



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 Emerging Markets UCITS ETF

This Supplement contains information relating to PowerShares FTSE RAFI Emerging Markets 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 Emerging Markets UCITS ETF have been admitted to the Official List of the Irish Stock Exchange and have been admitted to and are traded on the Borsa Italiana, the Deutsche Börse, the London Stock Exchange, the NYSE Euronext Paris and the SIX Swiss Exchange. Shares may be admitted to and traded on such other exchanges 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 Emerging Markets UCITS ETF.

The Directors of the Company whose names appear in 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. 12 is 6 October 2014.

This Supplement No. 12 replaces the Supplement No. 12 dated 17 February 2014.

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1. Definitions

“Base Currency”

the base currency of the RAFI Emerging Markets UCITS ETF is US Dollars.

“Business Day”

in respect of the RAFI Emerging Markets 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 Emerging Markets UCITS ETF is traded or listed is open for business and a day on which any of the markets on which the RAFI Emerging Markets UCITS ETF 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 Emerging Markets UCITS ETF will be available on the Website.

“Dealing Deadline”

in respect of the RAFI Emerging Markets UCITS ETF, no later than 4.00 p.m. (Irish time) 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® Emerging Markets Net Index Total Return USD.

“Index Provider”

in respect of the RAFI Emerging Markets 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 Emerging Markets UCITS ETF in satisfaction of the price of Shares.

“Publication Time”

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

“RAFI Emerging Markets UCITS ETF”

PowerShares FTSE RAFI Emerging Markets UCITS ETF.

“Shares”

Shares of the RAFI Emerging Markets UCITS ETF.

“Valuation Point”

the valuation point for the RAFI Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Emerging Markets UCITS ETF.

All terms and conditions relating to the Company generally as set out in the Prospectus apply to the RAFI Emerging Markets 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 Emerging Markets UCITS ETF.

The RAFI Emerging Markets 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 Emerging Markets UCITS ETF may not be suitable for investors who plan to withdraw their money within 5 years.

The base currency of the RAFI Emerging Markets UCITS ETF is US Dollars. The RAFI Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Emerging Markets 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.

Until 31 March 2014, in order to achieve this investment objective the Investment Manager will primarily use the

synthetic replication method of the 'index-tracking' strategy. The RAFI Emerging Markets UCITS ETF will gain exposure to the Index primarily through the use of FDIs, principally total return swaps. From 1 April 2014, the Investment Manager will use the full physical replication method as the only 'index tracking' strategy whereby the **RAFI Emerging Markets UCITS ETF** will so far as possible and practicable hold all of the shares in the Index in their respective weightings in the Index, subject to the Investment Restrictions. The Investment Manager will seek to replicate the Index constituents and **may therefore have exposure to or interest up to 20% of the Net Asset Value of the RAFI Emerging Markets UCITS ETF in shares issued by the same body, which limit may be raised to 35% for a single issuer in exceptional market circumstances.**

The RAFI Emerging Markets UCITS ETF's use of FDIs (in pursuit of the investment objective until 31 March 2014) may result in the RAFI Emerging Markets UCITS ETF having a substantial portion of its Net Asset Value in cash assets. The Investment Manager will therefore seek to employ an effective cash management policy to seek to maximise the value of such holdings to the RAFI Emerging Markets UCITS ETF. In pursuit of the cash management policy, the RAFI Emerging Markets UCITS ETF may invest in a variety of money market funds and money market instruments (such as commercial paper, certificates of deposit, treasury bills, treasury notes (fixed and floating rates) government guaranteed bonds, asset-backed securities, mortgage-backed securities, publicly traded corporate bonds and floating rate notes), in short/medium/long term deposits and in FDIs including, but not limited to swaps, options and futures, repurchase and/or reverse purchase agreements.

The Investment Manager may, in its discretion, pool all or specified portions of the cash assets of the RAFI Emerging Markets UCITS ETF with cash assets of other Funds of the Company in the manner set out in section 4.2.2 "Common Investment Pools" in the Prospectus.

Where it is not possible to gain exposure to the Index through the use of FDIs such as total return swaps or if the Investment Manager otherwise believes it to be in the best interests of the RAFI Emerging Markets UCITS ETF, or from 1 April 2014, the Investment Manager may seek to gain the Index exposure by directly holding the constituents of the Index (full physical replication method). Where such direct holding is proposed, the Investment Manager's intention would be to hold a portfolio of securities that, as far as possible and practicable, consists of the component securities of the Index in their respective weightings. However, there are a number of circumstances where this 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 Emerging Markets UCITS ETF is subject to the Regulations which include, *inter alia*, certain restrictions on the proportion of the RAFI Emerging Markets UCITS ETF's value which may be held in individual securities. Depending on the concentration of the Index, the RAFI Emerging Markets UCITS ETF may hold financial derivative instruments ("FDIs") (as outlined below) within the limits set out in the Prospectus, provided that the FDIs are securities which are correlated to, or the return on which is based on securities which form part of the Index;
- (ii) the constituent securities of the Index change from time to time. The Investment Manager may adopt a variety of strategies when trading the RAFI Emerging Markets UCITS ETF to bring it in line with the changed

2. PowerShares FTSE RAFI Emerging Markets UCITS ETF

Continued

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 Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Fund perfectly in line with the Index at all times; or
- (vii) the RAFI Emerging Markets 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 also combine direct investing in securities with other available investment techniques, in seeking to replicate the Index. These may include FDIs including, but not limited to, 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 market 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 Emerging Markets 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. In addition to the foregoing, transactions in FDI may be used for such other reasons as the Directors deem of benefit to the RAFI Emerging Markets UCITS ETF.

The RAFI Emerging Markets UCITS ETF will not invest in fully funded FDIs, including fully funded swaps.

Leverage generated in the RAFI Emerging Markets UCITS ETF through the use of FDIs will not exceed 100% of its NAV and is in accordance with the Regulations.

In addition to the pooling for cash management purposes outlined above, the RAFI Emerging Markets UCITS ETF may, in order to gain exposure to the components of the Index or for cash management purposes, invest in ancillary liquid assets such as those set out above.

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 Company is a UCITS and accordingly the RAFI Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 Emerging Markets 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.

2. PowerShares FTSE RAFI Emerging Markets UCITS ETF

Continued

Subscriptions

Applications for Shares in the RAFI Emerging Markets 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 Emerging Markets 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 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 Emerging Markets UCITS ETF, a Creation Unit corresponds to 100,000 Shares of the RAFI Emerging Markets 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 Emerging Markets UCITS ETF to investors.

Applications for Creation Units must be in multiples of 100,000 Shares of the RAFI Emerging Markets UCITS ETF.

Cash

In case of cash subscriptions, the minimum subscription amount is one Creation Unit of the RAFI Emerging Markets 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 Emerging Markets 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 Emerging Markets 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 the Prospectus.

All redemption applications for Shares in the RAFI Emerging Markets 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 Emerging Markets 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.

2. PowerShares FTSE RAFI Emerging Markets UCITS ETF

Continued

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.

2.8 Switching

Shareholders of the class of Shares of the RAFI Emerging Markets 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 0.65% per annum of the Net Asset Value of the RAFI Emerging Markets 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 Emerging Markets 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 Emerging Markets UCITS ETF and will be amortised over the first five financial years of the lifetime of the RAFI

Emerging Markets 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

Until 31 March 2014, investors are referred to the OTC Swap risk factors outlined in section 5 of the Prospectus. 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 Emerging Markets UCITS ETF may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the RAFI Emerging Markets 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.

2. PowerShares FTSE RAFI Emerging Markets UCITS ETF

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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 volatility 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, like index funds, 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 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 Emerging Markets UCITS ETF, in normal market conditions, is 0.10% - 2.00%. The anticipated tracking error of a Fund is not a guide to its future performance.

3. The Index

The Directors have selected the Index as the basis for the selection of the securities to be held by the RAFI Emerging Markets UCITS ETF because, in the opinion of the Directors, the Index constitutes a broadly diversified segment of the largest securities 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 companies with the largest RAFI fundamental value selected from large-cap, mid-cap and small-cap constituents of the FTSE Emerging Markets Net Index Total Return USD. The fundamental value is based on four measures of firm 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 350 largest stocks are then selected. These will be the Index constituents. Their weights in this Index will be set proportional to their fundamental values.

The Index Provider will consider securities from all listed companies domiciled in the following emerging market countries for inclusion in the Index: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. The emerging market countries are reviewed on an annual basis.

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 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.

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 Emerging Markets UCITS ETF and to use certain service marks and trademarks of the Index Provider in connection with the RAFI Emerging Markets 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.

4. Index Disclaimer

The RAFI Emerging Markets 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 FTSE RAFI Emerging Markets Net Index Total Return USD (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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Investors should be aware of the risks associated with data sources and quantitative processes used in our investment management process. Errors may exist in data acquired from third party vendors, the construction of model portfolios, and in coding related to the index and portfolio construction process. While Research Affiliates takes steps to identify data and process errors so as to minimize the potential impact of such errors on index and portfolio performance, we cannot guarantee that such errors will not occur.

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.