



# PowerShares Global Funds Ireland Public Limited Company

*(An umbrella investment company with variable capital having segregated liability between its Funds)*

## Supplement relating to

### PowerShares FTSE RAFI All-World 3000 UCITS ETF

This Supplement contains information relating to PowerShares FTSE RAFI All-World 3000 UCITS ETF which is a separate Fund of PowerShares Global Funds Ireland public limited company (the "Company"). **This Supplement forms part of and should be read in the context of, and together with, the prospectus of the Company dated 6 October 2014 and any amending supplements to the prospectus (the "Prospectus").**

If you are in any doubt about the action to be taken or the contents of this Supplement please consult your stockbroker, bank manager, lawyer, accountant or other independent professional adviser.

The Shares of the RAFI All-World 3000 UCITS ETF have been admitted to the Official List of the Irish Stock Exchange and are admitted to and are traded on the London Stock Exchange. Shares may be admitted to or traded on such other exchanges (such as the Borsa Italiana, the Deutsche Börse, the NYSE Euronext Paris and the SIX Swiss Exchange) as the Directors may decide from time to time.

**Manager**  
**Invesco Global Asset Management Limited**

**Investment Manager**  
**Invesco PowerShares Capital Management LLC**

Potential investors should consider the risk factors set out in the Prospectus and in this Supplement before investing in the RAFI All-World 3000 UCITS ETF.

The Directors of the Company whose names appear under the section 6 “Management and Administration” in the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

The date of this Supplement No. 13 is 28 July 2015.

This Supplement No. 13 replaces the Supplement No. 13 dated 6 October 2014.

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## Contents

<b>1. Definitions</b>	<b>2</b>
<b>2. PowerShares FTSE RAFI All-World 3000 UCITS ETF</b>	<b>3</b>
2.1 Introduction	3
2.2 Investment Objective and Policies	3
2.3 Investment and Borrowing Restrictions	4
2.4 Dividend Policy	4
2.5 Calculation of Net Asset Value	4
2.6 Subscriptions	4
2.7 Redemptions	5
2.8 Switching	6
2.9 Transfer of Shares	6
2.10 Fees and Expenses	6
2.11 Risk Factors	6
2.12 Anticipated Tracking Error	6
<b>3. The Index</b>	<b>8</b>
<b>4. Index Disclaimer</b>	<b>9</b>

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# 1. Definitions

## **“Base Currency”**

the base currency of the RAFI All-World 3000 UCITS ETF, which is US Dollars.

## **“Business Day”**

in respect of the RAFI All-World 3000 UCITS ETF, a day on which commercial banks are generally open for business in Dublin and New York (or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders).

## **“Dealing Day”**

a day on which a stock exchange on which the RAFI All-World 3000 UCITS ETF is traded or listed is open for business and a day on which any of the markets on which the RAFI All-World 3000 UCITS ETF's investments are listed or traded are open for business; unless otherwise determined by the Directors and notified in advance to Shareholders. A list of Dealing Days for the RAFI All-World 3000 UCITS ETF will be available on the Website.

## **“Dealing Deadline”**

in respect of the RAFI All-World 3000 UCITS ETF, no later than 4.00 p.m. GMT on any Dealing Day (or such earlier or later time prior to the Valuation Point as the Directors may, at their discretion, determine and notify in advance to Shareholders). The effective deadline for in-kind transactions may be earlier depending upon the Recognised Clearing and Settlement System used, and any such earlier time will be notified by the Administrator.

## **“Index”**

the FTSE RAFI® All-World 3000 Index (Net Total Return) in USD.

## **“Index Provider”**

in respect of the RAFI All-World 3000 UCITS ETF, FTSE International Limited.

## **“Portfolio Composition File”**

the file setting out the form of Investments and Cash Component which may be transferred to the RAFI All-World 3000 UCITS ETF in satisfaction of the price of Shares.

## **“Portfolio Deposit”**

the portfolio of Investments, plus or minus (as the case may be) the Cash Component, to be delivered to the RAFI All-World 3000 UCITS ETF in subscribing for one Creation Unit or to be delivered by the RAFI All-World 3000 UCITS ETF in redeeming one Creation Unit.

## **“Publication Time”**

in respect of the Portfolio Composition File, shall be 7.00 a.m. GMT on each Dealing Day.

## **“RAFI All-World 3000 UCITS ETF”**

PowerShares FTSE RAFI All-World 3000 UCITS ETF.

## **“Shares”**

Shares of the RAFI All-World 3000 UCITS ETF.

## **“Valuation Point”**

the valuation point for the RAFI All-World 3000 UCITS ETF shall be 4.00 p.m. (New York time) on each Dealing Day or such other time as the Directors may from time to time determine. For the avoidance of doubt, the Valuation Point shall be after the cut-off time for receipt of applications for

subscriptions and redemptions in the RAFI All-World 3000 UCITS ETF for the relevant Dealing Day.

Capitalised expressions used and not defined in this Supplement shall bear the meanings as set out in the Prospectus.

## 2. PowerShares FTSE RAFI All-World 3000 UCITS ETF

### 2.1 Introduction

The Company is an open-ended investment company with variable capital structured as an umbrella fund with segregated liability between its Funds. The Company is authorised by the Central Bank as an Undertaking for Collective Investment in Transferable Securities ("UCITS") for the purposes of the Regulations. The share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate Fund of the Company. Each Fund may have more than one Share class.

The Articles provide that the Company may offer separate classes of Shares, each representing interests in a Fund comprising a distinct portfolio of investments. In addition, each Fund may be further divided into a number of different classes within the Fund. The Funds in existence are set out in the Global Supplement.

The Prospectus sets out information that applies to each and every Fund of the Company. This includes risk factors, the management and administration of the Funds by the Company, Fund valuations, procedures for subscriptions, redemptions and transfers of Shares in the Funds, details of fees and expenses payable by the Funds and taxation of Shares in the Funds. The Prospectus also contains a summary of the Company's Articles (see section 11 "Statutory and General Information" in the Prospectus).

This Supplement contains specific information relating to the RAFI All-World 3000 UCITS ETF.

All terms and conditions relating to the Company generally as set out in the Prospectus apply to the RAFI All-World 3000 UCITS ETF, save as set out in this Supplement.

Potential investors should also refer to the Company's most recent Annual Report and Semi-Annual Report prior to investing in the RAFI All-World 3000 UCITS ETF.

The RAFI All-World 3000 UCITS ETF is suitable for medium to long term investors seeking capital growth and income through investment in equities which may rise or fall in value and who are willing to accept a moderate level of volatility. The RAFI All-World 3000 UCITS ETF may not be suitable for investors who plan to withdraw their money within 5 years.

The base currency of the RAFI All-World 3000 UCITS ETF is US Dollars. As at the date of this Supplement, the RAFI All-World 3000 UCITS ETF currently has one Share class which is denominated in US Dollars. As at the date of this Supplement, there are no other Share classes in the RAFI All-World 3000 UCITS ETF, but additional Share classes may be added in the future in accordance with the requirements of the Central Bank.

**An investment in the RAFI All-World 3000 UCITS ETF should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors due to investment in emerging markets.**

### 2.2 Investment Objective and Policies

The investment objective of the RAFI All-World 3000 UCITS ETF is to provide investors with investment results which, before expenses, correspond to the price and yield performance of the Index in US Dollar terms.

The Investment Manager uses an optimal sampling method of

the 'index-tracking' strategy whereby the RAFI All-World 3000 UCITS ETF will so far as possible and practicable hold a sample of the components of the Index.

In tracking the Index, the Investment Manager applies sampling techniques to select securities from the Index that use factors such as market returns, sector and region exposures, bond and oil returns, market development, size, value and growth variables as well as certain statistical factors. It is generally expected that the RAFI All-World 3000 UCITS ETF will hold less than the total number of securities in the Index, however, the Investment Manager reserves the right to hold as many securities as it believes necessary to achieve the RAFI All-World 3000 UCITS ETF's investment objective.

However, there are a number of circumstances where gaining access to components of the Index may be prohibited by regulation, or may not otherwise be in the interests of Shareholders. These include, but are not limited to, the following:

- (i) the RAFI All-World 3000 UCITS ETF is subject to the Regulations which include, *inter alia*, certain restrictions on the proportion of the RAFI All-World 3000 UCITS ETF's value which may be held in individual securities. Depending on the concentration of the Index, the RAFI All-World 3000 UCITS ETF may hold financial derivative instruments ("FDIs") (as outlined below) within the limits set out in the Prospectus, provided that the return on the FDIs is correlated to, or reflective of the return on securities which form part of the Index;
- (ii) the components of the Index change from time to time. The Investment Manager may adopt a variety of strategies when trading the RAFI All-World 3000 UCITS ETF to bring it in line with the changed benchmark. For example where a security which forms part of the Index is not available or a market for such security does not exist, the RAFI All-World 3000 UCITS ETF may instead hold depository receipts relating to such securities (eg ADRs and GDRs);
- (iii) from time to time, securities in the Index may be subject to corporate actions. The Investment Manager has discretion to manage these events in the most efficient manner;
- (iv) the RAFI All-World 3000 UCITS ETF may hold ancillary liquid assets and will normally have dividends receivable. The Investment Manager may purchase FDIs for direct investment purposes, to produce a return similar to the return on the Index;
- (v) securities held by the RAFI All-World 3000 UCITS ETF and included in the Index may, from time to time, become illiquid or otherwise unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities whose returns, individually or collectively, are seen to be well-correlated to desired constituents of the Index or purchasing a sample of stocks in the Index;
- (vi) the Investment Manager will have regard to the costs of any proposed portfolio transaction. It may not necessarily be efficient to execute transactions which bring the RAFI All-World 3000 UCITS ETF perfectly in line with the Index at all times; or

## 2. PowerShares FTSE RAFI All-World 3000 UCITS ETF

### Continued

- (vii) the RAFI All-World 3000 UCITS ETF may sell stocks that are represented in the Index in anticipation of their removal from the Index, or purchase stocks not represented in the Index in anticipation of their addition to the Index.

The Investment Manager may utilise various combinations of available investment techniques, in seeking to track the Index. These may include investments in FDIs such as swaps and swaptions (interest rate, foreign exchange, index, credit default and total return) to increase capital gains, hedge or alter exposure to a security which is not readily accessible or to gain exposure to the components of the Index or to the Index itself. Options (interest rate, bond and foreign exchange) may also be used to hedge or to achieve exposure to a particular security instead of investing directly. FDIs may be used for direct investment and/or efficient portfolio management purposes in accordance with the limitations set down in Schedule II to the Prospectus. FDIs will be used subject to the conditions of, and within the limits laid down by the Central Bank and will only be used in conjunction with a risk management process ("RMP") that has been cleared in advance by the Central Bank which enables a Fund to measure, monitor and manage the risks associated with FDIs. The RAFI All-World 3000 UCITS ETF may also utilise new techniques and instruments as developed from time to time which may be suitable for use provided that they are in accordance with the requirements of the Central Bank and used in conjunction with a RMP that has been cleared by the Central Bank. While it is not the Investment Manager's intention to leverage the RAFI All-World 3000 UCITS ETF, any leverage resulting from the use of FDIs will be done so in accordance with the Regulations and as disclosed in Schedule II to the Prospectus. The RAFI All-World 3000 UCITS ETF will not invest in fully funded FDIs, including fully funded swaps.

The RAFI All-World 3000 UCITS ETF may in order to gain exposure to the components of the Index invest in collective investment schemes. For cash management purposes, the RAFI All-World 3000 UCITS ETF may invest in collective investment schemes or hold ancillary liquid assets such as cash, commercial paper (i.e. short term paper issued by credit institutions) and money market obligations such as short and medium-term treasury bills and treasury notes (both fixed and floating rate) certificates of deposit, bankers' acceptances, and variable and floating rate instruments (being debt instruments, the interest return on which is variable) which are either of investment grade or are issued or guaranteed by a national government or its agencies.

The Index may be changed in certain circumstances (as set out in section 4.4 "Indices" in the Prospectus).

### 2.3 Investment and Borrowing Restrictions

The RAFI All-World 3000 UCITS ETF may not invest more than 10% of its Net Asset Value in units or shares of other collective investment schemes.

The Company is a UCITS and accordingly the RAFI All-World 3000 UCITS ETF is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in Schedule III of the Prospectus.

### 2.4 Dividend Policy

Dividends will be declared in the Base Currency.

It is intended that the Company will, in respect of the US Dollar

Share class in the RAFI All-World 3000 UCITS ETF, declare and pay dividends attributable to the US Dollar Share class in respect of each financial quarter in which the total income of the RAFI All-World 3000 UCITS ETF exceeds fees and expenses by more than a de minimis amount determined by the Directors from time to time. Dividends will ordinarily be declared in December March, June and September and paid (if payable) on the last Business Day of the following month.

The Directors may establish Share classes with different distribution policies from time to time.

The Directors intend to maintain a dividend policy which enables the US Dollar Share class of the RAFI All-World 3000 UCITS ETF to qualify as a reporting fund for UK tax purposes. Dividends will be paid into the account of the Shareholder as notified to the Administrator.

Investors are referred to section 4.5 "Dividend Policy" in the Prospectus for further details in relation to the Company's dividend policy.

### 2.5 Calculation of Net Asset Value

The Net Asset Value of the RAFI All-World 3000 UCITS ETF will be expressed in the Base Currency and will be calculated by the Administrator as at the Valuation Point in accordance with the requirements of the Articles. Full details are set out in the Prospectus in section 7.1 "Calculation of Net Asset Value" and section 11 "Statutory and General Information".

The Net Asset Value per Share of the RAFI All-World 3000 UCITS ETF shall be published daily (on the Business Day following the Valuation Point for the relevant Dealing Day) on the Website.

### 2.6 Subscriptions

Investors are referred to the procedures for subscribing for Creation Units and Shares as outlined in section 7 of the Prospectus.

#### Subscriptions

Applications for Shares in the RAFI All-World 3000 UCITS ETF may be made by Authorised Participants who meet the criteria set out in the Prospectus and this Supplement and must be received by the Administrator by the Dealing Deadline. All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point for the relevant Dealing Day. Applicants should consult section 7 of the Prospectus for further details.

All initial applications for Shares in the RAFI All-World 3000 UCITS ETF must be accompanied by a completed application form which may be obtained from the Administrator. Application forms shall (save as determined by the Manager) be irrevocable and shall be sent by facsimile at the risk of the applicant with the original to follow promptly.

Failure to provide the original application form may, at the discretion of the Manager, result in compulsory redemption of the relevant Shares and applicants will be unable to receive the proceeds of their redemption of Shares on request until the original application form has been received.

Applications for subscriptions must normally be received and accepted by the Dealing Deadline. Any applications received after that time will normally be held over until the next Dealing

## 2. PowerShares FTSE RAFI All-World 3000 UCITS ETF

### Continued

Day but may be accepted for dealing on the relevant Dealing Day, at the discretion of the Directors, provided they are received prior to the Valuation Point.

#### Minimum Subscription

##### *Creation Units*

For the purposes of the RAFI All-World 3000 UCITS ETF, a Creation Unit corresponds to 100,000 Shares of the RAFI All-World 3000 UCITS ETF. The Manager may, upon prior notice to Shareholders, change the size of a Creation Unit if it determines that such a change would enhance the attractiveness of the RAFI All-World 3000 UCITS ETF to investors.

Applications for Creation Units must be in multiples of 100,000 Shares of the RAFI All-World 3000 UCITS ETF.

##### *Cash*

In case of cash subscriptions, the minimum subscription amount is one Creation Unit of the RAFI All-World 3000 UCITS ETF (or such other amount at the discretion of the Manager).

#### Subscription Price

##### *Creation Units*

In the case of subscriptions for Creation Units, the price per Creation Unit is 100,000 times the Net Asset Value per Share in the RAFI All-World 3000 UCITS ETF. On each Dealing Day on which the application for Creation Units is accepted, the Administrator will report to the applicant the amounts of the Cash component, In-Kind Transaction Fee and Transaction Taxes, if any, to be delivered by the applicant to the Custodian with the Portfolio Deposit.

##### *Cash*

In the case of cash subscriptions, Shares may be subscribed for on each Dealing Day at the Net Asset Value per Share plus, if applicable, any Transfer Taxes. Cash subscriptions are also subject to a Cash Transaction Fee of up to 3% of the Net Asset Value of Shares subscribed for. Such fee may be waived by the Manager at its discretion in any case.

#### Settlement

##### *Creation Units*

The Portfolio Deposit must be received by the Custodian three Business Days following the Business Day on which the application for subscription is accepted (or such earlier time as the Directors may determine and notify in advance to the applicant). This may vary depending upon the standard settlement periods of the different stock exchanges on which the Shares are traded and the nature of the securities comprised in the Portfolio Deposit but shall not in any event exceed ten Business Days from the relevant Dealing Day.

No Shares of a Creation Unit will be issued to the applicant until all the securities in the Portfolio Deposit have been received by the Custodian and the requisite In-Kind Transaction Fee and, if applicable, Transfer Taxes have been received by the Custodian.

##### *Cash*

An investor will not be deemed to have subscribed for Shares in the RAFI All-World 3000 UCITS ETF by way of cash subscription until such time as the cash subscription amount is received by the Custodian.

### 2.7 Redemptions

Shareholders are referred to the procedures for redeeming Creation Units and Shares as outlined in section 7.5 of the Prospectus.

All redemption applications for Shares in the RAFI All-World 3000 UCITS ETF must be accompanied by a completed redemption form which may be obtained from the Administrator. Redemption forms shall (save as determined by the Manager) be irrevocable and shall be sent by facsimile at the risk of the applicant, with the original to follow.

Redemption applications must normally be received and accepted by the Dealing Deadline. Any redemption applications received after that time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day, at the discretion of the Directors, provided they are received prior to the Valuation Point.

#### Minimum Redemption

##### *Creation Units*

Applications for the redemption of Creation Units must be in multiples of 100,000 Shares of the RAFI All-World 3000 UCITS ETF.

##### *Cash*

There is no minimum redemption amount for cash redemptions.

#### Redemption Price

##### *Creation Units*

The redemption price per Creation Unit will equal the aggregate of the daily Net Asset Value per Share on the relevant Dealing Day of the Shares comprising the Creation Unit less or in addition to (as the case may be) the Cash Component of the Portfolio Deposit, relevant In-Kind Transaction Fee and, to the extent that they are applicable, any Transfer Taxes and a Redemption Dividend. Any cash to be paid in respect of an in-kind redemption will be for value on the same day as settlement of the securities.

##### *Cash*

Shares will be redeemed at the Net Asset Value per Share on the Dealing Day on which the redemption application was made together with a Redemption Dividend (if applicable) and less (if applicable) any Transfer Taxes. Redemption proceeds will be paid net of a Cash Transaction Fee of up to 3% of the Net Asset Value of Shares being redeemed and any telegraphic transfer costs. Such fee may be waived by the Manager at its discretion in any case.

#### Settlement

##### *Creation Units*

The standard settlement period for in-kind redemptions is three Business Days following the Business Day on which the application for redemption is accepted but may vary depending upon the standard settlement periods of the different stock exchanges on which the Shares are traded and the securities in the Portfolio Deposit. Delivery of securities will be on a free delivery settlement basis.

##### *Cash*

Redemption proceeds for cash redemptions will be effected no later than three Business Days after the relevant Valuation Date, subject to delivery of the Shares.

## 2. PowerShares FTSE RAFI All-World 3000 UCITS ETF

### Continued

#### 2.8 Switching

Shareholders of the class of Shares of the RAFI All-World 3000 UCITS ETF on offer pursuant to this Supplement may switch to the existing class of Shares of each of the other Funds of the Company in accordance with the provisions of section 7.11 of the Prospectus.

It should be noted that the Company will normally impose a fee on the switching of any Shares between Funds of up to 3% of the Net Asset Value of each Share to be switched. Such fee may be waived by the Manager at its discretion in any case.

A Redemption Dividend may be payable immediately prior to a switch in respect of the accrued income reflected in the Net Asset Value of the Shares which are to be switched.

#### 2.9 Transfer of Shares

Shares are freely transferable in accordance with the criteria and procedures set out in section 7.12 "Transfer of Shares" in the Prospectus.

#### 2.10 Fees and Expenses

The Manager will be entitled to a maximum fee of 0.50% per annum of the Net Asset Value of the RAFI All-World 3000 UCITS ETF. The Manager will be responsible for discharging, from its fee, all fees of the Investment Manager, the Administrator and the Custodian together with all reasonable out of pocket expenses of such service providers (excluding sub-custodial fees and expenses, (which will be at normal commercial rates) and transaction related charges of the Administrator and Custodian). The Manager will also be responsible for discharging from its fee other costs attributable to the RAFI All-World 3000 UCITS ETF as detailed in section 8 "Operational Expenses" in the Prospectus.

##### Establishment Expenses

Establishment costs not exceeding US\$50,000 may be borne by the RAFI All-World 3000 UCITS ETF and will be amortised over the first five financial years of the lifetime of the RAFI All-World 3000 UCITS ETF or such other period as the Directors deem appropriate and on such terms and in such manner as the Directors deem fair and equitable. Any amendment to the amortisation period will be notified to Shareholders in the next periodic report of the Company.

##### In-Kind Transaction Fee

On any Dealing Day, an Authorised Participant requesting one or more Creation Units will be subject to an In-Kind Transaction Fee as described in the Prospectus (Section 2. Definitions) of up to 1% of the Net Asset Value of Shares being subscribed or redeemed, the actual amount of which will be published on the Website. Such fee may be waived by the Manager at its discretion in any case.

#### 2.11 Risk Factors

Investors should consider the following risk factors in addition to the risks outlined in section 5 of the Prospectus.

##### Emerging Market Securities Risk

Investments in the securities of issuers in emerging market countries involve certain risks and special considerations not typically associated with investing in the securities of issuers in

other more established economies or developed countries. Such risks may include:

- (a) the risk of nationalisation or ex-appropriation of assets or confiscatory taxation;
- (b) social, economic and political instability or uncertainty including war;
- (c) price fluctuations, less liquidity and smaller capitalisation of securities market;
- (d) currency exchange rate fluctuations;
- (e) high rates of inflation;
- (f) controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for US Dollars;
- (g) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers;
- (h) less extensive regulation of the securities markets;
- (i) longer settlement periods for securities transactions;
- (j) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and
- (k) as the RAFI All-World 3000 UCITS ETF may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the RAFI All-World 3000 UCITS ETF which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, maybe exposed to risk in circumstances whereby the Custodian will have no liability.

##### Sampling Risk

The RAFI All-World 3000 UCITS ETF's use of a sampling approach will result in it holding a smaller number of securities than are in the Index. This may affect its ability to track the Index and may result in larger fluctuations in its value than if it held all of the securities in the Index.

#### 2.12 Anticipated Tracking Error

Tracking error is the standard deviation of the difference in returns between a fund and its benchmark index. Anticipated tracking error is based on the expected standard deviation of differences between the returns of the relevant fund and the returns of its benchmark index. For a physically replicating exchange traded fund, one of the primary drivers of tracking error is the difference between a fund's holdings and its benchmark index constituents. Cash management, trading costs from rebalancing the benchmark index and the return differential between the exchange traded fund and the benchmark index can affect or impact tracking error. The impact can be either positive or negative depending on the underlying circumstances.

ETFs are designed to track a specific market segment, investment theme or widely followed benchmark. Since they are passive in nature, tracking error for an ETF should be low



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## 2. PowerShares FTSE RAFI All-World 3000 UCITS ETF

### Continued

or nonexistent in theory. The causes of tracking error for ETFs can include, but are not limited to the following: holdings/size of the fund, regulatory issues/constraints, cash flows and fees.

The anticipated tracking error of the RAFI All-World 3000 UCITS ETF, in normal market conditions, is 0.10% - 1.00%. The anticipated tracking error of a Fund is not a guide to its future performance.

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### 3. The Index

The Directors have selected the Index as the basis for the selection of the securities to be held by the RAFI All-World 3000 UCITS ETF because, in the opinion of the Directors, the Index constitutes a broadly diversified segment of companies listed on FTSE. Additionally, the Index has achieved wide acceptance by both investors and market professionals.

The methodology used by the Index is to track the performance of the top 3000 companies listed on the FTSE Global All Cap Index. The Index selects and weights index constituents using fundamental values, based on four measures of company size ("fundamental measures"): book value (the percentage representation of each stock using book value), income (the percentage representation of each stock using cash flow averaged over the prior five years), sales (the percentage representation of each stock using only sales) and dividends (the percentage representation of each stock using dividend distributions averaged over the prior five years). Equities are then ranked in descending order of their fundamental values and the fundamental value of each company is divided by its free-float adjusted market capitalisation. The 3000 largest companies are then selected. These will be the Index constituents. Their weights in this Index will be set proportional to their fundamental values.

Stocks in the Index are free-float weighted to ensure that only the investable opportunity set are included within the Index. The Index is transparent, independently governed and provides investors with freely available index rules, overseen by an independent committee of leading market professionals. The methodology for the Index includes using the audited dollar values of cash flow, book value, total sales and gross dividend to derive each constituent index weight. Prices, which can be prone to speculation, are not a component of the weights. As the fundamental weightings are regularly reviewed at the index review each March, the constituent weights are less affected by market bubbles that can over-expose an investor to individual companies, sectors or countries. For more information go to [www.ftse.com/rafi](http://www.ftse.com/rafi). The Index rebalances annually.

The exact composition of the Index is available on the Website.

The Company has been granted a licence to use the Index as a basis for determining the composition of the RAFI All-World 3000 UCITS ETF and to use certain service marks and trademarks of the Index Provider in connection with the RAFI All-World 3000 UCITS ETF. The Index Provider is not responsible for and shall not participate in the creation or sale of shares or in the determination of the timing of, prices at, or quantities and proportions in which purchases or sales of securities based on the composition of the Index shall be made.

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## 4. Index Disclaimer

The RAFI All-World 3000 UCITS ETF are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), by the London Stock Exchange plc (the "Exchange"), by The Financial Times Limited ("FT") or by Research Affiliates LLC ("RA") (collectively the "Licensor Parties"), and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE in conjunction with RA. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

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Research Affiliates has developed and may continue to develop proprietary securities indexes created and weighted based on the U.S. patented and patent-pending proprietary intellectual property of Research Affiliates, LLC, the Fundamental Index® concept, the non-capitalization method for creating and weighting of an index of securities, (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719 and 8,005,740; Patent Pending Publication Nos. WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "Fundamental Index®" and/or "Research Affiliates Fundamental Index®" and/or "RAFI" and/or all other RA trademarks, trade names, patented and patent-pending concepts are the exclusive property of Research Affiliates, LLC.