptance of documents for safe custody, retention and/or delivery;
- (iv) all expenses incurred in the collection of income and administration of the Company;
- (v) all costs and expenses of and incidental to preparing and delivering resolutions of Shareholders for the purpose of securing that the Fund conforms to legislation coming into force after the date of the incorporation of the Company (including costs and expenses incurred in the holding of a meeting of Shareholders, where necessary);
- (vi) all taxation payable in respect of the holding of or dealings with or income from the Fund relating to the Fund property and in respect of allocation and distribution of income to Shareholders other than tax of Shareholders or tax withheld on account of Shareholders' tax liability;
- (vii) all costs and expenses other than items which the Investment Manager has agreed to bear (including legal, accountancy, and other professional charges and printing costs) incurred by the Investment Manager, the Custodian, the Administrator and any placing agent used in setting up the Company and the Fund which are being amortised in the accounts of the Fund over a period not exceeding five years (see Establishment Expenses below);
- (viii) all commissions, stamp duty, value added tax and other costs and expenses of or incidental to any acquisition, holding, realisation or other dealing in investments, foreign exchange options, financial futures or any other derivative instruments or the provision of cover or margin therefore or in respect thereof or in connection therewith;
- (ix) all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates, statements, accounts and reports made, issued or despatched pursuant to the Articles and the costs of preparation, translation, and distribution of all prospectuses, listing particulars and explanatory memorandum;
- (x) the fees and expenses of the auditors of the Company;

- (xi) any fees payable by the Company to any regulatory authority in any other country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;
- (xii) all fees and costs relating to the listing or de-listing of Shares on any stock exchange;
- (xiii) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which the Fund acquires property;
- (xiv) all costs and expenses incurred by the Company, the Custodian, the Investment Manager and the Administrator and any of their appointees which are permitted by the Articles;
- (xv) ongoing marketing and advertising expenses; and
- (xvi) the cost of publication of notices in any newspapers.

### **Establishment Expenses**

The cost of establishing subsequent Funds will be charged to the relevant Fund unless stated otherwise in the relevant Fund's Supplement.

### **Conversion**

In the event that more than one Fund exists, no charge will be levied for the conversion of Shares in one Fund into Shares of another Fund.

## **CONFLICTS OF INTEREST**

The Investment Manager, the Administrator, the Custodian and their respective affiliates, officers and shareholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company. These include the management of other funds, purchases and sales of securities, investment management advice, brokerage services, administration services and custody services and serving as directors, officers, advisers or agents of other funds or other companies, including companies and/or funds in which the Company may invest. The Parties will use reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement that they might have.

In addition, the Parties may enter into contracts or any financial, banking or other transaction with the Company or any Shareholder or any company or body, any of whose securities are held by or for account of the Company, or any other person or be interested in any such contract or transaction provided that any such contract or transaction is effected on normal commercial terms negotiated on an arm's length basis and is in the best interests of the Shareholders.

Neither the Investment Manager, the Administrator, the Custodian nor any of their respective affiliates shall enter into any transaction referred to above unless such transaction is carried out as if effected on normal commercial terms negotiated at arms' length, is in the best interests of shareholders and the following occurs:

- (i) a person approved by the Custodian (or the Directors in cases of transactions involving the Custodian) as independent and competent certifies that the price at which the transaction is effected is fair; or
- (ii) the execution of the transaction is on best terms on organised investment exchanges under their rules; or
- (iii) where the conditions set out in (i) and (ii) are not practical the transaction is executed on terms which the Custodian (or the Directors in cases involving the Custodian) is satisfied are normal commercial

terms negotiated at arms' length and in the best interest of Shareholders.

In particular, it is envisaged that the Investment Manager may be involved in advising or managing other investment funds or clients which may have similar or overlapping investment objectives to or with the Company.

Each of the parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and they will ensure that any conflict which may arise will be resolved fairly.

When allocating investment opportunities, the Investment Manager will ensure that all such investments will be allocated in a fair and equitable manner.

### **COMMISSION SHARING ARRANGEMENTS**

The Investment Manager, as part of providing investment management services to the Company, may from time to time enter into arrangements with counterparties, under which the counterparty will provide independent external research services that will assist in the management of the Funds. The usefulness of external research is monitored constantly and the level of commission to counterparties for the provision of research is formally assessed on a regular basis. Therefore, the Company may execute trades through counterparties that provide research or that will pay away a part of the transaction commission for the purchase of qualifying research or execution services. Any transactions conducted under these arrangements are done so keeping the Shareholders' best interests in mind and on a best execution basis as required by the Central Bank and the FCA. Further information on the Investment Manager's policy in relation to commission sharing arrangements is available upon request from the Investment Manager.

### **RISK FACTORS**

Potential investors should note that the investments of the Company and its Funds are subject to market fluctuations and other risks inherent in investing in global securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them, and therefore the value of, and income from, the Shares can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. An investor who realises Shares after a short period may, in addition, not realise the amount originally invested in view of any initial or redemption charge made on the issue of the Shares. The difference at any one time between the Net Asset Value of Shares for the purposes of purchases and redemptions means that investment in the Fund should be viewed as medium to long term.

Investors should also note that a performance related investment management fee may be payable to the Investment Manager by the Company which is based on net realised and net unrealised gains and losses calculated in respect of twelve monthly performance periods. As a result such fees may be paid by the Company on unrealised gains which may subsequently never be realised. Any performance related investment management fee will be set out in the applicable Supplement.

#### **Political and/or Regulatory Risks**

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

#### **Credit Risk**

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

instruments or payments due on such securities or instruments. A Fund will also be exposed to a credit risk in relation to the counterparties with whom they trade or place margin or collateral in respect of transactions in financial derivative instruments, stocklending and repurchase agreements and may bear the risk of counterparty default.

### **Foreign Exchange/Currency Risk**

Although Shares may be denominated in a particular currency, a Fund may invest in securities denominated in a wide range of currencies. The Net Asset Value of a Fund as expressed in its base currency will fluctuate in accordance with the changes in the foreign exchange rate between the currency and the currencies in which the Fund's investments are denominated. A Fund may, therefore, be exposed to a foreign exchange/currency risk.

It may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure. The Investment Manager may enter into hedging transactions at its sole discretion and solely for the purposes of efficient portfolio management or protection against currency risk. Furthermore, the manager of any fund in which a Fund invests may not necessarily hedge the foreign currency exposure of that fund.

As investors may be subscribing in a currency other than the base currency they are further exposed to fluctuations in exchange rates.

### **Counterparty Risk**

Each Fund may have credit exposure to counterparties by virtue of investment positions in swaps, options, repurchase transactions and forward exchange rate and other contracts held by the Fund. To the extent that a counterparty defaults on its obligations and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

### **Potential Illiquidity of Investments**

It may not always be possible for the Investment Manager to execute a buy or sell order at the desired price or to liquidate an open position due to market conditions, including the operation of daily price fluctuation limits. If opportunities for trading are restricted or an exchange is suspended, the Investment Manager may not be able to execute trades or close out positions on terms that the Investment Manager believes are desirable.

### **Over-the-Counter Markets Risk**

Where a Fund acquires securities on over-the-counter markets, there is no guarantee that it will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### **Investment Manager Risk**

The Directors may consult the Investment Manager with respect to the valuation of unlisted investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other responsibilities.

### **Withholding Tax Risk**

Distributions and interest on securities issued in countries other than Ireland may be subject to withholding taxes imposed by such countries. A Fund may not be entitled to avail itself of the relevant double taxation agreement in place between Ireland and other countries. Potential investors' attention is drawn to further details given under Part VI - Taxation below.

### **Derivatives and Techniques and Instruments Risk**

#### *General*

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

### *Futures Contracts*

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Futures may also be used to equitise cash balances, both pending investment of a cash flow and with respect to fixed cash targets. Frequently, using futures to achieve a particular strategy instead of using the underlying or related security or index results in lower transaction costs being incurred.

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

### *Forward Trading*

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

### *Options*

There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) to the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option a specific quantity of a particular product or financial instrument at a specified price. Options may also be cash settled. An Investment Manager on behalf of a Fund may be a seller or buyer of put and/or call options.

If an Investment Manager causes a Fund to buy an option, the Fund will be required to pay a "premium" representing the market value of the option. Unless the price or the volatility of the instrument underlying the option changes so that it becomes profitable to exercise or sell the option before it expires, the Fund will lose

the entire amount of the premium. The risk of writing (selling) calls is potentially unlimited in that the writer of the call must purchase the underlying security at a certain price upon exercise. There is no limit on the price a Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to the Fund's market exposure. The use of certain options strategies can subject a Fund to investment losses that are significant even in the context of positions for which the Investment Manager has correctly anticipated the direction of market prices or price relationships.

#### *Forward Currency Contract*

A forward currency contract is an agreement between two parties pursuant to which one party agrees to purchase or sell a fixed amount of a particular currency at an agreed price on a specified future date. Although a Fund may enter into forward contracts to minimise the risk of loss due to a decline in the value of a hedged currency, such transactions limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the forward contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of a Fund cannot be assured.

A Fund may enter into forward currency contracts which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward currency contracts. Banks and other dealers with whom the Fund may maintain accounts may require the Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Fund's counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward currency contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward currency contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which would otherwise be optimal, to the possible detriment of a Fund. A Fund may from time to time enter into currency exchange transactions by buying currency exchange forward contracts for the purposes of efficient portfolio management.

#### *Securities Lending Risk*

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

#### *Equity-Linked Warrants and Participation Notes*

Certain Funds may invest in equity-linked warrants and participation notes that provide an easy way for investors to gain an exposure to a particular market or security where access is otherwise difficult and time consuming due to regulatory issues. This is especially true in China, India and Taiwan. An equity call warrant gives the warrant holder the right to buy the underlying security at a particular price on or before a particular date. An equity put warrant gives the warrant holder the right to sell a particular security at a particular price on or before a particular date. A participation note (also known as a low exercise price warrant) is usually an equity call option with a very low exercise price relative to the market. The buyer effectively pays the full value of the underlying instrument at the outset. An index warrant is linked to the performance of a share price index. An index warrant is generally cash settled on the exercise or expiry.

Each Fund may have exposure to counterparties by virtue of investment positions in such warrants. To the extent that a counterparty defaults on its obligations and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. As the price, performance and liquidity of each warrant is directly linked to the underlying security or basket of securities, each Fund will be exposed to market movements as regards the relevant security or basket of securities.

#### *Legal Risk*

The use of OTC derivatives may expose the Funds to a number of risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations.

#### *Derivative Counterparty Risk*

Each Fund will have credit exposure to counterparties by virtue of positions in forward exchange rate and other financial or derivative contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.

#### *Absence of Regulation; Counterparty Default*

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Markets. In addition, many of the protections afforded to participants on some Recognised Markets, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a Recognised Market and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or 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 Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions set out in Part IV: Investment Restrictions of the Prospectus. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result

#### **Emerging Markets Securities Risk**

The Funds may invest in securities of issuers located in emerging market countries. Some emerging market countries may be members of the OECD and some may not be members of the OECD. Investments in emerging market securities pose additional risks. These include:

*Increased Political and Economic Risks.* There is in some emerging market countries a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economies of many emerging market countries can be heavily dependent on international trade and, accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

*Taxation Risk.* A Fund may become liable to taxes in jurisdictions in which it may make investments. Many emerging markets typically have less well defined tax laws and procedures than those of major markets and such laws may permit retroactive taxation so that a Fund could in future become subject to a tax liability that had not reasonably been anticipated in the conduct of investment activities or in the valuation of the assets of the Fund. Furthermore, taxation laws of any emerging market country may change to reflect economic conditions and accordingly there is no guarantee that these will evolve in a manner considered to be favourable to the Fund. It is possible that treaties, laws, orders, rules, regulations or any other legislation currently regulating taxation in these countries may be altered, in whole or in part, or added to. Changes in any taxation regime would have the potential to adversely affect a Fund's income from its various investments as well as adversely affecting the value of equity in which the Fund has invested and also have the potential to negatively alter the value and timing of the Fund's distributions to investors.

*Legal matters.* The legislative framework in emerging market countries for the purchase and sale of investments and in relation to beneficial interests in those investments may be relatively new and untested and there can be no assurance regarding how the courts or agencies of emerging market countries will react to questions arising from a Fund's investment in such countries and arrangements contemplated in relation thereto.

Laws, orders, rules, regulations and other legislation currently regulating the investment arrangements contemplated may be altered, in whole or in part, and a court or other authority of an emerging market country may interpret any relevant existing legislation in such a way that the investment arrangements contemplated are rendered illegal, null or void, whether retroactively or otherwise, or in such a way that the investment of a Fund is adversely affected. There may be unpublished legislation in force now or at any future time in any emerging market country which conflicts with or supersedes published legislation and which may substantially affect the investment arrangements contemplated.

There is no guarantee that any arrangements made, or agreement entered into, between the Custodian and any Correspondent will be upheld by a court of any emerging market country, or that any judgement obtained by the Custodian or the Company against any such Correspondent in a court of any jurisdiction will be enforced by a court of any emerging market country.

Legislation regarding companies in emerging market countries, specifically those laws in respect of fiduciary responsibility of administrators and disclosure may be in a state of evolution and may be of a considerably less stringent nature than corresponding laws in more developed countries.

*Inflation.* Although many companies in which a Fund may hold shares may have operated profitably in the past in an inflationary environment, past performance is no assurance of future performance. Inflation may adversely affect any economy and the value of companies' shares.

*Privatisation.* In certain cases, decisions taken by a new majority shareholder following the privatisation of an emerging market country company may have unfavourable effects on the value and marketability of that company's shares traded on any stock exchange. There is also the risk that privatisations of majority share interests could be cancelled by the relevant authorities and these companies could revert to state ownership. In such cases, there is no guarantee as to the timing of a new privatisation tender or the decision of authorities to organise a new tender. Such outcomes may also have adverse effects on the value and marketability of a company's shares traded on any stock exchange.

*Exchange Control and Repatriation.* It may not be possible for a Fund to repatriate capital, dividends, interest and other income from emerging market countries, or it may require government consents to do so. A Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions.

Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

*Other Foreign Investment Risks.* In certain of the countries where investments are proposed to be made there are restrictions on investment by foreign investors. In addition, the ability of foreign investors, such as a Fund, to participate in privatisations in certain foreign countries may be limited by local law, or the terms on which the Fund may be permitted to participate may be less advantageous than those for local investors. These factors and any restrictions introduced in the future could limit the availability to a Fund of attractive investment opportunities.

*Currency Depreciation.* Where a Fund's assets are invested in securities which are denominated in currencies other than those of developed countries, any income received by the Fund from those investments will be received in those currencies. Historically, most of the non-developed countries' currencies have experienced significant depreciation against the currencies of developed countries. Some of the emerging market currencies may continue to fall in value against currencies of developed countries. As the Fund may compute its Net Asset Value and make any distribution in currencies different from the currency of the income received from those investments, currency exchange risk may affect the value of Shares.

*Custody/Sub-Custody Risk.* Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by a Fund in investing and holding investments in such markets will generally be higher than in organised securities markets. As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary may be exposed to risk in circumstances whereby the Custodian may have no liability. Such markets include Bangladesh, Indonesia, South Korea, Pakistan and India.

*Registration.* In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers' representative must physically travel to a registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers' representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for a Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent Registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If the company register were to be destroyed or mutilated, a Fund's holding of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrar's often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Fund as a result thereof. While the Registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund would be able to successfully bring a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Fund as the registered holder of shares previously purchased by the Fund due to the destruction of the company's register.

*Credit Risk.* The ability of a Fund to make distributions, in the form of dividends or otherwise, and maintain Net Asset Value will be dependent upon the ability and willingness of those whose obligations the Fund acquires to make payment on such obligations as they become due. In the event that any such obligor were to default on the

obligations of a Fund's portfolio, not only could distributions from the Fund be diminished or suspended but its ability to sell, and potentially realise "distressed" or "salvage" value on, such obligations could be impaired.

Due to certain restrictions on the ability of foreign entities to acquire, with freely transferable funds, certain securities, the Company may, on behalf of a Fund, enter into certain arrangements with one or more financial institutions, pursuant to which the Company would acquire such financial institution(s) synthetic instruments which bear interest by reference to such securities. Under these circumstances, the Fund will bear not only the risk by default by the relevant government but also will be exposed to counterparty risk.

*Stockmarket Practices/Liquidity.* Many emerging markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. Market practices for the settlement of securities transactions and custody of assets in emerging markets can provide increased risk to a Fund and may involve delays in obtaining accurate information on the value of securities (which may affect the calculation of Net Asset Value). The emerging markets, in general, are less liquid than those of the world's leading stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets and transactions may need to be conducted at unfavourable prices. As a Fund may invest in such markets where custodial and/or settlement systems are not fully developed, the assets of the Fund which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances where the Custodian will have no liability. A Fund may only invest in those emerging markets which are Recognised Markets listed in Part V: Recognised Markets and in accordance with the investment objectives and policies of that Fund.

*Information Quality.* Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some companies in emerging markets in which a Fund may invest may differ from those applicable in developed countries in that less information is available to investors and such information may be out of date or carry a lower level of assurance.

### **Investment in Russia**

Certain of the Funds may invest securities listed or traded on the Moscow Exchange. Investors should note that Russia has weaker corporate governance, auditing and financial reporting standards to developed markets, which could result in a less thorough understanding of the financial condition, results of operations and cash flow of companies in which the Fund invests. Accordingly, an investment in a Russian corporate will not afford the same level of investor protection as would apply in more developed jurisdictions.

### **Capital Risk**

Shareholders should note that some or all of the dividends of a Fund may be paid from the capital of that Fund. The capital value of Shares of a Fund may be affected by various risks to capital, including the potential risk of erosion due to the redemption of Shares and the distribution of profit in excess of the investment return.

### **Settlement Risk**

There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of the Custodian or the Company as the holder of securities. Where organised markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by a Fund, including those related to dividends, can be realised.

Some emerging markets currently dictate that monies for settlement be received for a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

## **Taxation Risk**

Potential investors' attention is drawn to the taxation risks associated with investing in a Fund. Further details are given under the heading Part VI: Taxation below.

## **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions (“FATCA”) of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of US person’s direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement with respect to the implementation of FATCA (see section entitled “Information exchange and the implementation of FATCA in Ireland” in Part VI: Taxation of the Prospectus for further details).

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

## **Natural Catastrophe Risks**

Certain investments may have operations in territories that have a history of natural disasters including earthquakes, tornadoes, hurricanes and other “Acts of God”. The occurrence of natural disasters effects the valuation of many investments that are exposed to these territories. This is a risk in investing in these areas.

## **Hedging Risk**

A Fund may invest in securities that from time to time may be volatile and the availability of derivatives to hedge exposure may not be available. This applies to a greater degree to emerging market currencies and investments.

## **Small Capitalisation Risk**

A Fund may invest in companies or issues that have a small market capitalisation. These may be less liquid than larger companies or issues and as such may be more difficult to buy or sell or have a more volatile price.

## **No Established Rating Criteria**

No rating criteria have been established for the debt securities in which a Fund may invest. Therefore, in accordance with a Fund’s investment policy, the Fund may invest in low rated (considered to be those that are below “investment grade”) and unrated debt securities. Low rated and unrated debt securities are the equivalent of high yield, high risk bonds, commonly known as “junk bonds” and are generally considered to be speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

## **Segregated Liability**

The Company is an umbrella fund with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to discharge that liability. In addition, any contract entered into by the Company will, by operation of law, include an implied term to the effect that the counterparty to the contract may not have any recourse to the assets of any of the Funds, other than the Fund in respect of which the contract was entered into. These provisions are binding on creditors and a liquidator in the event of insolvency. However, this will not prevent the application of any rule of law which would require the application of the

assets of any Fund on the grounds of fraud or misrepresentation. In addition, these provisions have not been tested in other jurisdictions, and these remain a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owing to another Fund in a jurisdiction which would not recognise the principle of segregation of liability.

### **Securities of Other Investment Companies**

Investing in other investment companies involves substantially the same risks as investing directly in the underlying instruments, but may involve additional expenses at the investment company-level, such as portfolio management fees and operating expenses. The Investment Manager will not have control over the activities of any investment company or collective investment scheme invested in by a Fund. Administrators of collective investment schemes and companies in which the Fund may invest may manage the collective investment schemes or be managed in a manner not anticipated by the Investment Manager and accordingly the Fund could be adversely affected by the unfavourable performance of such Administrators.

### **Risks associated with Investment in other Collective Investment Schemes**

A Fund may invest in one or more collective investment schemes. As a shareholder of another collective investment scheme, the relevant Fund would bear, along with other shareholders, its pro rata portion of the expenses of the other collective investment scheme, including management and/or other fees (excluding subscription or redemption charges). These fees would be in addition to the fees payable to the Investment Manager and other expenses which the relevant Fund bears directly in connection with its own operations. Such collective investment schemes may deal with a different frequency and on different days than the Fund. This characteristic of the relevant Fund is likely to result from time to time in the relevant Fund achieving less exposure to such collective investment schemes than would otherwise have been the case.

Some of the collective investment schemes that a Fund may invest in may in turn invest in FDIs which will result in the Fund being indirectly exposed to the risks associated with such FDI.

A Fund will not have an active role in the day-to-day management of the collective investment schemes in which they invest. Moreover, the Fund will generally not have the opportunity to evaluate the specific investments made by any underlying collective investment schemes before they are made. Accordingly, the returns of the Fund will primarily depend on the performance of these unrelated underlying fund managers and could be substantially adversely affected by the unfavourable performance of such underlying fund managers.

Furthermore, some of the underlying collective investment schemes may be valued by fund administrators affiliated to underlying fund managers, or by the underlying fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that the valuations of the Fund may not reflect the true value of such underlying collective investment scheme holdings at a specific Valuation Point, which could result in significant losses for such Fund.

Where a Fund invests in collective investment schemes, the Fund may be subject to risks associated with any underlying collective investment schemes which may use 'side pockets' (used to separate investments which may be difficult to sell from more liquid investments). The use of side pockets by such underlying collective investment schemes may restrict the ability of the Fund or the Shareholders to fully redeem out of the underlying collective investment scheme until such investments have been removed from the side pocket. Accordingly, the Fund may be exposed to the performance of the underlying collective investment scheme's investment for an indefinite period of time until such investment is liquidated.

### **Umbrella Cash Account**

Subscription monies received in respect of a Fund in advance of the issue of Shares will be held in the umbrella cash account ("Umbrella Cash Account") in the name of the Company and will be treated as an asset of the relevant Fund. Investors will be unsecured creditors of the relevant Fund with respect to the amount subscribed and held by the Company until Shares are issued on the Dealing Day. As such, investors will not benefit from any appreciation in the Net Asset Value of the relevant Fund or any other Shareholder rights (including dividend entitlement) until such time as Shares are issued on the relevant Dealing Day. In the event of an

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

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

In the event of the insolvency of another Fund of the Company (the "Insolvent Fund"), recovery of any amounts held in the Umbrella Cash Account to which another Fund is entitled (the "Entitled Fund"), but which may have transferred to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to the principles of Irish insolvency law and the terms of the operational procedures for the Umbrella Cash Account. There may be delays in effecting and / or disputes as to the recovery of such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Entitled Fund.

## **PART II: ISSUE AND REDEMPTION OF SHARES**

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### **PRICING**

The price for buying and selling Shares in the Fund is the Net Asset Value per Share (See Part III: Calculation of Net Asset Value and Subscription and Redemption Prices below) as adjusted in the manner described in the applicable Fund Supplement.

### **APPLICATIONS FOR SHARES**

#### **Dealing**

Applications for Shares may be made to the Administrator prior to the Dealing Deadline for the relevant Dealing Day. Applications so received will, if accepted, be effected at a purchase price per Share which shall be the Net Asset Value per Share prevailing on that Dealing Day (plus initial charge if applicable). The Net Asset Value per Share shall be calculated as at the Valuation Point (or such other times as the Directors may determine). Any applications received after the Dealing Deadline shall, unless the Directors shall otherwise agree and provided they are received before the Valuation Point for the relevant Dealing Day, be held over until the next Dealing Day.

Applications should be made in writing by completing an application form available from the Administrator. In the case of initial subscriptions, the original application form should be delivered to the Administrator. Following initial subscription, subsequent subscriptions may be made by facsimile or may be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator) and subject to and in accordance with the requirements of the Administrator and the Central Bank of Ireland. No redemption payment will be made from a holding until documentation in relation to money laundering and counter terrorist financing has been received. Amendments to an investor's registration details and payment instructions will only be processed upon receipt of original documentation or electronic instruction.

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

Where the amount subscribed for Shares is not equivalent to an exact number of Shares, fractions of Shares may be issued to the nearest one ten-thousandth of a Share. Excess monies will be retained for the benefit of the Fund.

#### **Minimum Subscription**

The minimum initial subscription for Shares in the Fund is set out in the applicable Fund Supplement. The Directors may waive any minima at their discretion in respect of specific applications or generally.

The Directors reserve the right to close subscriptions to Shares of any class in the Fund for such period or periods as they may in their discretion determine. The Central Bank and Shareholders will be notified in advance of such event.

#### **Payment of Purchase Price**

Settlement for Shares in the Fund should be made within the time limits set out in the relevant Fund's Supplement. Subscription payments must be made to the relevant account for that class as set out in the application form. If payment in full has not been received within the prescribed time limits, or in the event of non-clearance of funds, the allotment of Shares made in respect of such application may, at the discretion of the Company, be cancelled, or, alternatively, the Company may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Company may charge the applicant for any resulting loss incurred by the relevant Fund.

Other methods of payment are subject to the prior approval of the Company.

### **No Share Certificates**

Shares will be issued in registered form and a written confirmation of ownership as to the entry of the applicant on the register will be sent to Shareholders within five Business Days. Share Certificates will not be issued unless specifically requested by the applicant and, if requested, will be issued at the Shareholders' risk. Shares shall not be issued unless settlement has been made.

### **Identity of Applicant**

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity, address and source of funds and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family member, or persons known to close associates of such persons, must also be identified. By way of example an individual may be required to produce an original certified copy of a passport or identification card together with evidence of his/her address such as two original copies of evidence of his/her address, i.e. utility bills or bank statements, date of birth and tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification of the source of the funds might not be required where for example, the application is made through a recognised intermediary. This exception will only apply if the intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations or satisfies other applicable conditions and the investor produces a letter of undertaking from the recognised intermediary. Intermediaries cannot rely on third parties to meet the obligation to monitor the ongoing business relationship with an investor which remains their ultimate responsibility.

The Administrator and the Company each reserves the right to request such information as is necessary to verify the investor's identity, address and source of funds. Evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact.

In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies and, subject to applicable law, return all subscription monies or compulsorily repurchase such Shareholder's Shares and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid if the Shareholder fails to produce such information). None of the Company, the Directors, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator will, subject to applicable law, return application monies or the balance thereof by telegraphic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. No redemption payment will be made from a holding until all in relation to money laundering and counter terrorist financing has been received.

### **Data Protection Information**

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

in the application form. Investors have a right to obtain a copy of their personal data kept by the Company on payment of a fee and the right to rectify any inaccuracies in personal data held by the Company.

### **Eligible Investors**

Each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a “Restricted Person” and such applicants will not sell or offer to transfer or sell Shares to a Restricted Person unless the Company gives its prior approval. “Restricted Person” as used in this document means:

- (i) any U.S. Person or U.S. Persons as defined herein or falling within the definition of “US Person” under FATCA or US Related Investor unless the Directors are satisfied in their sole discretion that the acquisition or holding of such shares (i) is permitted under an exemption available under the securities laws of the United States; and (ii) the relevant Fund and the Company continue to be entitled to an exemption from registration as an investment company under the securities laws of the US including the Investment Company Act and (iii) does not cause the Company or the Investment Manager duly appointed thereto by the Company and/or the Investment Manager’s corporate group of companies to incur any adverse US taxation consequences or regulatory or legal consequences; or
- (ii) any person whose holding of Shares would result in legal, pecuniary, tax, regulatory or material disadvantage to the Company or its Shareholders; or
- (iii) any person whose holding of Shares would cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Company or any Shareholder incurring any liability to taxation or withholding tax or otherwise suffering pecuniary disadvantages which any or all of them might not otherwise have incurred or suffered, or otherwise in circumstances which the Directors in their sole discretion believe might be prejudicial to the interests of the Shareholders of the Company;
- (v) any person who does not clear such money laundering checks or provide the required tax documentation or such supporting documentation as the Directors may determine or who has failed to furnish the Directors with such evidence and/or undertakings as they may require for the purpose of any restrictions imposed for compliance with any anti-money laundering provisions applicable to the Company; or
- (vi) a person or entity who breached or falsified representations on subscription documents.

The Company reserves the right to accept applications for Shares from certain qualified investors in the United States or a limited number of U.S. investors if the Company receives evidence satisfactory to it that the sale of Shares to such investors is exempt from registration under the securities laws of the United States, that such sale will not require the Company to register under the 1940 Act, as amended, and, in all events, that there will be no adverse tax or other consequences to the Company or its Shareholders, in the judgment of the Directors, as a result of such sale. If and when permitted, U.S. Persons subscribing on this basis should receive a supplemental disclosure document from the Administrator and will be required to complete a set of additional subscription documents contained therein.

Any person who is holding Shares in contravention of the restrictions set out above or by virtue to this holding, is in breach of the laws and regulations of any competent jurisdiction and whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Investment

Manager, the Custodian and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

As provided for under “Restriction on Purchases and Transfers and Compulsory Redemptions” the Directors have the power to compulsorily redeem and/or cancel Shares.

If the disposal, redemption or transfer of Shares by or declaration of a distribution to a Shareholder give rise to a liability to taxation or withholding tax, the Directors shall be entitled to deduct from the payment due to such Shareholder an amount sufficient to discharge the tax liability, including any interest or penalties payable thereon and/or refuse to register any transfer giving rise to such a liability.

## **REDEMPTION OF SHARES**

### **Dealing**

Requests for the redemption of Shares should be received by the Administrator prior to the Dealing Deadline for the relevant Dealing Day and should be made in writing (either by letter or by facsimile). In addition, redemption requests may also be accepted electronically (in such format or method as shall be agreed in writing in advance with the Administrator) and subject to and in accordance with the requirements of the Administrator and the Central Bank of Ireland. Redemption requests sent by fax or electronically may only be processed where payment is made to the account of record. The Directors may also change the Dealing Day or increase or decrease the number of Dealing Days. Any change to the Dealing Day will be notified in advance to the Shareholders and made in accordance with the requirements of Central Bank of Ireland.

Redemption requests so received will be effected at the redemption price per Share which shall be the Net Asset Value per Share calculated as at the Valuation Point on the relevant Dealing Day, and adjusted to take into account the redemption charge (if any).

Shareholders may redeem all or part of their holding of Shares, provided that if the request would reduce a holding to below the minimum holding prescribed by the Directors, such request will be treated as a request to redeem the entire holding unless the Company otherwise determines. The minimum residual holding following a redemption of Shares is currently prescribed by the Directors and is set out in the applicable Fund Supplement. The Directors may waive these minima at their discretion in respect of specific applications or generally.

Redemption completion notices will normally be issued giving full details of the transaction.

### **Payment of Redemption Proceeds**

Settlement for redemptions will be made within the time limits set out in the relevant Fund's Supplement. Redemption proceeds will not be paid until receipt of the original share certificate (if any).

The cost of any foreign exchange conversion incurred in effecting the redemption will be passed on to the Shareholder.

The Company has established a subscriptions and redemptions account at umbrella level in the name of the Company, the Umbrella Cash Account, and has not established such accounts at Fund level. All subscriptions, redemptions and dividends or cash distributions payable to or from a Fund will be channelled and managed through the Umbrella Cash Account.

### **Deferral of Redemption**

The Directors are entitled to limit the number of Shares redeemed on any Dealing Day to 10% of the total number of Shares in issue in the Fund in question. In this event, the limitation will apply pro rata so that all Shareholders of the relevant Fund wishing to have their Shares redeemed on that Dealing Day redeem the same proportion of such Shares, and Shares not redeemed will be carried forward for redemption on the next Dealing

Day and all following Dealing Days (in relation to which the Company has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Directors will inform the Shareholders affected.

### **In Specie Redemption**

In the event that the redemption monies in respect of Shares held by any Shareholder in a Fund wishing to have his Shares redeemed on any Dealing Day amount to more than 5% of the Shares of that Fund on such day, the Company shall have the power at the discretion of the Directors and with the consent of Shareholders to satisfy any application for redemption in whole or in part by the transfer *in specie* of the whole or any part of the assets of that Fund and to elect by notice in writing to the Shareholder to appropriate and transfer to him such assets in satisfaction or part satisfaction of his redemption request. No such distribution shall cause any material prejudice to the interest of the remaining Shareholders. When a notice of election is served a Shareholder may, within 14 Business Days, serve notice on the Company requiring the Company instead of transferring the assets in question, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of sale. Asset allocation is subject to the approval of the Custodian.

### **Suspension of Subscriptions and Redemptions**

Shares in a Fund may not be subscribed for or redeemed during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described below. Applicants for Shares and Shareholders who have requested redemption will be notified of such suspension and, unless withdrawn, applications/redemption requests will be considered as at the next Dealing Day following the end of such suspension.

The Directors may declare a temporary suspension of the determination of the Net Asset Value and issue/redemption of Shares in a Fund during:

- (i) any period when any of the principal markets on which a substantial portion of the investments of the Fund from time to time are quoted is closed otherwise than the ordinary holidays, or during which dealings therein are restricted or suspended;
- (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a material portion of investments of the Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the Fund or if, in the opinion of the Directors, redemption prices cannot fairly be calculated;
- (iii) any breakdown in the means of communication normally employed in determining the price of a substantial portion of investments or the current prices on any market or stock exchange of the Fund;
- (iv) any period when the Directors are unable to repatriate funds for the purpose of making payment on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of a substantial portion of investments or payments due on redemption of such Shares cannot, in the opinion of the Directors, be effected at normal rates of exchange; or
- (v) any period when, in the opinion of the Directors, it is considered that a suspension would be equitable for the majority of Shareholders and/or when events beyond the control of the Directors gives rise to the Directors having cause to believe that any calculation of a Fund's Net Asset Value per Share may be materially misstated.

Any such suspension of issue and redemption shall be notified immediately to the Central Bank of Ireland and the Irish Stock Exchange for the information of Shareholders in a Fund without delay and all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## ANTI-DILUTION LEVY

In calculating the subscription or redemption price for the Company the Directors may on any Dealing Day when there are net subscriptions or redemptions adjust the subscription or redemption price by adding or deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Company.

## TRANSFERS

The transfer of Shares may be effected by a transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferee and shall be signed by or on behalf of the transferor. The transferee will be required to provide the same information, representations and warranties to the Company as are required on the application form available from the Administrator. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the Register in respect thereof.

## SWITCHING OF SHARES

Unless otherwise determined by the Directors, Shareholders will be able to apply to exchange on any Dealing Day all or part of their holding of Shares of any Class in any Fund (the **Original Class**) for Shares in another Class in a Fund that are being offered at that time (the **New Class**) (such Class being in the same Fund or in a separate Fund) provided that all the criteria for applying for Shares in the New Class have been met (including being entitled to the same tax treatment/benefits under taxation treaties as the other Shareholders in the New Class) and by giving notice to the Administrator or Distributor on or prior to the Dealing Deadline for the relevant Dealing Day. The Directors may in their sole and absolute discretion accept requests for exchange received after the relevant Dealing Deadline in exceptional circumstances provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and redemption of Shares will apply equally to exchanges, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

When requesting the exchange of Shares as an initial investment in a Fund, Shareholders should ensure that the value of the Shares exchanged is equal to, or exceeds, the Minimum Holding for the relevant New Class specified in the Supplement for the relevant Fund. The Directors may deduct an anti-dilution levy on an exchange of Shares of an amount which the Investment Manager considers represents an appropriate figure to cover dealing costs and to preserve the value of the underlying assets of the Fund when there are net subscriptions into the New Class and/or net redemptions out of the Original Class. Any such charge will be retained for the benefit of the relevant Fund. The Directors reserve the right to waive such charge at any time.

The Directors may impose an Exchange Charge of up to 3% of the Redemption Proceeds of the Shares being exchanged. If an Exchange Charge may be imposed, it will be disclosed in the Supplement for the Fund.

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

$$S = \frac{R \times (RP \times ER) - EC}{IP}$$

**IP**

where:

**R** = the number of Shares of the Original Class to be exchanged;

**S** = the number of Shares of the New Class to be issued;

- RP** = the Redemption Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;
- ER** = in the case of exchange of Shares designated in the same Base Currency is 1. In any other case, it is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- EC** = the exchange charge and any other charge when there are net subscriptions and redemptions (if any); and
- IP** = the Issue Price per Share of the New Class as at the Valuation Point for the applicable Dealing Day.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion **S** to **R**.

### **Limitations on Exchanges**

Shares may not be exchanged for Shares of a different Class during any period when the calculation of the Net Asset Value of the relevant Fund or Funds is suspended. Applicants for the exchange of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

### **RESTRICTIONS ON PURCHASES AND TRANSFERS AND COMPULSORY REDEMPTIONS**

The Directors shall have power to impose such restrictions on purchases and on transfers as they may think necessary for the purpose of ensuring that no Shares are acquired or held by or for the account of a Restricted Person, as defined under the heading “Eligible Investors” above. In this connection, the Directors may: (i) reject, in their discretion, any subscription for or transfer of Shares; and (ii) compulsorily redeem at any time Shares held by such persons.

If the disposal, redemption or transfer of Shares by or declaration of a distribution to a Shareholder gives rise to a liability to taxation or withholding tax, the Directors shall be entitled to deduct from the payment due to such Shareholder an amount sufficient to discharge the tax liability, including any interest or penalties payable thereon and/or refuse to register any transfer giving rise to such a liability.

### **PUBLICATION OF PURCHASE AND REDEMPTION PRICES**

The Net Asset Value per Share with reference to which Shares are purchased and redeemed as calculated for each Dealing Day will be published daily on [www.blackfriarsam.com](http://www.blackfriarsam.com) and will be notified by the Administrator without delay to the Irish Stock Exchange. Dealing prices are also available from the office of the Administrator.

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### **PART III: CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES**

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#### **ALLOCATION OF ASSETS AND LIABILITIES**

The assets and liabilities of the Company shall be allocated to each Fund in the following manner:

- (a) for each Fund, the Company shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and, in particular, the proceeds from the issue of Shares of each Fund shall be applied in the books of the Company relating to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions below;
- (b) any asset derived from another asset of a Fund shall be applied in the books and records of the relevant Fund as the asset from which it was derived and on each valuation of an asset, the increase or diminution in value thereof 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 attributable to a particular Fund, such liability shall be allocated to the relevant Fund;
- (d) in the case where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, the Directors shall have the discretion to determine the basis upon which such asset or liability shall be allocated between the Funds and the Directors shall have power at any time and from time to time to vary such basis;

provided that all liabilities of or attributable to a Fund shall be discharged solely out of the assets of that Fund and the costs of or attributable to a Fund shall not be applied in satisfaction of any liability incurred on behalf of or attributable to any other Fund.

#### **CALCULATION OF NET ASSET VALUE OF A FUND**

The Articles provide for the Directors to calculate the Net Asset Value of each Fund as at the Valuation Point in respect of each Dealing Day. The Directors have delegated the calculation of the Net Asset Value of each Fund and the Net Asset Value per Share of each Fund to the Administrator.

The Administrator will calculate the Net Asset Value of the Fund as at the Valuation Point in respect of each Dealing Day. The Net Asset Value of the Fund is calculated by deducting the Fund's liabilities from the value of the Fund's assets as at the relevant Valuation Point.

The method of calculating the value of the assets of each Fund is as follows:

- (a) assets listed and regularly traded on a Recognised Market and for which market quotations are readily available or traded on over the counter markets shall be valued at their closing mid-market price on the principal exchange in the market for such investment as at the relevant Valuation Point (or, if no closing mid-market price is available, at closing bid prices) provided that the value of any investment listed on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange or on an over the counter market may be valued with the approval of the Custodian (who in giving such approval, must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security) taking into account the level of premium or discount as at the date of valuation of the investment.

The Directors, in consultation with the Investment Manager, and with the approval of the Custodian, may adjust or may instruct the Administrator to adjust the value of any such assets if, in relation to

currency, marketability and such other considerations as they deem relevant, they consider that such adjustment is required to reflect the fair value thereof.

If for specific assets the closing mid-market prices do not in the opinion of the Directors, in consultation with the Investment Manager, reflect their fair value, the value shall be calculated with care and in good faith by the Directors or their delegate, being a competent person approved for such purpose by the Custodian, in consultation with the Investment Manager so as to establish the probable realisation value for such assets as at the relevant Valuation Point;

- (b) if the assets are listed on several Recognised Markets, the closing mid-market price or, if not available, closing bid price, on the Recognised Market which, in the opinion of the Directors, in consultation with the Investment Manager, constitutes the main market for such assets, will be used.
- (c) in all cases the competent person responsible for valuing the assets, which for the Company is the Directors or their delegate (being competent people), in consultation with the Investment Manager, acting in good faith and in accordance with the procedures described below, shall be approved for that purpose by the Custodian;
- (d) in the event that any of the assets as at the relevant Valuation Point are not listed or dealt on any Recognised Market, such assets shall be valued by the Directors or their delegate (being competent people) with care and in good faith and in consultation with the Investment Manager at the probable realisation value. Such probable realisation value may be determined by using a bid quotation from a broker. Due to the nature of such unquoted assets and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager;
- (e) cash and other liquid assets will be valued at their face value with interest accrued, where applicable, as at the relevant Valuation Point;
- (f) units or shares in collective investment schemes (other than those valued pursuant to paragraph (a) or (b) above) will be valued at the latest available net asset value of the relevant collective investment scheme;
- (g) any value expressed otherwise than in the Base Currency of the relevant Fund (whether of an investment or cash) and any borrowing in a currency other than the Base Currency of the relevant Fund will be converted by the Administrator at the rate (whether official or otherwise) which the Investment Manager deems appropriate in the circumstances;
- (h) derivative instruments dealt on a market will be valued at the settlement price for such instruments on such market. Where no such settlement price is available, the value of such investments shall be the probable realisation value as determined with care and in good faith by the Directors or such competent person who has been approved for the purpose by the Custodian. Where such derivative instruments are not dealt on a market, their value should be the daily valuation from the counterparty, provided that the valuation is approved or verified weekly by the Investment Manager or a party independent of the relevant counterparty appointed by the Investment Manager who is approved for the purpose by the Custodian; and
- (i) forward foreign exchange contracts will be valued daily on the basis of the value provided by the relevant counterparty, and verified at least weekly by a party who is approved for the purpose by the Custodian and who is independent of the counterparty.

In the event of it being impossible or incorrect to carry out a valuation of a specific asset in accordance with the valuation rules set out in paragraph (a) to (i) above, or if such valuation is not representative of asset's fair market value, the Directors (or their delegate) is entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific asset, provided that any alternative method of valuation is approved by the Custodian.

In calculating the Net Asset Value of a Fund, appropriate provisions will be made to account for the charges and fees charged to the Fund as well as accrued income on the Fund's investments.

In calculating the Net Asset Value of a Fund or the Company, the Directors shall not be liable for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the subscription or redemption prices resulting from any inaccuracy in the information provided by any pricing service. Similarly, where the Administrator is directed by the Directors or the Investment Manager with the approval of the Directors to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the subscription or redemption prices resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries not appointed or selected by the Administrator.

In the case of a Fund which is a short term money market fund in accordance with the Central Bank UCITS Regulations, the Directors or their delegates may value any investment through the use of amortised cost. The amortised cost method of valuation may only be used in relation to Funds which comply with the Central Bank's requirements for short term money market funds and where a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank's requirements.

Where a Fund which is not a short term money market fund invests in money market instruments, such instruments may be valued by the Directors or their delegates at their amortised cost, in accordance with the Central Bank's requirements.

The use of the amortised method of valuation for all investments for which it is permitted to be used in accordance with the Articles will be monitored continuously (and at least weekly) by or on behalf of the Company to determine the extent, if any, to which the Net Asset Value using the amortised cost method of valuation deviates from the Net Asset Value which would be obtained using available market quotations. Discrepancies in excess of 0.1% (or such lesser amount as the Directors may determine) of the Net Asset Value will be brought to the attention of the Investment Manager of the Company. Discrepancies in excess of 0.2% (or such lesser amount as the Directors may determine) of the Net Asset Value will be brought to the attention of the Directors and the Custodian. Where discrepancies exceed 0.3% of the Net Asset Value a daily review will take place and the Directors will notify the Central Bank with an indication of the action, if any, which will be taken to reduce such dilution. In addition the Directors shall take any other action as may be required by the Central Bank from time to time.

## **CALCULATION OF NET ASSET VALUE PER SHARE**

The Net Asset Value per Share of each Fund for each applicable Dealing Day is determined by dividing the Net Asset Value on that day by the number of Shares of the relevant Fund in issue on the relevant Dealing Day.

Where more than one class of Shares is in issue in respect of a Fund, the Net Asset Value of the relevant Fund calculated as provided under "Calculation of Net Asset Value" above, shall be allocated between each class in accordance with their respective values in the Base Currency of the Fund as at the relevant Valuation Point. Where different entitlements, costs or liabilities apply in respect of different classes, these are excluded from the initial calculation of the Net Asset Value of the Fund and applied separately to the Net Asset Value allocated to the relevant class. The portion of the Net Asset Value of each Fund attributable to each class shall then be converted into the relevant currency of denomination of the class at prevailing exchange rates applied by the Administrator and shall be divided by the number of Shares of the relevant class in issue as at the Valuation Point in order to calculate the Net Asset Value per Share of the relevant class.

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## PART IV: INVESTMENT RESTRICTIONS

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The permitted investments and investment restrictions applying to each Fund, in accordance with the qualifications and exemptions contained in the Regulations, and in the Central Bank UCITS Regulations, are set out below. The Investment Manager may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shares of each Fund are placed. Any such further restrictions shall be in accordance with the requirements of the Central Bank.

### General

#### **1 Permitted Investments**

Investments of a UCITS are confined to:

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

#### **2 Investment Restrictions**

- 2.1 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.
- 2.2 A UCITS may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by each Fund in certain US securities known as rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by each Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

- 2.4 Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of a UCITS.
- 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 A UCITS may not invest more than 20% of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, (i) other than a credit institution authorised in the EEA (a Member State, Norway, Iceland, Leichtenstein) or (ii) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1998 (Switzerland, Canada, Japan, United States; or (iii) a credit institutions authorised in Jersey, Guernsey, Isle of Man, Australia or New Zealand, held as ancillary liquidity, must not exceed 10% of net assets.

This limit may be raised to 20% in the case of deposits made with the Custodian.

- 2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1998 or credit institutions authorised in Jersey, Guernsey, Isle of Man, Australia or New Zealand.

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

- 2.12 Each Fund may invest up to 100% of net assets in transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, the governments of Australia, Canada, Japan, New Zealand, Norway and Switzerland, Government of the People's Republic of China, Government of Brazil (provided the relevant issues are investment grade), Government of India (provided the relevant issues are investment grade), Government of Singapore, the European Investment Bank, the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, Euratom, Council of Europe, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, the International Finance Corporation, International Monetary Fund International Bank Reconstruction and Development (the World Bank), Eurofima, European Central Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Student Loan Marketing Association, Federal Home Loan Bank and issues backed by the full faith and credit of the

government of the United State of America. The UCITS must hold securities from at least six different issues with securities from any one issuer not exceeding 30% of the net assets.

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

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS in which each Fund may invest are prohibited from investing more than 10% of net assets in other CIS. When each Fund invests in the shares/units of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which each Fund's 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 a Fund's investment in the shares/units of such other CIS.
- 3.4 Where a commission (including a rebated commission) is received by a UCITS manager, investment manager/investment adviser by virtue of an investment in the units/shares of another CIS, this commission must be paid into the property of each Fund.

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

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

### **5. General Provisions**

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
  - (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

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 securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by each Fund in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which a

UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies each Fund 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, 5.5 and 5.6 are observed;

(v) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares / units at shareholders / unitholders' request exclusively on their behalf.

5.4 A 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.

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

5.6 If the limits laid down herein are exceeded for reasons beyond the control of 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 Shareholders.

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

- transferable securities;
- money market instruments;
- units of CIS; or
- financial derivative instruments.

5.8 A UCITS may hold ancillary liquid assets.

## **6 Financial Derivative Instruments ("FDIs")**

6.1 The UCITS global exposure (as prescribed in the Regulations and/or the Central Bank UCITS Regulations) relating to FDI must not exceed its total net asset value.

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Regulations and/or the Central Bank UCITS 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 out in the Central Bank UCITS Regulations.)

6.3 A UCITS may invest in FDIs dealt in over-the-counter ("OTCs") provided that the counterparties to OTCs are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

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

## **7 Restrictions on Borrowing, Lending and Dealing**

7.1 Each Fund may borrow 10% of its assets provided that this borrowing is on a temporary basis. The Company may give a charge over the assets of each Fund in order to secure borrowings. Credit balances (e.g. cash) may not be offered against borrowings when determining the percentage of borrowings outstanding.

7.2 The Company may borrow up to 10% of its assets to make possible the acquisition of real property required for the purpose of its business. In this case, the total borrowing referred to herein and in the paragraph above must not exceed 15% of the Company's assets.

7.3 The Company may acquire foreign currency by means of a “back-to-back” loan. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions contained in Regulation 103(1) and 7.2 above, provided that the offsetting deposit:

- (i) is denominated in the base currency of the Company;
- (ii) equals or exceeds the value of the foreign currency loan outstanding.

However, where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purpose of Regulation 103(1) of the Regulations and 7.2 above.

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## PART V: RECOGNISED MARKETS

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The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted securities and over the counter derivative instruments, will be listed or traded and is set out in accordance with Central Bank's requirements. With the exception of permitted investments in unlisted securities and over the counter derivative instruments investment in securities and derivative instruments will be restricted to the stock exchanges and markets listed below. The Central Bank does not issue a list of approved stock exchanges or markets.

- (i) without restriction in any stock exchange which is:
- located in any Member State of the European Union;
  - located in a Member State of the European Economic Area (EEA) (a Member State, Norway, Iceland excluding Liechtenstein); or
  - located in any of the following countries:
    - Australia
    - Canada
    - Japan
    - New Zealand
    - Norway
    - Switzerland
    - United States of America
    - Hong Kong

- (ii) without restriction in any of the following:

Argentina	Bolsa de Comercio de Buenos Aires
Bahrain	Bahrain Stock Exchange
Bangladesh	Chittangong Stock Exchange and Dhaka Stock Exchange
Bermuda	Bermuda Stock Exchange
Botswana	Botswana Stock Exchange
Brazil	Bolsa de Valores de Sao Paulo
Brazil	Bolsa de Valores de Rio de Janeiro
Chile	Bolsa de Comercio de Santiago
China, People's Republic of	Shanghai Securities Exchange
China, People's Republic of	Shenzhen Stock Exchange
Colombia	Bolsa de Bogota and Bolsa de Medellin
Cyprus	Cyprus Stock Exchange
Egypt	Alexandria Stock Exchange
Egypt	Cairo Stock Exchange
Ghana	Ghana Stock Exchange
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	Mumbai Stock Exchange
India	National Stock Exchange of India
Indonesia	Jakarta Stock Exchange
Indonesia	Surabaya Stock Exchange
Iran	Tehran Stock Exchange
Israel	Tel-Aviv Stock Exchange
Jordan	Amman Stock Exchange
Kazakhstan	Kazakhstan Stock Exchange

Kenya	Nairobi Stock Exchange
Korea	Korea Stock Exchange
Kuwait	Kuwait Stock Exchange
Laos	Laos Securities Exchange
Lebanon	Beirut Stock Exchange
Malaysia	Kuala Lumpur Stock Exchange
Mexico	Bolsa Mexicana de Valores
Morocco	Casablanca Stock Exchange
Myanmar	Myanmar Securities Exchange Centre
Namibia	Namibian Stock Exchange
Nigeria	Nigerian Stock Exchange
Oman	Muscat Securities Market
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Qatar	Qatar Stock Exchange
Saudi Arabia	Saudi Stock Exchange;
Singapore	Singapore Stock Exchange
South Africa	Johannesburg Stock Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan	Taiwan Stock Exchange Corporation
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
United Arab Emirates	Abu Dhabi Securities Market, Dubai Financial Market, NASDAQ Dubai
Ukraine	Ukrainian Stock Exchange
Vietnam	Hanoi Stock Exchange Ho Chi Minh Stock Exchange

(iii) without restriction in any of the following:

- MICEX (equity securities that are traded on level 1 or level 2 only);
- RTS1 (equity securities that are traded on level 1 or level 2 only);
- RTS2 (equity securities that are traded on level 1 or level 2 only);
- the market organised by the International Securities Market Association;
- the market conducted by the "listed money market institutions", as described in the Financial Conduct Authority publication "The Regulation of the Wholesale Cash and OTC derivatives markets; "The Grey Paper";
- AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- the French Markets for Titres de Créances Négociables (the Over-the-Counter markets in negotiable debt instruments);
- the Over-the-Counter market in the United States of America regulated by the National Association of Securities Dealers Inc.;
- NASDAQ in the United States of America;
- NASDAQ Europe (is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges);

- JASDAQ in Japan (formerly known as the Over-the-Counter market in Japan regulated by the Securities Dealers Association of Japan);
  - the market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
  - the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
  - SESDAQ the second tier of Singapore Stock Exchange;
  - TAISDAQ the over-the-counter market in Taiwan the general level of liquidity on this market may not compare favourably to that found on more established markets).
  - KOSDAQ
- (iv) for the purposes only of determining the value of the assets of a Fund, the term “Recognised Market” shall be deemed to include, in relation to any futures or options contract utilised by the Fund for the purposes of efficient portfolio management or to provide protection against exchange rates, any organised exchange or market on which such futures or options contract is regularly traded.
- (v) All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:
- in a Member State;
  - in a member state in the European Economic Area (a Member State, Norway, Iceland and Liechtenstein);
  - United States of America – Chicago Board of Trade
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange;
  - Eurex US;
  - New York Futures Exchange.
  - Osaka Securities Exchange;
  - Singapore International Monetary Exchange;
  - Tokyo International Futures Exchange;
  - Tokyo Stock Exchange;
  - the market in US Government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York;
  - the over-the-counter market in the United States conducted by primary dealers as above and secondary dealers which are regulated by the US Securities and Exchange Commissions and by the National Association of Securities Dealers;
  - JASDAQ in Japan (formerly known as the Japan Over-the-Counter Markets regulated by the Securities Dealers Association of Japan);
  - NASDAQ (the market organised by the National Association of Securities Dealers);
  - the market organised by the International Securities Market Association.

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## PART VI: TAXATION

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### GENERAL

The statements on taxation below are intended to be a general summary of certain U.K. and Irish tax consequences that may result to the Company, the Fund or Funds and Shareholders in connection with their investment in the Fund or Funds and are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.

**Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, purchasing, holding, switching or disposing of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each Shareholder of acquiring, holding, converting, redeeming or disposing of Shares in the Company will depend upon the relevant laws of any jurisdiction to which the Shareholder is subject. Investors and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Company and to Shareholders may change from time to time.**

Dividends, interest and capital gains (if any) which the Company receives with respect to their investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### IRELAND

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

#### **The Company**

It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

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

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

- An exchange by a Shareholder, effected by way of an arm's length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- Any transactions (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- A transfer by a Shareholder of the entitlement to Shares where the transfer is between spouses/civil partners and former spouses/civil partners, subject to certain conditions;
- An exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Company with another investment undertaking;
- An exchange of Shares arising on a scheme of migration and amalgamation (within the meaning of Section 739D(8D) of the Taxes Act), subject to certain conditions; or
- An exchange of Shares arising on a qualifying scheme of amalgamation or reconstruction (within the meaning of section 739D(8C) of the Taxes Act), subject to certain conditions.

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

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

### ***Stamp Duty***

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

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

### **Shareholders Tax**

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

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

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

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

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Company on the occasion of a chargeable event provided that either (i) the Company satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland and either (i) the Company has satisfied and availed of the equivalent measures or (ii) such Shareholders have made Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Shares or gains made on disposals of the Shares.

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

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

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

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

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Company will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Company will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

#### 10% Threshold

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

#### 15 % Threshold

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

#### *Other*

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

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

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

#### *Equivalent Measures*

The Finance Act 2010 (“Act”) introduced measures commonly referred to as equivalent measures to amend the rules with regard to Relevant Declarations. The position prior to the Act was that no tax would arise on an investment undertaking with regard to chargeable events in respect of a shareholder who was neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event, provided that a Relevant Declaration was in place and the investment undertaking was not in possession of any information which would reasonably suggest that the information contained therein was no longer materially correct. In the absence of a

Relevant Declaration there was a presumption that the investor was Irish Resident or Ordinarily Resident in Ireland. The Act however contained new provisions that permit the above exemption in respect of shareholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where the investment undertaking is not actively marketed to such investors and appropriate equivalent measures are put in place by the investment undertaking to ensure that such shareholders are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received approval from the Revenue Commissioners in this regard. The Company has not availed of this waiver as at the date of this prospectus and therefore it will be necessary for the Company to obtain Relevant Declarations from Shareholders unless and until such a waiver is applied for and granted.

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

The Finance Act 2007 introduced provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold shares in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking (“PPIU”). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking either directly or through persons acting on behalf of or connected to the investor. Depending on individuals’ circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors i.e. it will only be a PPIU in respect of those individuals’ who can “influence” selection. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual on or after 20<sup>th</sup> February 2007, will be taxed at the rate of 60% (80% where details of the payment/disposal are not correctly included in the individual's tax returns). Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

#### **Capital Acquisitions Tax**

The disposal of Shares may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Company falls within the definition of investment undertaking (within the meaning of Section 739B (1) of the Taxes Act), the disposal of Shares by a Shareholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Shareholder disposing (“disponer”) of the Shares is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

#### **Automatic exchange of information**

Irish reporting financial institutions, which may include the Fund have reporting obligations in respect of certain investors under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

#### **Information exchange and the implementation of FATCA in Ireland**

With effect from 1 July 2014 the Company is obliged to report certain information in respect of U.S. investors in the Fund to the Irish Revenue Commissioners who will the share that information with the U.S. tax authorities.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("FATCA"), impose a 30% US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (IRS) to collect and provide to the IRS with certain information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement (IGA) with the United States to Improve International Tax Compliance and to Implement FATCA. Under this agreement Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (as amended) (the Irish Regulations) implementing the information disclosure obligations Irish financial institutions such as the Company are required to report certain information with respect to U.S. account holders to the Revenue Commissioners. The Revenue Commissioners will automatically provide that information annually to the IRS. The Company (and/or the Administrator or Investment Manager on behalf of the Company) must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for shares in the Company. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Company holds any U.S. assets or has any U.S. investors.

If a Shareholder causes 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 redeem any Shares of such Shareholder and/or take any actions required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically born by such shareholder. While the IGA and Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such, Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

### **Common Reporting Standard (CRS)**

The Common Reporting Standard ("CRS") framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was published, involving the use of two main elements, the Competent Authority Agreement ("CAA") and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (FIs) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while Sections 891F and 891G of the Taxes Act contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the CRS Regulations), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891G of the Taxes Act contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "Regulations"), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

Under the Regulations reporting financial institutions, are required to collect certain information on accountholders and on certain Controlling Persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie)

## **UNITED KINGDOM**

The following information, which relates only to UK taxation, is applicable to the Company and to persons who are resident (and, in the case of individuals only, domiciled) solely in the United Kingdom and who beneficially own their Shares as investments and not as securities to be realised in the course of a trade. The following statements are intended to apply only as a general and non-exhaustive guide to the position under current UK tax law and published HM Revenue & Customs ("HMRC") practice as at the date of this Prospectus. Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Investors who (i) hold or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10% of the Shares in any Fund or of any class of Shares in any Fund; (ii) are members of a special class of taxpayer, such as charities, pension funds and insurance companies; (iii) intend to acquire Shares as part of tax avoidance arrangements; or (iv) are in any doubt as to their tax position, should seek advice from their own professional advisers as to the tax consequences of making an investment in any Fund.

Shareholders who owned Shares prior to a class of Shares in a Fund being accepted as a Reporting Fund should obtain independent advice on the transitional arrangements that apply.

Shareholders should read the information below in conjunction with any specific tax information provided in the Supplement that relates to their particular class of Shares.

### **The Company**

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the United Kingdom and so that the Company does not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). The Company is not intending to invest in any UK real property. On this basis, the Company should not be liable for UK taxation on its income and gains, other than on certain types of income deriving from a UK source.

### **Share Classes, Offshore Funds, Distributing Funds and Reporting Fund Status**

Each class of Shares in a Fund will be regarded as an "**offshore fund**" for the purposes of United Kingdom taxation. So, for the purposes of the offshore fund and bond fund rules, each class of Shares should be treated as a separate fund (and references to "Funds" in this section should be construed also to refer to classes of Shares of a Fund). The tax treatment applicable to Shares (as discussed below) will depend on whether the relevant Fund has been accepted by HMRC as a "Reporting Fund".

The Company has obtained acceptance from HMRC for each class of Share of the Blackfriars Oriental Focus Fund as a Reporting Fund for the current accounting period. The Company will apply for acceptance from HMRC for the Blackfriars Developing Markets Focus Fund as a Reporting Fund when the Fund commences operation. The Company intends to meet the requirements for acceptance as a Reporting Fund in respect of all future accounting periods for each Fund. However, no guarantee is given in this regard.

For any period where Shares are Shares in a Reporting Fund, such Shares are referred to below as "**Reporting Shares**".

If, for any reason, any Fund ceases to be accepted as a Reporting Fund, Shareholders should immediately seek independent tax advice to ascertain the tax implication and whether any elections may be made to optimise the resultant tax consequences.

### **Bond Funds**

If, at any time in an accounting period, more than 60% of the assets associated with any Fund are "qualifying investments", that Fund may be treated as a "**Bond Fund**" for the whole of that accounting period. In simple terms, "qualifying investments" are investments that give an interest return or a return that has the nature of interest to the investor. It is not the intention of the Company that the pattern of investment of any of the Funds should result in any Fund being treated as a Bond Fund, though this position will be monitored going forward.

### **Reportable Income**

In respect of any accounting period, to the extent that any reportable income relating to Reporting Shares exceeds dividends paid in relation to those Shares, the excess will be taxed as if a dividend had been paid equal to such excess (see below for comments on the tax treatment of dividends). The Fund will prepare and publish for its investors a report detailing the excess reportable income for each class of Share in the Reporting Fund.

Therefore, Shareholders who are resident in the United Kingdom for tax purposes and own Reporting Shares may, depending on their circumstances, be subject to tax in respect of income that they have not actually received.

### **Dividends**

Neither the Company, nor any Fund, will be required to withhold UK tax at source when paying a dividend.

Where the Company pays dividends (either directly or indirectly by way of reinvestment of income), Shareholders who are resident in the United Kingdom for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

Provided that the Fund is not a Bond Fund:

- The dividend will be taxable as a dividend from a foreign company.
- Shareholders who are subject to UK corporation tax may be able to claim exemption from UK corporation tax in respect of any dividend received and in such cases should not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

If the relevant class of Shares is a Bond Fund:

- For Shareholders who are individuals, the dividend will be taxable as yearly interest.
- For Shareholders who are subject to UK corporation tax, the dividend will be taxable as yearly interest.

### **Disposals of Shares**

Any gain arising on the sale, redemption or other disposal of Reporting Shares held by a person who is resident in the United Kingdom for tax purposes, where such Shares have been Reporting Shares for the entire period that they were held, will be taxed at the time of such sale, redemption or disposal as a capital gain. The Shareholder should be entitled to relief for any amount of reported income in excess of dividends that has been charged to tax.

Any gain arising on the sale, redemption or other disposal of any Shares that are not Reporting Shares held by a United Kingdom taxpayer, or of any Reporting Shares that were not Reporting Shares for the entire period that they were held, will be taxed at the time of such sale, redemption or disposal as an offshore income gain, and not as a capital gain.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Shares but will not create or increase an allowable loss.

Conversion of one class of Shares for Shares in another class (whether in the same Fund or a different Fund) will generally be regarded as a taxable disposal and subsequent acquisition of Shares. Under current HMRC interpretation, this will generally not apply where investors switch between shares of different classes in the same Fund. However, Shareholders should seek independent tax advice before converting from Reporting Shares to Shares that are not Reporting Shares or vice versa.

### **Further information for Shareholders subject to United Kingdom corporation tax**

If any class of Shares were to be treated as a Bond Fund then an investor who is subject to United Kingdom corporation tax may be required to bring its investment in the class of Shares into account as a creditor relationship under the "Loan Relationship Regime" for that accounting period.

### **Stamp Duty and Stamp Duty Reserve Tax**

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT") position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK Stamp Duty or SDRT will be payable on issue of Shares.

UK Stamp Duty (at the rate of 0.5%, rounded up where necessary to the next £5 of the amount of the value of the consideration for the transfer, provided that no UK Stamp Duty is payable if the value of the consideration is £1,000 or less) is payable on any instrument of transfer of Shares executed within, or in certain cases brought into, the United Kingdom. However, in practice, it should not be necessary to pay any ad valorem stamp duty on such instrument unless the instrument is required to be adduced in evidence before the UK courts in civil proceedings or for any official purpose in the United Kingdom.

Provided that Shares are not registered in any register of the Company kept in the United Kingdom nor paired with shares issued by a body corporate incorporated in the United Kingdom, any agreement to transfer Shares should not be subject to SDRT.

**Any person who is in any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional advisers.**

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## PART VII: GENERAL INFORMATION

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### INCORPORATION AND SHARE CAPITAL

The Company was incorporated under the laws of Ireland on 27 November 2000, as an umbrella type open-ended investment company with variable capital, with registered number 335843.

As at the date hereof:

- (i) the authorised share capital of the Company is €37,500 divided into 30,000 Management Shares of €1.25 each and 500,000,000 participating shares of no par value initially designated as unclassified shares; and
- (ii) In respect of the Management Shares, 7 Management Shares of €1.25 each are in issue. These are held by the Investment Manager and nominees thereof. Management Shares do not entitle the holders to any dividend and on a winding-up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Company.

### MEETINGS AND REPORTS TO SHAREHOLDERS

All general meetings of the Company shall be held in Ireland. In each year, the Company shall hold a general meeting as its annual general meeting. 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 business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder.

Each Shareholder shall have one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by show of hands. Each Share gives the holder one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by poll. All Shares have equal voting rights.

The accounting date of the Company is 31 December in each year. The Company's annual report incorporating audited financial statements will be published within four months after the end of the financial year and at least three weeks before the Annual General Meeting of Shareholders.

The Company will publish a semi-annual unaudited financial report made up to 30 June in each year. Each such report will contain a list of each Fund's holdings and their market values, within two months of the date to which it is made up. All correspondence to Shareholders will be sent at their own risk. The annual reports, in English, will be sent to the Companies Announcement Office of the Irish Stock Exchange and the Central Bank within four months of the accounting date. The semi-annual report will be sent to the Central Bank within and two months of 30 June.

### COMMUNICATIONS AND NOTICES TO SHAREHOLDERS

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

#### MEANS OF DISPATCH

#### DEEMED RECEIVED

Delivery by hand

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

Post	:	48 hours after posting.
Fax	:	The day on which a positive transmission receipt is received.
Electronically	:	The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	:	The day of publication in a daily newspaper circulating in the country or countries where shares are marketed.

## **TERMINATION OF FUND**

The Company may, upon no less than four nor more than twelve weeks' notice to all Shareholders, redeem on a Dealing Day at the Net Asset Value per Share all (but not some) of the Shares in issue in respect of the Company or any Fund on such date in the following instances:

- if the Company is no longer an authorised UCITS; or
- if any law is passed which renders it illegal, or in the reasonable opinion of the Directors it is impracticable or inadvisable, to continue the Company or any Fund; or
- If there is a change in material aspects of the business or in the economic or political situation relating to a Fund which the Directors consider would have material adverse consequences on the Shareholders and/or the investments of the Fund; or
- the Directors consider it to be in the best interest of the Shareholders.

## **MEMORANDUM AND ARTICLES OF ASSOCIATION**

Clause 3 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in regulation 68 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as may be amended, supplemented or consolidated from time to time of capital raised from the public operating on the principle of risk spreading.

The following section is a summary of the principal provisions of the Articles of Association of the Company. Defined terms in this section bear the same meanings as defined in the Company's Articles.

### *(i) Variation of Class Rights*

The rights attached to any Fund or class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that Fund or class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the Fund or class. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such meeting shall be two persons holding or representing by proxy at least one-third of the issued

Shares of the class in question or, at an adjourned meeting, one person holding Shares of the class in question or his proxy. Any holding of Shares of the class in question present in person or by proxy may demand a poll.

The rights attaching to Shares of each class shall not be deemed to be varied by any of the following:

- (a) the creation, allotment or issue of any further Shares of each class ranking *pari passu* with Shares already in issue; or
- (b) by the liquidation of the Company or of any Fund and distribution of its assets to its members in accordance with their rights or the vesting of assets in trustees for its members in specie.

(ii) *Voting rights*

On a show of hands every Shareholder who is present in person or by proxy shall have one vote and every Management Shareholder present in person or by proxy shall have one vote in respect of all Management Shares. On a poll, every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every Management Shareholder present in person or by proxy shall be entitled to one vote in respect of all Management Shares held by him. Fractional Shares shall not carry any voting rights.

(iii) *Change in Share Capital*

The Company may from time to time by ordinary resolution increase its capital by such amount as the resolution shall prescribe.

The Company may, by ordinary resolution, alter its authorised capital by consolidating and dividing its share capital into shares of larger amount than its existing shares, by sub-dividing its shares into shares of smaller amount than that fixed by the Memorandum of Association of the Company, or by cancelling any shares which, at the date of the ordinary resolution, in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution from time to time reduce its share capital.

(iv) *Directors' Interests*

A Director or intending Director may enter into any contract with the Company and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. The prohibition does not apply (in the absence of some other material interest than is indicated below), *inter alia*, to:

- (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (c) any proposal concerning an offer of Shares or debentures or other securities of or by the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise.

The Company may by ordinary resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

Each Director shall be entitled to such remuneration for his services as the Directors may determine. The Directors have determined that the aggregate remuneration payable to all of the Directors in respect of any calendar year shall not exceed Euro 60,000 per annum. In addition, each Director may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties.

Gariesh Sharma (a Director of the Company) is a Director of Blackfriars Asset Management Limited which has been engaged to provide investment management services to the Company. Thomas Waring (an Alternate Director of the Company) is Chief Executive Officer of Blackfriars Asset Management Limited which has been engaged to provide investment management services to the Company. Consequently, each of Tom Waring and Gariesh Sharma shall be deemed to have an interest in any contract entered into between the Company and the Investment Manager. Cormac Byrne is a Director of KB Associates, a company which provides certain governance services to the Company. Consequently, Cormac Byrne shall be deemed to have an interest in any contract entered into between the Company and KB Associates.

At the date of this Prospectus, neither the Directors nor any Persons Closely Associated have any beneficial interest in the share capital of the Company or any options in respect of such capital.

There are no loans outstanding made by the Company to any Director nor any guarantee for the benefit of any Director. None of the Directors has or has had any direct or indirect interest in any transaction which are or were unusual in their nature or conditions or significant to the business of the Company and which have been effected since the date of incorporation of the Company.

(vi) *Service Contracts*

There are letters of appointment between each of the Directors and the Company.

(vii) *Borrowing Powers*

The Directors may exercise all powers of the Company to borrow money, to mortgage or charge its undertaking, property, or any part thereof.

(vii) *Retirement of Directors*

There is no provision for the retirement of Directors on their attaining a certain age.

(viii) *Transfer of Shares*

The Directors may at their absolute discretion in the circumstances outlined in Part II: Issue and Redemption of Shares - Restrictions on Purchases and Transfers and Compulsory Redemptions of the Prospectus refuse to register a transfer of Shares unless all applicable taxes and/or stamp duties have been paid in respect of the instrument of transfer and the instrument of transfer is deposited at the office or other such place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, and such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and such relevant information as the Directors may reasonably

require from the transferee.

(ix) *Unclaimed Dividend*

Any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund.

(x) *Winding Up*

If the Directors decide that it is in the best interests of Shareholders to wind up the Company, the Secretary shall forthwith at the Directors' request, convene an extraordinary general meeting of the Company to consider a proposal to appoint a liquidator to wind up the Company. The liquidator, on appointment, will firstly apply the assets of the Company in satisfaction of creditors' claims as he deems appropriate. The assets of the Company will then be distributed amongst the Shareholders. The assets available for distribution amongst the Shareholders shall be applied as follows:

- (a) firstly, those assets attributable to a particular class of Shares shall be paid to the holders of Shares in that class;
- (b) secondly, in the payment to holders of Management Shares of sums up to the nominal amount paid thereon. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to any of the other assets of the Company; and
- (c) any balance then remaining and not attributable to any class of Share shall be apportioned between the classes of Shares pro-rata to the Net Asset Value of each class of Share immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that class held by them.

## **MATERIAL CONTRACTS**

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

(i) *Investment Management Agreement*

- (a) By an agreement dated 14 July 2014 (as amended by way of a side letter dated 23 January 2015) between the Company and Blackfriars Asset Management Limited, the Investment Manager has been appointed as the investment manager of the Company and each Fund with effect from 11.59pm on 14 July, 2014.
- (b) Details of the fees payable to the Investment Manager are set out in Part I: Fees and Expenses - Investment Management Charges of the Prospectus and in the applicable Supplement for each Fund.
- (c) The Investment Management Agreement may be terminated by either party on not less than ninety days' notice in writing. The Agreement may be terminated by either party at any time in certain other circumstances.
- (d) The Company shall hold harmless and indemnify the Investment Manager, its employees, delegates and agents from and against all or any actions, proceedings, losses, liabilities, damages, claims, costs, demands and expenses including, without limitation, legal and professional fees and expenses ("Loss") arising therefrom which may be brought against, suffered or incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement otherwise than due to the wilful default, fraud or negligence of the Investment Manager, its employees, delegates or agents in the performance of its obligations hereunder and in particular (but without limitation) this protection and indemnity shall extend to any Loss arising as a result of any loss, delay, misdelivery or error in

transmission of any cable or telegraphic communication or as a result of acting in good faith upon any forged document or signature.

(ii) *Custodian Agreement*

- (a) The Custodian Agreement between the Company and the Custodian dated 30 January 2015; this Agreement provides that the appointment of the Custodian shall continue until terminated by either party on not less than 90 days' prior written notice or earlier upon certain breaches or the insolvency of either party. The Custodian Agreement contains provisions governing the responsibility and limitations on the responsibility of the Custodian and provides for its indemnification in certain circumstances, subject to exclusion in the case of matters arising by reason of its unjustifiable failure to perform its obligations or its improper performance of its obligations in the performance of its duties.

(iii) *Administration Agreement*

- (a) The Administration Agreement dated 30 January 2015 between the Company and the Administrator. This Agreement provides that the appointment of the Administrator shall continue until terminated by either party on not less than 90 days' prior written notice or earlier upon certain breaches or the insolvency of either party. In the absence of fraud, negligence, recklessness, wilful default or unjustifiable failure to perform its obligations or improper performance of its obligations the Administrator will not be liable for any loss arising as a result of the performance or non-performance by the Administrator of its obligations and duties under the Administration Agreement. The Fund has agreed to indemnify the Administrator against losses suffered by the Administrator in the performance or non-performance of its duties and obligations under the Administration Agreement, except for losses arising out of the fraud, negligence, wilful default, failure to perform or improper performance of its' obligations by the Administrator in the performance or non-performance of its duties under the Administration Agreement.

## **DEFINITION OF "U.S. PERSON"**

"U.S. Person" means a "U.S. Person" as defined in Rule 902 of Regulation S under the 1933 Act and includes:

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

(as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

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

#### **DEFINITION OF “IRISH RESIDENT”**

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

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is present in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he/she is in Ireland at any time during the day.

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

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in the State will be regarded as resident for tax purposes in the State, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in the State set out in the revised section 23A TCA 1997.

The new incorporation rule for determining the tax residence of a company incorporated in the State will apply to companies incorporated on or after 1 January 2015. For companies incorporated in the State before this date, a transition period will apply until 31 December 2020.

We would recommend that any Irish incorporated company that considers it is not Irish tax resident seeks professional advice before asserting this in any tax declaration given to the Company

#### **DEFINITION OF “ORDINARILY RESIDENT IN IRELAND”**

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

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2013 to 31 December 2013 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2016 to 31 December 2016.

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

## **DEFINITION OF "EXEMPT IRISH RESIDENT"**

The term "Exempt Irish Resident" means:

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a person entitled to exemption from income tax and capital gains tax under section 784A(2), section 787I or section 848E of the Taxes Act and the Shares held are assets of an approved retirement fund, an approved minimum retirement fund, a special savings incentive account or a personal retirement savings account (as defined in section 787A of the Taxes Act);
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Treasury Management Agency or a Fund investment vehicle within the meaning of section 739D(6)(kb) of the Taxes Act;
- the National Pensions Reserve Fund Commission or a Commission investment vehicle (within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 as amended);
- the State acting through the National Pensions Reserve Fund Commission or a Commission investment vehicle within the meaning given by section 2 of the National Pensions Reserve Fund Act 2000 (as amended);
- a company within the charge to corporation tax under section 739G(2) of the Taxes Act but only where the fund is a money market fund;
- the Courts Service;
- the National Asset Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration (or other appropriate form of declaration as applicable) and such other information evidencing such status is in the possession of the Company on the appropriate date.

## **DOCUMENTS FOR INSPECTION**

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

- (a) Certificate of Incorporation, Memorandum and Articles of Association of the Company;
- (b) the material contracts referred to under “General Information - Material Contracts”;
- (c) the latest available annual and semi-annual reports;
- (d) the Regulations and the Central Bank UCITS Regulations issued by the Central Bank;
- (e) the Irish Companies Act 2014; and
- (f) a list of past and current directorships and partnerships held by each Director over the last five years.

Copies of the Articles of Association of the Company may be obtained from the office of the Administrator and at the office of the Investment Manager where copies of the Annual Reports, the subsequent semi-annual reports (if published thereafter), the Prospectus thereto and the key investor information document relating to each class of Shares of each Fund may be obtained free of charge and are made available for inspection free of charge.