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**This Supplement contains information relating to the Fund which is a separate fund of the Company. This Supplement forms part of and should be read in the context of, and together with, the Prospectus for the Company dated 26 May 2016, and any amending Supplements and Addenda 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 authorised under the Financial Services and Markets Act 2000 immediately.**

**Upon issue, the Shares will be admitted to trading on the main market of the LSE.**

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**iShares IV Public Limited Company**  
*(an umbrella open-ended investment company with variable capital  
and having segregated liability between its funds)*

**Supplement relating to**  
**iShares Edge MSCI USA Quality Factor UCITS ETF**  
**MANAGER**

**BlackRock Asset Management Ireland Limited**

**INVESTMENT MANAGER**  
**BlackRock Advisors (UK) Limited**

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Potential investors should consider the risk factors set out in the Prospectus and in this Supplement before investing in the Fund.

The Directors of the Company whose names appear both on the Company's directorship register and under the heading "Management of the Company" 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.

Save as disclosed in this Supplement, there has been no significant change and no significant new matter has arisen since publication of the Prospectus.

Application has been made for all of the Shares issued and to be issued to be traded on the London Stock Exchange. The Fund constitutes a new fund of the Company and the Shares will be allocated to the Fund as and when issued.

It is expected that dealings in the Shares will commence on or about 19 March 2017.

The date of this Supplement No. 5 is 16 September 2016.

To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail.

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## DEFINITIONS

*"Account Opening Form"*, such account opening form or application form (as the context requires) as the Directors may prescribe, to be completed by the Authorised Participant for the purposes of opening a Primary Market dealing account in relation to the Fund; or to be completed by the Common Depositary's Nominee for the purposes of applying for Shares to be issued in its name and to include authorisation for the Company to deal with Authorised Participants (as applicable).

*"Authorised Participant"*, a market maker or broker entity which is registered with the Company as an authorised participant and therefore able to deal on the Primary Market for Shares in the Fund.

*"Base Currency"*, the base currency of the Fund, which is US Dollar (US\$).

*"Benchmark Index"*, the Fund's benchmark index, the MSCI USA Sector Neutral Quality Index.

*"Central Bank"*, the Central Bank of Ireland.

*"Central Securities Depositaries"*, such Recognised Clearing Systems which are national settlement systems for individual national markets. The Central Securities Depositaries will be Participants in the International Central Securities Depositaries.

*"Clearstream"*, Clearstream Banking, Société Anonyme, Luxembourg and any successor in business thereto.

*"Common Depositary"*, the entity appointed as a depositary for the International Central Securities Depositaries, currently Citibank Europe plc, having its registered office at 1 North Wall Quay, Dublin 1.

*"Common Depositary's Nominee"*, the entity appointed as nominee for any Common Depositary and as such acts as the registered holder of the Shares in the Fund, currently Citivic Nominees Limited.

*"Company"*, iShares IV plc.

*"Dealing Day"*, in general each Business Day will be a Dealing Day. However, some Business Days will not be Dealing Days where, for example, markets on which the Fund's Investments are listed or traded or markets relevant to the Benchmark Index are suspended or closed or where there is a public holiday in the relevant jurisdiction in which a delegate of the Investment Manager is based provided there is at least one Dealing Day per fortnight, subject always to the Directors' discretion to temporarily suspend the determination of the Net Asset Value and the sale, switching and/or redemption of Shares in the Company or the Fund in accordance with the provisions of the Prospectus and the Articles. The Investment Manager produces dealing calendars which detail in advance the Dealing Days for the Fund. The dealing calendar may be amended from time to time by the Investment Manager where, for example, the relevant market operator, regulator or exchange (as applicable) declares a relevant market closed for trading and/or settlement (such closure may be made with little or no notice to the Investment Manager). The dealing calendar for the Fund is available from the Investment Manager.

*"Electronic Order Entry Facility"*, the website facility which may be used by Authorised Participants to submit dealing requests in respect of Shares in the Fund and to obtain information in relation to the dealing procedures.

*"Euroclear"*, Euroclear Bank S.A./N.V. and any such successor in business thereto.

*"FDI"*, financial derivative instruments.

*"Fund"*, iShares Edge MSCI USA Quality Factor UCITS ETF.

*"Global Share Certificate"*, means the certificate evidencing entitlement to the Shares issued pursuant to the Memorandum and Articles and the Prospectus, described in further detail under the section titled "Global Clearing and Settlement".

*"LSE"*, the London Stock Exchange.

*"International Central Securities Depositaries"*, such Recognised Clearing Systems used by the Fund issuing their Shares through the International Central Securities Depositary settlement system, which is an international settlement system connected to multiple national markets, and which includes Euroclear and/or Clearstream.

*"Participants"*, account holders in an International Central Securities Depositary, which may include Authorised Participants, their nominees or agents and who hold their interest in Shares settled and/or cleared through the applicable International Central Securities Depositary.

*"Paying Agent"*, the entity appointed to act as paying agent to the Fund.

*"Portfolio Composition File"*, the file setting out the Investments and Cash Component which may be transferred to the Fund, in the case of subscriptions, and by the Company, in the case of redemptions, in satisfaction of the price of Shares thereof.

*"Primary Market"*, the off exchange market whereon Shares of the Fund are created and redeemed directly with the Company.

"*Registrar*", such person as may be appointed, in accordance with the requirements of the Central Bank, to provide registrar services to the Fund.

"*Shareholder*", the registered holder of a Share in the Fund.

"*Shares*", shares of the Fund or any interest therein as the context so requires.

All other defined terms shall bear the same meaning as are ascribed thereto in the Prospectus.

## INTRODUCTION

The Company is an open-ended investment company with variable capital and having segregated liability between its funds organised under the laws of Ireland. The Company was authorised by the Central Bank as a UCITS for the purposes of the Regulations on 13 November 2009, to offer pooled investment. The Company is structured as an umbrella fund in that 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. Other funds of the Company are set out in Appendix I to this Supplement.

The Base Currency of the Fund is US Dollar (US\$) and currently there is one class of Share, also denominated in US Dollar (US\$). As at the date of this Supplement, there are no other Share classes in the Fund, but additional Share classes may be added in the future in accordance with the requirements of the Central Bank.

The Prospectus sets out information that applies to each and every fund of the Company. This includes risk factors that apply to investing in funds that seek to track a benchmark index, 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 information from the Company's Articles of Association.

This Supplement contains specific information relating to the Fund, including details of how to buy and sell Shares and the settlement system used by this Fund.

Potential investors in the Fund should read the Fund's KIID. Potential investors in the Fund should also read this Supplement in conjunction with the Prospectus, which is available, free of charge, from the Administrator or the Investment Manager or from the official iShares website ([www.iShares.com](http://www.iShares.com)). All terms and conditions relating to the Company generally as set out in the Prospectus apply to the Fund, save as set out in this Supplement.

Potential investors should also refer to the Company's most recent annual and semi-annual reports (if any) which contain information on the financial performance of the funds of the Company and form part of the Prospectus.

Upon issue the Shares will be traded on the main market of the LSE.

### Profile of a Typical Investor

Investors in the Fund are expected to be informed investors who have taken professional advice, are able to bear capital and income risk, and should view investment in the Fund as a medium to long term investment.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be suitable for all investors.**

## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

The investment objective of the Fund is to seek to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the MSCI USA Sector Neutral Quality Index.

### Investment Policy

In order to achieve this investment objective, the investment policy of the Fund is to invest in a portfolio of equity securities that as far as possible and practicable consists of the component securities of the MSCI USA Sector Neutral Quality Index, this Fund's Benchmark Index. The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. However, from time to time the Fund may hold all constituents of the Benchmark Index.

The Fund may invest in FDI for direct investment purposes to assist in achieving its policy of tracking its Benchmark Index. For details regarding investment in FDI please refer to the section headed "The Benchmark Index and Investment Techniques".

The Fund may hold small amounts of cash ("Cash Holdings") and ancillary liquid assets (which will normally have dividend/income receivables) subject to the limits set out in Schedule III of the Prospectus. The Fund may, to preserve the value of such Cash Holdings, invest in one or more daily dealing money market collective investment schemes as set out below under the heading "Management of Cash Holdings and FDI Cash Holdings".

The Fund may also employ techniques and instruments relating to transferable securities for efficient portfolio management purposes in accordance with the terms set out in the section headed "Efficient Portfolio Management" in the Prospectus.

The Fund's Investments will be limited to investments permitted by the Regulations which are described in more detail in Schedule III of the Prospectus. The Fund's Investments, other than its Investments in open-ended

collective investment undertakings, will normally be listed or traded on Regulated Markets set out in Schedule I of the Prospectus. Potential investors in the Fund may obtain a breakdown of the constituents of the Fund from the official iShares website ([www.iShares.com](http://www.iShares.com)) or from the Investment Manager.

## THE BENCHMARK INDEX AND INVESTMENT TECHNIQUES

The MSCI USA Sector Neutral Quality Index aims to reflect the performance characteristics of a subset of securities within the MSCI USA Index ("Parent Index") which are selected for their high quality factor. The constituents of the Benchmark Index are selected from the Parent Index based on three main equally weighted indicators of whether a company is demonstrating high quality characteristics: high percentage of company earnings allocated to shareholders; low levels of debt; and low year on year earnings variability. The Benchmark Index incorporates constraints on sector weights to limit significant deviations from the Parent Index. The Benchmark Index rebalances on a semi-annual basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <https://www.msci.com/constituents>.

The Parent Index measures the performance of large and mid-capitalisation securities of the equity market in the United States of America which comply with MSCI's size, liquidity and free-float criteria. Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the quality factor being applied to the Parent Index, the Benchmark Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will therefore have a different performance and risk profile to the Parent Index, although the diversification constraints of the Benchmark Index relative to its Parent Index would limit to some extent the divergence of the Benchmark Index from the Parent Index.

The constituents and selection methodology of the Benchmark Index may change over time. The Benchmark Index of the Fund may be changed in certain circumstances as set out in the section headed "Benchmark Indices" in the Prospectus.

There are a number of circumstances in which achieving the investment objective and policy of the Fund may be prohibited by regulation, may not be in the interests of Shareholders or may require the use of strategies which are ancillary to those set out in the Fund's investment objective and policy. These circumstances include, but are not limited to, the following:

- (i) the Fund is subject to the Regulations which include, inter alia, certain restrictions on the proportion of the Fund's value which may be held in individual securities. Depending on the concentration of the Benchmark Index, the Fund may be restricted from investing to the full concentration level of the Benchmark Index. In addition, the Fund may hold synthetic securities within the limits set out in the Prospectus, provided that the synthetic securities are securities which are correlated to, or the return on which is based on securities which form part of the Benchmark Index;
- (ii) the constituent securities of the Benchmark Index change from time to time (a "rebalancing"). The Investment Manager may adopt a variety of strategies when investing the assets of the Fund to bring it in line with the rebalanced Benchmark Index. For example, where a security which forms part of the Benchmark Index is not available or is not available for the required value or a market for such security does not exist or is restricted, the Fund may hold depository receipts relating to such securities (e.g. ADRs and GDRs);
- (iii) from time to time, securities in the Benchmark Index may be subject to corporate actions. The Investment Manager may manage these events in its discretion;
- (iv) the Fund may hold ancillary liquid assets and will normally have dividend receivables. The Investment Manager may purchase FDI (as outlined above), for direct investment purposes, to produce a return similar to the return on the Benchmark Index;
- (v) securities included in the Benchmark Index may, from time to time, become unavailable, illiquid or unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities which are not constituents of the Benchmark Index, whose returns, individually or collectively, are considered by the Investment Manager to be well-correlated to the constituents of the Benchmark Index; and
- (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 Benchmark Index at all times.

The Fund is not a replicating index fund for the purposes of the Regulations and will not apply the investment limits set out in section 4 of Schedule III to the Prospectus (it may use optimisation techniques to achieve its investment objective). The Fund may, or may not, hold every security or the exact concentration of a security in the Benchmark Index, but will aim to track its Benchmark Index as closely as possible. The extent to which the Fund uses optimisation techniques will depend on the nature of the constituents of the Benchmark Index, the practicalities and cost of tracking the Benchmark Index, and such use is at the discretion of the Investment Manager. For example, the Fund may use optimisation techniques extensively and may be able to provide a return similar to that of the Benchmark Index by investing only in a relatively small number of the constituents of the Benchmark Index. The Fund may also hold some securities which provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index even if such securities are not themselves constituents of the Benchmark Index and the Fund's holdings may exceed the number of constituents of the

Benchmark Index. The use of optimisation techniques, implementation of which is subject to a number of constraints detailed in Schedule III to the Prospectus, may not produce the intended results.

Where consistent with its investment policy, the Fund may from time to time invest in convertible securities, government bonds, liquidity instruments such as floating rate instruments and commercial paper (rated at least A3 by Moody's or an equivalent rating from another agency), other transferable securities (for example, medium term notes) and open-ended collective investment undertakings. Subject to the provisions of the Regulations and the conditions imposed by the Central Bank, the Fund may invest in other funds of the Company and/or in other collective investment schemes managed by the Manager. The Fund may, in accordance with the requirements of the Central Bank in limited circumstances where direct investment in a constituent security of its Benchmark Index is not possible, invest in depository receipts to gain exposure to the relevant security. The Fund may hold small amounts of ancillary liquid assets (which will normally have dividend/income receivables) and the Investment Manager, to produce a return similar to the return on the Benchmark Index, may purchase FDI. The Fund may also have small amounts of Cash Holdings. The Fund may, to preserve the value of such Cash Holdings, invest in one or more daily dealing money market collective investment schemes as set out below under the heading "Management of Cash Holdings and FDI Cash Holdings".

In addition, the Fund may also engage in transactions in FDI including options and futures transactions, swaps, forward contracts, non-deliverable forwards, credit derivatives (such as single name credit default swaps and credit default swap indices), spot foreign exchange transactions, caps and floors, contracts for difference or other derivative transactions for direct investment, to assist in achieving its investment objective and for reasons such as generating efficiencies in gaining exposure to the constituents of the Benchmark Index or to the Benchmark Index itself, to produce a return similar to the return on the Benchmark Index, to reduce transaction costs or taxes or to allow exposure in the case of illiquid securities or securities which are unavailable for market or regulatory reasons or to minimise tracking errors or for such other reasons as the Directors deem of benefit to the Fund.

The maximum proportion of the Net Asset Value of the Fund that can be subject to total return swaps is 100%. The expected proportion of the Net Asset Value of the Fund that will be subject to total return swaps is 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

In the event that the Fund invests in non-fully funded FDI, the Fund may invest (i) cash representing up to the notional amount of such FDI less margin payments (if any) in such FDI, and (ii) any variation margin cash collateral received in respect of such FDI (together "FDI Cash Holdings") in one or more daily dealing money market collective investment schemes as set out below under the heading "Management of Cash Holdings and FDI Cash Holdings".

The Fund will not invest in fully funded FDI, including fully funded swaps.

### **Risk Management Process**

The Investment Manager employs a risk management process in respect of the Fund in accordance with the requirements of the Central Bank to enable it to accurately monitor, measure and manage, the global exposure from FDI ("global exposure") which the Fund gains. Any FDI not included in the risk management process will not be used until such time as a revised risk management process has been provided to the Central Bank. Information regarding the risks associated with the use of FDI can be found in the section entitled "Risk Factors - FDI Risks".

The Investment Manager uses a methodology known as the "Commitment Approach" in order to measure the global exposure of the Fund and manage the potential loss to the Fund due to market risk. The Commitment Approach is a methodology that aggregates the underlying market or notional values of FDI to determine the degree of global exposure of the Fund to FDI. Pursuant to the Regulations, in the event that the Fund uses leverage in the future, the global exposure for the Fund must not exceed 100% of the Fund's Net Asset Value.

It is not the Investment Manager's intention to leverage the Fund. The Fund may have small cash balances from time to time and may use FDI to produce a return on that cash similar to the Benchmark Index.

### **Management of Cash Holdings and FDI Cash Holdings**

The Fund may invest Cash Holdings and / or FDI Cash Holdings in one or more daily dealing money market collective investment schemes authorised as UCITS. Such collective investment undertakings may be managed by the Investment Manager and / or an Affiliate and are subject to the limits set out in Schedule III of the Prospectus. Such collective investment schemes may comprise sub-funds in Institutional Cash Series plc which invest in money market instruments. Institutional Cash Series plc is a BlackRock umbrella fund and open-ended investment company with variable capital incorporated in Ireland and having segregated liability between its sub-funds. It is not anticipated that the Fund's Cash Holdings and / or FDI Cash Holdings will result in additional market exposure or capital erosion, however, to the extent that additional market exposure or capital erosion occurs it is expected to be minimal.

The maximum proportion of the Net Asset Value of the Fund that can be subject to repurchase and reverse repurchase agreements is 100%. The expected proportion of the Net Asset Value of the Fund that will be subject to repurchase and reverse repurchase agreements is 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

### **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the Fund 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.

## **ANTICIPATED TRACKING ERROR**

Tracking error is the annualised standard deviation of the difference in monthly returns between a fund and its benchmark index.

At BlackRock we believe that this figure is important to a tactical investor who trades in and out of ETFs on a regular basis, often holding shares in an ETF for the period of only a few days or weeks. For a buy-to-hold investor with a longer investment time horizon, the tracking difference between the fund and the index over the target investment period should be more important as a measure of performance against the index. Tracking difference measures the actual difference between the returns of the fund and the returns of the index (i.e. how closely a fund tracks its index), while tracking error measures the increase and decrease in tracking difference (i.e. volatility of tracking difference). We encourage investors to consider both metrics when evaluating an ETF.

Tracking error can be a function of the ETF replication methodology. Generally speaking, historical data provides evidence that synthetic replication produces lower tracking error than physical replication; however, the same data often also provides evidence that physical replication produces lower tracking difference than synthetic replication.

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 ETF, one of the primary drivers of tracking error is the difference between fund holdings and index constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between the ETF and the benchmark index. The impact can be either positive or negative depending on the underlying circumstances.

In addition to above, the Company and/or the Fund may also have a tracking error due to withholding tax suffered by the Company and/or the Fund on any income received from its Investments. The level and quantum of tracking error arising due to withholding taxes depends on various factors such as any reclaims filed by the Company and/or the Fund with various tax authorities, any benefits obtained by the Company and/or the Fund under a tax treaty or any securities lending activities carried out by the Company and/or the Fund.

The anticipated tracking error of the Fund is not a guide to future performance. At the date of this Supplement the anticipated tracking error for the Fund, in normal market conditions, is up to 0.15%.

## **RISK FACTORS**

Potential investors' attention is drawn to the "Risk Factors" section detailed at pages 36 to 58 of the Prospectus. In addition to the risk factors outlined in the Prospectus, this Fund has additional risk factors that investors should consider before investing in the Fund:

### **General Investment Risks**

#### ***Investment Risks***

Past performance is not a guide to the future. The prices of Shares and the income from them may fall as well as rise and an investor may not recover the full amount invested. There can be no assurance that the Fund will achieve its investment objective or that an investor will recover the full amount invested in the Fund. The capital return and income of the Fund are based on the capital appreciation and income of the securities it holds, less expenses incurred and any relevant Duties and Charges. Therefore, the Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

### **Risks specific to investing in index-tracking exchange traded funds (ETFs)**

#### ***Passive Investment Risk***

The Fund is not actively managed and may be affected by a general decline in market segments related to the Benchmark Index. The Fund invests in securities included in, or representative of, the Benchmark Index, and the Fund does not attempt to take defensive positions under any market conditions, including declining markets.

#### ***Index Tracking Risks***

While the Fund seeks to track the performance of its Benchmark Index through an optimising strategy, there is no guarantee that it will achieve perfect tracking and the Fund may potentially be subject to tracking error risk, which is the risk that its returns may not track exactly those of its Benchmark Index, from time to time. This tracking error may result from an inability to hold the exact constituents of the Benchmark Index (although this is not the expected cause of tracking error for non-replicating funds such as the Fund), for example where there are local market trading restrictions, small illiquid components, a temporary unavailability or interruption in trading of certain securities comprising the Benchmark Index and/or where the Regulations limit exposure to the constituents of the Benchmark Index. In addition, the Company relies on an index licence granted by a third party index provider to use and track the Benchmark Index. In the event that the index provider terminates or varies an index licence, it will affect the ability of the Fund to continue to use and track its Benchmark Index and to meet its investment objective. In such circumstances, the Directors may take such action as described in the section entitled "Benchmark Indices" in the Prospectus. Regardless of market conditions, the Fund aims to track the performance of the Benchmark Index and does not seek to outperform the Benchmark Index.

#### ***Optimising Strategy***

It may not be practical or cost efficient for the Fund to replicate its Benchmark Index. As it is not part of the

Fund's investment policy to replicate its Benchmark Index, the Fund may use optimisation techniques to track the performance of its Benchmark Index. Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the Benchmark Index, holding securities in proportions that differ from the proportions of the Benchmark Index and/or the use of FDI to track the performance of certain securities that make up the Benchmark Index. The Investment Manager may also select securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. As an optimising fund, the Fund may potentially be subject to tracking error risk, which is the risk that its returns may not track exactly those of its Benchmark Index.

### ***Index-Related Risks***

As prescribed by this Supplement, in order to meet its investment objective, the Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the Benchmark Index as published by the index provider. There is no assurance that the index provider will compile the Benchmark Index accurately, or that the Benchmark Index will be determined, composed or calculated accurately. While the index provider does provide descriptions of what the Benchmark Index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the Benchmark Index, and does not guarantee that the Benchmark Index will be in line with the described index methodology.

The Investment Manager's mandate as described in this Supplement and the Prospectus is to manage the Fund consistently with the Benchmark Index provided to the Investment Manager. Consequently, the Investment Manager does not provide any warranty or guarantee for index provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with index provider errors will be borne by the Fund and its investors. For example, during a period where the Benchmark Index contains incorrect constituents, the Fund would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the Benchmark Index. As such, errors may result in a negative or positive performance impact to the Fund and its investors. Investors should understand that any gains from index provider errors will be kept by the Fund and its investors and any losses resulting from index provider errors will be borne by the Fund and its investors.

Apart from scheduled rebalances, the index provider may carry out additional ad hoc rebalances to the Benchmark Index in order, for example, to correct an error in the selection of index constituents. Where the Benchmark Index of the Fund is rebalanced and the Fund in turn rebalances its portfolio to bring it in line with its Benchmark Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its investors. Unscheduled rebalances to the Benchmark Index may also expose the Fund to tracking error risk, which is the risk that its returns may not track exactly those of the Benchmark Index. Therefore, errors and additional ad hoc rebalances carried out by the index provider to the Benchmark Index may increase the costs and market exposure risk of the Fund.

### ***Secondary Trading Risk***

The Shares will be traded on the main market of the LSE and may be listed or traded on one or more other stock exchanges. There can be no certainty that there will be liquidity in the Shares on any one or more of the stock exchanges or that the market price at which Shares may be traded on a stock exchange will be the same as the Net Asset Value per Share. There can be no guarantee that once the Shares are listed or traded on a stock exchange they will remain listed or traded on that stock exchange.

## **Counterparty and trading risks**

### ***Counterparty Risk***

The Company will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. This would include the counterparties to any FDI that is entered into by the Fund. Trading in FDI which have not been collateralised gives rise to direct counterparty exposure. The Company mitigates much of its credit risk to its FDI counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any FDI is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Fund. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Company maintains an active oversight of counterparty exposure and the collateral management process. Counterparty exposure is subject to the investment restrictions in Schedule III of the Prospectus.

### ***Counterparty Risk to the Custodian and other depositaries***

The Company will be exposed to the credit risk of the Custodian or any depository used by the Custodian where cash or other assets are held by the Custodian or other depositaries. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Cash held by the Custodian and other depositaries will not be segregated in practice but will be a debt owing from the Custodian or other depositaries to the Company as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Custodian and/or other depositaries. In the event of the insolvency of the Custodian or other depositaries, the Company will be treated as a general unsecured creditor of the Custodian or other depositaries in relation to cash holdings of the Company. The Company may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will lose some or all of its cash. The Company's securities are however maintained by the Custodian and sub-custodians used by the Custodian in segregated accounts and should be protected in the event of insolvency of the

Custodian or sub-custodians. The Company may enter into additional arrangements (for example placing cash in money market collective investment schemes) in order to mitigate credit exposure for its cash holdings but may be exposed to other risks as a result.

To mitigate the Company's exposure to the Custodian, the Investment Manager employs specific procedures to ensure that the Custodian is a reputable institution and that the credit risk is acceptable to the Company. If there is a change in custodian then the new custodian will be a regulated entity subject to prudential supervision, with a high credit rating assigned by international credit rating agencies.

#### ***Liability of the Custodian and Responsibility of the Custodian for Sub-Custodians***

The Custodian shall be liable to the Company and its shareholders for the loss by the Custodian or a sub-custodian of financial instruments of the Company held in custody. In the case of such a loss, the Custodian is required, pursuant to the Regulations and the Custody Agreement, to return the financial instrument of an identical type or the corresponding amount to the Company without undue delay, unless the Custodian can prove that the loss arose as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. This standard of liability only applies to assets capable of being registered or held in a securities account in the name of the Custodian or a sub-custodian and assets capable of being physically delivered to the Custodian.

The Custodian shall also be liable to the Company and its shareholders for all other losses suffered by the Company and/or its shareholders as a result of the Custodian's negligent or intentional failure to fully fulfil its obligations pursuant to the Regulations. In the absence of the Custodian's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations, the Custodian may not be liable to the Company or its shareholders for the loss of an asset of a Fund which is not capable of being registered or held in a securities account in the name of the Custodian or a sub-custodian or being physically delivered to the Custodian.

The liability of the Custodian is not affected by the fact that it has entrusted the custody of the Company's assets to a third party. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation. As noted above, in the absence of the Custodian's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations, the Custodian may not be liable to the Company or its shareholders for the loss of an asset of a Fund which is not capable of being registered or held in a securities account in the name of the Custodian or a sub-custodian or being physically delivered to the Custodian. Accordingly, while the liability of the Custodian is not affected by the fact that it has entrusted the custody of the Company's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, a Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Custodian may have no liability.

As at the date of this Supplement, the Custodian is subject to the above standard of liability pursuant to recent changes to the Regulations. In order to reflect these changes to the Regulations, the Company and the Custodian intend to enter into a new depositary agreement (the "Depositary Agreement"), which will reflect the above standard of liability and which will replace the existing Custody Agreement. For the avoidance of doubt, the Custodian is subject to the provisions of the Regulations, notwithstanding that the Depositary Agreement will be entered into at a future date.

#### ***On Exchange Trading***

Where a counterparty to an on exchange trade in the Fund's underlying securities suffers an Insolvency Event, there are risks associated with the recognised investment exchanges and markets themselves set out in Schedule I of the Prospectus. There is a risk that the relevant recognised investment exchange or market on which the trade is being conducted will not apply its rules fairly and consistently and that failed trades will be effected notwithstanding the insolvency of one of the counterparties. There is also a risk that a failed trade will be pooled with other failed trades, which may make it difficult to identify a failed trade to which the Fund has been a party. Either of these events may have a negative impact on the value of the Fund.

#### **Specific investment risks for the Fund**

##### ***Factor Fund***

Regular index tracking funds generally represent a passively managed, diversified portfolio that delivers the general performance trend of the relevant market by tracking standard market indices. The Fund, whilst still passively managed, tracks an index which is structured to target a precise characteristic, i.e. high quality.

While the Benchmark Index may select securities that are components of a broad parent index, as the Benchmark Index selects securities for a particular characteristic, it is likely to look different from its parent index. The Fund does not need to be capitalisation weighted and it aims to capture a specific and well-defined risk characteristic and to offer investors a targeted exposure. The differences between the Benchmark Index and the parent index can be numerous and the Benchmark Index will have fewer constituents, is likely to have fewer sector exposures and in different weightings from the parent index. The Benchmark Index is likely to perform differently and have a different risk and volatility profile from the parent index due to its focus on one specific factor. The Fund may therefore, in different market conditions, provide different returns than a fund tracking the parent index. The Fund may also generally perform better or worse than others in different market conditions.

The selection of securities that meet a specific factor will result in the Benchmark Index comprising a smaller number of securities with different weightings, compared to the parent index. By extension, the Fund will be less diversified than a fund which tracks the broader parent index. In addition, as the Benchmark Index is intentionally designed to focus on one factor only, it is likely to provide less or no exposure to other types of factors. Investors should consider a potential investment in the Fund as part of a broader investment strategy.

### **Quality Factor**

Although the Benchmark Index was created to seek exposure to high quality securities within its parent index, there is a risk that these securities may experience lower than expected returns or may experience negative growth, as well as increased levels of debt, resulting in lower than expected or negative returns to investors. Indicators used by the Benchmark Index to identify high quality (e.g. high percentage of company earnings allocated to shareholders, low levels of debt, and low year on year earnings variability) are based on historical data and there is no guarantee that past practices will continue in the future. Many factors can affect the performance of a security, and the impact of these factors on a security or its price can be difficult to predict.

### **Equity Securities**

The value of equity securities fluctuates daily and a Fund investing in equities could incur significant losses. The prices of equities can be influenced by factors affecting the performance of the individual companies issuing the equities, as well as by daily stock market movements, and broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and natural disasters.

### **Depository Receipts**

ADRs and GDRs are designed to offer exposure to their underlying securities.

In certain situations, the Investment Manager may use ADRs and GDRs to provide exposure to underlying securities within the Benchmark Index, for example where the underlying securities cannot be, or are unsuitable to be, held directly or where direct access to the underlying securities is restricted or limited. However, in such cases the Investment Manager is unable to guarantee that a similar outcome will be achieved to that if it were possible to hold the securities directly, due to the fact ADRs and GDRs do not always perform in line with the underlying security.

In the event of the suspension or closure of a market(s) on which the underlying securities are traded, there is a risk that the value of the ADR or GDR will not closely reflect the value of the relevant underlying securities. Additionally, there may be some circumstances where the Investment Manager cannot, or it is not appropriate to, invest in an ADR or GDR, or the characteristics of the ADR or GDR do not exactly reflect the underlying security.

In the event that the Fund invests in ADRs or GDRs in the circumstances set out above, the Fund's tracking of the Benchmark Index may be impacted, i.e. there is a risk that the Fund's return varies from the return of the Benchmark Index.

### **Investments in Mid-Capitalisation Companies**

The securities of mid-capitalisation companies tend to be more volatile and less liquid than the securities of large companies. As securities of mid-capitalisation companies may experience more market price volatility than securities of larger companies, the Net Asset Value of any Funds which invest in mid-capitalisation companies may reflect this volatility. Mid-capitalisation, as compared with larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure and may have a smaller public market for their securities.

Investment in mid capitalisation companies may involve relatively higher investment costs and accordingly investment in Funds which invest in smaller mid capitalisation companies should be viewed as a long-term investment.

Such Funds may however dispose of an investment made by it within a relatively short period of time, for example, to meet requests for redemption of Shares. As a result of the above risks, a Fund's investments can be adversely affected and the value of your investments may go up or down.

### **Concentration Risk**

As the Benchmark Index is concentrated in a single country, the Fund may be adversely affected by the performance of those securities and may be subject to price volatility. In addition, the Fund may be more susceptible to any single economic, market, political or regulatory occurrence affecting that country. The Fund may be more susceptible to greater price volatility when compared to a more diverse fund. This could lead to a greater risk of loss to the value of your investment.

### **Global Financial Market Crisis and Governmental Intervention**

Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability leading to extensive governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures and may continue to do so. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to implement the Fund's investment objective.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Manager cannot predict how long the financial markets

will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on the Fund, the European or global economy and the global securities markets. The Investment Manager is monitoring the situation. Instability in the global financial markets or government intervention may increase the volatility of the Fund and hence the risk of loss to the value of your investment.

### ***Issuer Risk***

The performance of the Fund depends on the performance of individual securities to which the Fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

### ***Money Market Risk***

The Company, with a view to mitigating credit exposure to depositaries, may arrange for cash holdings of the Company to be placed into money market collective investment schemes, including other funds of the BlackRock Group. A money market collective investment scheme which invests a significant amount of its assets in money market instruments may be considered as an alternative to investing in a regular deposit account. However, a holding in such a scheme is subject to the risks associated with investing in a collective investment scheme and, while a money market collective investment scheme is designed to be a relatively low risk investment, it is not entirely free of risk. Despite the short maturities and high credit quality of investments of such schemes, increases in interest rates and deteriorations in the credit quality can reduce the scheme's yield and the scheme is still subject to the risk that the value of such scheme's investment can be eroded and the principal sum invested will not be returned in full.

### ***Securities Lending Risk***

The Company engages in a securities lending programme through the Investment Manager. The Company will have a credit risk exposure to the counterparties to any securities lending contract. Fund Investments can be lent to counterparties over a period of time. The risks of securities lending include the risk that a borrower may not provide additional collateral when required or may not return the securities when due. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the Fund. The Company intends to ensure that all securities lending is fully collateralised but, to the extent that any securities lending is not fully collateralised (for example due to timing issues arising from payment lags), the Company will have a credit risk exposure to the counterparties to the securities lending contracts. To mitigate these risks, the Company benefits from a borrower default indemnity provided by BlackRock, Inc. The indemnity allows for full replacement of the securities lent if the collateral received does not cover the value of the securities loaned in the event of a borrower default.

The maximum proportion of the Net Asset Value of the Fund that can be subject to securities lending is 100%. The demand to borrow securities is a significant driver for the amount that is actually lent from a fund at a given time. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in developed equity strategies, such as the Fund, typically range between 0% and 87% of the relevant fund's Net Asset Value, though past levels are no guarantee of future levels.

### **Settlement through an International Central Securities Depository**

#### ***Inaction by the Common Depositary and/or an International Central Securities Depository***

Investors that settle or clear through an International Central Securities Depository will not be a registered Shareholder in the Company, they will hold an indirect beneficial interest in such Shares and the rights of such investors, where Participants, shall be governed by their agreement with the applicable International Central Securities Depository and otherwise by the arrangement with a Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate). The Company will issue any notices and associated documentation to the registered holder of the Global Share Certificate, the Common Depositary's Nominee, with such notice as is given by the Company in the ordinary course when convening general meetings. The Common Depositary's Nominee has a contractual obligation to relay any such notices received by the Common Depositary's Nominee to the Common Depositary which, in turn, has a contractual obligation to relay any such notices to the applicable International Central Securities Depository, pursuant to the terms of its appointment by the relevant International Central Securities Depository. The applicable International Central Securities Depository will in turn relay notices received from the Common Depositary to its Participants in accordance with its rules and procedures. The Directors understand that the Common Depositary is contractually bound to collate all votes received from the applicable International Central Securities Depositories (which reflects votes received by the applicable International Central Securities Depository from Participants) and that the Common Depositary's Nominee is obligated to vote in accordance with such instructions. The Company has no power to ensure the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons, other than the Common Depositary's Nominee.

### ***Payments***

With the authorisation of the Common Depositary's Nominee, any dividends declared and any liquidation and mandatory redemption proceeds are paid by the Company or its authorised agent (for example, the Paying Agent) to the applicable International Central Securities Depository. Investors, where they are Participants, must look solely to the applicable International Central Securities Depository for their share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company or, where they are not Participants, they must look to their respective nominee, broker or Central Securities Depository (as appropriate, which may be a Participant or have an arrangement with a Participant of the applicable International Central Securities Depository)

for any share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company that relates to their investment.

Investors shall have no claim directly against the Company in respect of dividend payments and any liquidation and mandatory redemption proceeds due on Shares represented by the Global Share Certificate and the obligations of the Company will be discharged by payment to the applicable International Central Securities Depository with the authorisation of the Common Depository's Nominee.

### **Risks specific to use of FDI**

#### ***FDI Risks***

The Fund may use FDI for the purposes of efficient portfolio management or, where stated in its investment policy, for direct investment purposes. Such instruments involve certain special risks and may expose investors to an increased risk of loss. These risks may include credit risk with regard to counterparties with whom the Fund trades, the risk of settlement default, lack of liquidity of the FDI, imperfect tracking between the change in value of the FDI and the change in value of the underlying asset that the Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when purchasing FDI, the Fund may be required to secure its obligations to its counterparty. For non-fully funded FDI, this may involve the placing of initial and/or variation margin assets with the counterparty. For FDI which require the Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of an FDI may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the FDI only if a minimum transfer amount is triggered, the Fund may have an uncollateralised risk exposure to a counterparty under an FDI up to such minimum transfer amount. A default by the counterparty in such circumstances will result in a reduction in the value of the Fund and thereby a reduction in the value of an investment in the Fund.

Additional risks associated with investing in FDI may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where the Fund's credit exposure to its counterparty under a FDI is not fully collateralised but the Fund will continue to observe the limits set out in paragraph 2.8 of Schedule III of the Prospectus. The use of FDI may also expose the Fund to legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

### **Other general risks**

#### ***Fund Liability Risk***

The Company is structured as an umbrella fund with segregated liability between its funds. As a matter of Irish law, the assets of one fund will not be available to meet the liabilities of another. However, the Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation of liability. As at the date of this Supplement, the Directors are not aware of any such existing or contingent liability.

#### ***Insufficiency of Duties and Charges***

The Fund levies Duties and Charges in order to defray the costs associated with the purchase and sale of Investments. The level of Duties and Charges may be determined by the Manager in advance of the actual purchase or sale of Investments or execution of associated foreign exchange. It may be estimated based on historic information concerning the costs incurred in trading the relevant securities in the relevant markets. This figure is reviewed periodically and adjusted as necessary. If the Fund levies Duties and Charges which are insufficient to discharge all of the costs incurred in the purchase or sale of Investments, the difference will be paid out of the assets of the Fund, which, pending the reimbursement of the shortfall by an Authorised Participant, will result in a reduction in the value of the Fund (and a corresponding reduction in the value of each Share). In circumstances where Shares subscribed have been issued to an Authorised Participant prior to the receipt by the Fund from the Authorised Participant of the full costs incurred or to be incurred by the Fund in acquiring underlying investments attributable to a subscription, the Fund will have a credit exposure as an unsecured creditor to the Authorised Participant in respect of any shortfall. Similarly, in circumstances where redemption proceeds have been paid to the Authorised Participant prior to the deduction from such proceeds of the full costs incurred or to be incurred by the Fund in disposing of underlying investments attributable to a redemption, the Fund will have a credit exposure as an unsecured creditor to the Authorised Participant in respect of any shortfall.

#### ***Failure to Settle***

If an Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete the dealing request, the Company will have no recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no recovery can be made from the Authorised Participant and any costs incurred as a result of the failure to settle will be borne by the Fund and its investors.

#### ***Taxation Risks***

Potential investors' attention is drawn to the taxation risks associated with investment in the Company. See sections headed "Taxation" in the Prospectus and this Supplement.

*Changes in taxation legislation may adversely affect the Fund.*

The tax information provided in the "Taxation" sections is based, to the best knowledge of the Company, upon tax law and practice as at the date of this Supplement. Tax legislation, the tax status of the Company and the Fund, the taxation of investors and any tax relief, and the consequences of such tax status and tax relief, may change from time to time. Any change in the taxation legislation in Ireland or in any jurisdiction where the Fund is registered, cross-listed, marketed or invested could affect the tax status of the Company and the Fund, affect the value of the Fund's Investments in the affected jurisdiction, affect the Fund's ability to achieve its investment objective, and/or alter the post tax returns on Shares held. Where the Fund invests in FDI, the preceding sentence may also extend to the jurisdiction of the governing law of the FDI contract and/or the FDI counterparty and/or to the market(s) comprising the underlying exposure(s) of the FDI.

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value of the Shares.

The availability and value of any tax relief available to investors depend on the individual circumstances of investors. The information in the "Taxation" section in the Prospectus and this Supplement is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Fund.

#### *Treatment of tax by index providers*

Investors should be aware that the performance of the Fund, as compared to the Benchmark Index, may be adversely affected in circumstances where the assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the Benchmark Index held within the Fund.

#### *FATCA*

Investors should also read the information set out under the heading "FATCA and other cross-border reporting systems" in the Prospectus, particularly in relation to the consequences of the Company being unable to comply with the terms of such reporting systems.

#### **Dealing Day Risk**

As foreign exchanges can be open on days when the Fund may have suspended calculation of its Net Asset Value and the subscription and redemption of Shares and, therefore, Shares in the Fund are not priced, the value of the securities in the Fund's portfolio may change on days when the Fund's Shares will not be able to be purchased or sold.

#### **Share Subscriptions and Redemptions**

Provisions relating to the redemption of Shares grant the Company discretion to limit the amount of Shares available for redemption on any Dealing Day to 10% of the Shares in issue in respect of the Fund and, in conjunction with such limitations, to defer or pro rata such redemption. In addition, where requests for subscription or redemption are received late, there will be a delay between the time of submission of the request and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of Shares or the redemption amount to be received.

#### **Trading Currency Exposure**

Shares may be traded in various currencies on various stock exchanges. In addition, subscriptions and redemptions of Shares in the Fund will ordinarily be made in the Base Currency of the Fund and may in some cases be permitted in other currencies. Depending on the currency in which an investor invests in the Fund, foreign exchange fluctuations between the currency of investment and the Base Currency of the Fund will have an impact on, and may adversely affect, the value of such investor's investments.

#### **Temporary Suspension**

Investors are reminded that in certain circumstances their right to redeem Shares may be temporarily suspended. Please see 'Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching'.

#### **Valuation Risk**

Certain assets of the Fund may become illiquid and/or not publicly traded. Such securities and financial instruments may not have readily available prices and may therefore be difficult to value. The Manager, Investment Manager or Administrator may provide valuation services (to assist in calculating the Net Asset Value of the Fund) in relation to such securities and financial instruments. Investors should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated valuation of the securities the higher the fees payable to the Manager, Investment Manager or Administrator. Please see "Conflicts of Interests - General" in the Prospectus for details of how the Company deals with conflicts. In addition, given the nature of such Investments, determinations as to their fair value may not represent the actual amount that will be realised upon the eventual disposal of such Investments.

#### **DEALINGS IN THE FUND**

The Fund is an exchange traded fund which means that the Shares of the Fund are listed on one or more stock exchanges. Certain market makers and brokers are authorised by the Company to deal in Shares of the Fund in the Primary Market and they are referred to as "Authorised Participants". Such Authorised Participants have the capability to ensure delivery of the Shares of the Fund within the International Central Securities Depository

relevant to the stock exchanges on which the Shares are listed. Authorised Participants usually sell the Shares they acquire on one or more stock exchanges, the Secondary Market, where such Shares become freely tradable. Potential investors who are not Authorised Participants can purchase and sell Shares of the Fund on the Secondary Market through a broker/dealer on a recognised stock exchange or OTC. For further details of such brokers please contact the Investment Manager.

Authorised Participants dealing on the Primary Market should refer to the section below titled "Procedure for Dealing on the Primary Market" set out below. Investors who are not Authorised Participants should refer to the "Procedure for Dealing on the Secondary Market" section detailed at page 85 of the Prospectus.

## **PROCEDURE FOR DEALING ON THE PRIMARY MARKET**

### **Initial Offer of Shares**

Shares will initially be offered between 9.00a.m. (Irish time) on 19 September 2016 and 12.00 noon (Irish time) on 19 March 2017 (which period may be shortened, extended, changed to an earlier date, or changed to a later date by the Directors and notified to the Central Bank) and at a price per Share equal to a multiplier of the Benchmark Index which is calculated as at close of business in the relevant underlying markets. The price per Share is expected to be approximately US\$5. However, the actual initial price per Share may vary from this estimated price depending on movements in the value of the Benchmark Index between the date of this Supplement and the date that the initial offer closes. Details of the actual initial price per Share will be available from the Administrator and the Investment Manager.

Account Opening Forms for first time Authorised Participants and Dealing Forms must be received during the initial offer period noted above (or such other date after the Central Bank has approved the Fund and the initial offer period has commenced as the Directors may at their discretion determine) to receive the initial offering price. Arrangements must also be made by that date for the settlement of the transfer of Investments and cash payments within the settlement times available on the Electronic Order Entry Facility (which can range from one to four Business Days).

Shares will be issued for a price to be satisfied in cash or in kind, together with any applicable Duties and Charges, as described under the heading "Procedure for Dealing on the Primary Market" in the Prospectus. The initial Portfolio Composition File will be available upon request from the Administrator.

It is expected that trading in the Shares will commence on or about 19 March 2017, and the Shares will be admitted to trading upon issue.

### **Subscriptions and Redemptions after the Initial Offer**

Shares may be subscribed at the Net Asset Value of Shares together with associated Duties and Charges which may be varied to reflect the cost of execution. Shares may be redeemed at the Net Asset Value thereof less any associated Duties and Charges which may be varied to reflect the cost of execution. The Articles empower the Company to charge such sum as the Manager considers represents an appropriate figure for Duties and Charges. The level and basis of calculating Duties and Charges may also be varied depending on the size of the relevant dealing request and the costs relating to, or associated with, the primary market transactions. Where Authorised Participants request subscriptions or redemptions in cash in a currency that is different from the currencies in which the Fund's underlying investments are denominated, the foreign exchange transaction costs associated with converting the subscription amount to the currencies needed to purchase the underlying investments (in the case of a subscription) or converting the sale proceeds from selling the underlying investments to the currency needed to pay redemption proceeds (in the case of a redemption) will be included in the Duties and Charges which are applied to the relevant subscription or redemption amounts (respectively) paid or received (as the case may be) by such Authorised Participants.

In some cases, the level of Duties and Charges has to be determined in advance of the completion of the actual purchase or sale of Investments or execution of associated foreign exchange by or on behalf of the Company and the subscription or redemption price may be based on estimated Duties and Charges (which could be based on historic information concerning the costs incurred or expected costs in trading the relevant securities in the relevant markets). Where the sum representing the subscription or redemption price is based on estimated Duties and Charges which turn out to be different to the costs actually incurred by the Fund when acquiring or disposing of Investments as a result of a subscription or redemption, the Authorised Participant shall reimburse the Fund for any shortfall in the sum paid to the Fund (on a subscription) or any excess sum received from the Fund (on a redemption), and the Fund shall reimburse the Authorised Participant for any excess received by the Fund (on a subscription) or any shortfall paid by the Fund (on a redemption), as the case may be. Authorised Participants should note that no interest will accrue or be payable on any amount reimbursed or to be reimbursed by the Fund. In order to protect the Fund and holders of its Shares, the Company and the Manager reserve the right to factor into the estimated Duties and Charges a buffer to protect the Fund from potential market and foreign exchange exposure pending the payment of the actual Duties and Charges.

Dealing orders will normally be accepted in multiples of the minimum number of Shares. Such minima may be reduced or increased in any case at the discretion of the Manager. Authorised Participants should refer to the Electronic Order Entry Facility for details of minimum dealing order amounts for the Fund. Detail in relation to the Valuation Point and cut-off times for the Fund are also set out in the Primary Market dealing timetable below. Details of the dealing cut-off times for dealing orders are also available from the Administrator. There is no minimum holding requirement for the Fund as at the date of this Supplement.

Applications for Shares in the Fund received after the times listed in the dealing timetable will generally not be accepted for dealing on the relevant Dealing Day. However, such applications may be accepted for dealing on the

relevant Dealing Day, at the discretion of the Company, Manager or the Investment Manager, in exceptional circumstances, provided they are received prior to the Valuation Point. Settlement of the transfer of Investments and/or cash payments in respect of dealing orders must take place within a prescribed number of Business Days after the Dealing Day (or such earlier time as the Manager may determine in consultation with the Authorised Participant). Authorised Participants should refer to the Electronic Order Entry Facility for details of the maximum and minimum settlement times (which can range from one to four Business Days) in respect of subscriptions and redemptions. If a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Dealing Day and the expected settlement date (inclusive), and/or settlement in the base currency of the Fund is not available on the expected settlement date, there may be corresponding delays to the settlement times (but such delays will not exceed the regulatory requirements for settlement).

#### **Title to Shares**

As with other Irish companies limited by shares, the Company is required to maintain a register of Shareholders. Shares will be held by the Common Depositary's Nominee (as registered holder) in registered form. Only persons appearing on the register of Shareholders (i.e. the Common Depositary's Nominee) will be a Shareholder. Fractional Shares will not be issued. No temporary documents of title or Share certificates will be issued, other than Global Share Certificate required for the International Central Securities Depositaries. The Administrator will also send a trade confirmation to Authorised Participants. Potential investors should refer to the section in the Prospectus titled "Global Clearing and Settlement" for details of the settlement system and the relative rights of investors through such settlement system.

Details in relation to applying for and redeeming Shares and other general information concerning dealing is set out in the Prospectus under the following headings:

<b>Section Heading in Prospectus</b>	<b>Page number in Prospectus</b>
Dealings in the Company	76
Procedure for Dealing on the Primary Market	77
Portfolio Composition File	77
Dealings in Kind, in Cash and Directed Cash Dealings	77
Failure to Deliver	84
Procedure for Dealing on the Secondary Market	85
Switching	88
Transfer of Shares	88
Confirmations	89
Mandatory Redemption of Shares	89
Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching	89

### DEALING TIMETABLE

<b>Fund Name</b>	<b>Fund Valuation Point on DD*</b>	<b>Valuation Point applicable to assets listed or traded on Non-Significant Markets when those markets are closed on the DD</b>	<b>Dealing request cut off on DD (Cash/Market Trade dealings and In Kind FOP/OTC DVP dealings) (or, in exceptional circumstances, such later time as approved by the Manager in its absolute discretion)**</b>  Authorised Participants should refer to the Electronic Order Entry Facility for further details.
iShares Edge MSCI USA Quality Factor UCITS ETF	11.00pm	11.00pm on BD prior to DD	8.00pm

\*"DD" means Dealing Day

\*\* Provided always that the application is received before the Fund Valuation Point on the relevant Dealing Day.

Subscriptions and redemptions are made in baskets of Shares or in cash at the discretion of the Manager or the Investment Manager. Subscription and redemption orders will normally be accepted in multiples of the minimum number of Shares set at the discretion of the Manager or the Investment Manager. Authorised Participants should refer to the Electronic Order Entry Facility for details of minimum subscription and redemption orders for the Fund. Save as provided for under the heading "Dealings in Kind, in Cash and Directed Cash Dealings" in the Prospectus where an Authorised Participant submits a subscription request in cash the corresponding redemption will be satisfied in cash unless otherwise agreed with the Authorised Participant (with the relevant asset allocation being approved by the Custodian).

Earlier or later times may be determined by the Manager or the Investment Manager at their discretion with prior Shareholder notice.

On the Dealing Day prior to 25 December and 1 January, dealing requests for subscriptions or redemptions must be received by 12.00 noon Irish time on the relevant Dealing Day of the Fund.

NOTE: ALL TIME REFERENCES IN THIS DEALING TIMETABLE ARE FOR GREENWICH MEAN TIME (GMT), OR BRITISH SUMMER TIME (BST), WHEN SUCH IS APPLICABLE - NOT CENTRAL EUROPEAN TIME (CET).

## VALUATION

The Net Asset Value per Share of the class of the Fund on offer pursuant to this Supplement shall be calculated for each Dealing Day taking the value of the Fund's Investments as at the Valuation Point. The Fund's Investments will be valued using the Benchmark Index methodology of valuing securities. Except where the determination of the Net Asset Value has been suspended in the circumstances described under "Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching", the Net Asset Value per Share shall be made available at the registered office of the Administrator on or before the close of business of each Dealing Day. The Net Asset Value per Share shall also be published daily on the Business Day following the Valuation Point for the Fund by means of a Regulatory Information Service as well as the official iShares website ([www.iShares.com](http://www.iShares.com)), which shall be kept up to date, and such other publications and with such frequency as the Directors may determine. The publishing of the Net Asset Value for the Fund is for information purposes only, and is not an invitation to subscribe, redeem or switch Shares at the published Net Asset Value.

Assets of the Fund listed or traded on a Regulated Market for which market quotations are readily available shall be priced at the Valuation Point using the closing price for equity securities on the principal Regulated Market for such Investment. If the assets of the Fund are listed or traded on several Regulated Markets, the closing price on the Regulated Market which, in the opinion of the Administrator, constitutes the main market for such assets, will be used.

## INDICATIVE NET ASSET VALUE

The indicative net asset value (iNAV®) is the net asset value of the Fund calculated on a real time basis (every 15 seconds) during trading hours. The values are intended to provide investors and market participants a continuous indication of the Fund value. The values are usually calculated based on a valuation of the actual Fund portfolio using real-time prices from all relevant exchanges.

The responsibility for the calculation and publication of the iNAV® values of the Fund has been delegated by the Investment Manager to the Deutsche Börse Group. iNAV® values are disseminated via Deutsche Börse's CEF data feed and are displayed on major market data vendor terminals as well as on a wide range of websites that display stock market data, including Reuters at [www.reuters.com](http://www.reuters.com) and the Deutsche Börse website at <http://deutsche-boerse.com>.

An iNAV® is not, and should not be taken to be or relied on as being, the value of a Share or the price at which Shares may be subscribed for or redeemed or purchased or sold on any relevant stock exchange. In particular, any iNAV® provided for the Fund where the constituents of the Benchmark Index or Investments are not actively traded during the time of publication of such iNAV® may not reflect the true value of a Share, may be misleading and should not be relied on. The inability of the Investment Manager or its designee to provide an iNAV®, on a real-time basis, or for any period of time, will not in itself result in a halt in the trading of the Shares on a relevant stock exchange, which will be determined by the rules of the relevant stock exchange in the circumstances. Investors should be aware that the calculation and reporting of any iNAV® may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values based upon the same constituent securities including, for example, the Benchmark Index or Investments itself or the iNAV® of other exchange traded funds based on the same Benchmark Index or Investments. Investors interested in dealing in Shares on a relevant stock exchange should not rely solely on any iNAV® which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the Benchmark Index or Investments, the relevant constituent securities and financial instruments based on the Benchmark Index or Investments corresponding to the Fund). None of the Company, the Directors, the Investment Manager or its designee, the Custodian, the Administrator, any Authorised Participant and the other service providers shall be liable to any person who relies on the iNAV®.

## DIVIDEND POLICY

The Shares in the Fund are accumulating and, therefore, it is not intended to distribute dividends to the holders of Shares. The income and other profits will be accumulated and reinvested on behalf of the holders of Shares. Dividends, if paid on the Shares of the Fund, may be paid out of the total income of the Fund net of its expenses.

Full details of any change to the Fund's dividend policy will be provided in an updated Prospectus or Supplement and Shareholder notice will be issued in advance.

## FUND EXPENSES

The Company employs an "all in one" fee structure for its funds, with each fund paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses of the Company allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). Expenses paid out of the TER include, but are not limited to, fees and expenses paid to the Manager, regulators and auditors and certain legal expenses of the Company, but exclude transaction costs and extraordinary legal costs. The Total Expense Ratio of the Fund is 0.20% of the Net Asset Value of the Fund. The Total Expense Ratio is calculated and accrued daily from the current Net Asset Value of the Fund and shall be payable monthly in arrears.

The Manager is responsible for discharging all operational expenses, including but not limited to, fees and expenses of the Directors, the Investment Manager, Custodian, Administrator and Registrar from the amounts received by the Manager from the Total Expense Ratio. Such operational expenses include regulatory and audit fees but exclude transaction costs and extraordinary legal costs. In the event that the Fund's costs and expenses in connection with the operation of the Fund which are intended to be covered within the TER exceed the stated TER, the Manager will discharge any excess amounts out of its own assets.

Establishment costs for the Fund will be paid by the Manager.

For additional information about fees and expenses of the Fund, see the heading "Fund Expenses" in the Prospectus.

## **TAXATION**

### **General**

The information given in the Prospectus and below is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.

In addition to the United Kingdom taxation considerations detailed on pages 118 to 121 of the Prospectus, the following taxation considerations apply specifically to the Fund.

### **United Kingdom Taxation**

Investors who are insurance companies within the charge to United Kingdom taxation holding their Shares in the Fund for the purposes of their long-term business (other than their pensions business) will be deemed to dispose of and immediately reacquire those Shares at the end of each accounting period. In general terms, the chargeable gains and allowable losses arising under the annual deemed disposal rules are aggregated and one-seventh of the net amount thus emerging is chargeable (where there are net gains) or allowable (where there are net losses) at the end of the accounting period in which the deemed disposals have taken place.

It is the intention of the Company to seek the following status for the Fund:

- UK Reporting Fund Status
- Germany Tax Transparent Status
- Austrian Reporting Fund Status

Investors should refer to their tax advisors in relation to the implications of the Fund obtaining such status.

## **INSPECTION OF DOCUMENTS**

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays), free of charge, at the registered offices of the Company (JP Morgan House, International Financial Services Centre, Dublin 1, Ireland) and the offices of the Investment Manager (BlackRock Advisors (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL, England):

- (a) the Prospectus;
- (b) this Supplement;
- (c) the KIID;
- (d) the Memorandum and Articles of Association of the Company; and
- (e) the latest annual and semi-annual reports of the Company (if any).

The documents listed above may also be obtained, on request free of charge, from the Administrator.

## **DISCLAIMERS**

### **Disclaimer for Benchmark Index**

The past performance of the Benchmark Index is not a guide to future performance. The Investment Manager, the Manager, Affiliates and the Company do not guarantee the accuracy or the completeness of the Benchmark Index or any data included therein and the Investment Manager, the Manager, Affiliates and the Company shall have no liability for any errors, omissions or interruptions therein. The Investment Manager, the Manager, Affiliates and the Company make no warranty, express or implied, to the owners of shares of the Fund or to any other person or entity, as to results to be obtained by the Fund from the use of the Benchmark Index or any data included therein. Without limiting any of the foregoing, in no event shall the Investment Manager, the Manager, Affiliates and the Company have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) arising from inaccuracies, omissions or other errors in or as a result of the Benchmark Index, even if notified of the possibility of such damages. The Investment Manager, the Manager, Affiliates and the Company are not responsible for screening the constituents of the Benchmark Index.

### **Disclaimer for Reference to Index Provider Website**

In accordance with Central Bank requirements, the Company and the Fund are required to provide details of the index provider's website ("Website") to enable Shareholders to obtain further details of the Fund's Benchmark Index (including the index constituents). The Company and the Fund have no responsibility for the Website and are not involved in any way in sponsoring, endorsing or otherwise involved in the establishment or maintenance of the Website or the contents thereof.

### **iNAV disclaimer**

#### **Deutsche Börse Group**

In order to ensure the highest quality of each of its products, Deutsche Börse Group exercises the greatest care when calculating indicative net asset values (iNAV®) on the basis of the rules set out on its website.

However, Deutsche Börse Group cannot guarantee that the various iNAV®, as set out on its website, are always calculated free of errors. Deutsche Börse Group accepts no liability for any direct or indirect losses arising from any incorrect calculation of such iNAV®.

Decisions concerning the way of its iNAV® calculation are always taken by Deutsche Börse Group to the best of its knowledge and belief. Deutsche Börse Group shall not be liable for any losses arising from such decisions.

The iNAV® of Deutsche Börse Group do not represent a recommendation for investment of whatever nature. In particular, the compilation and calculation of the various iNAV® shall not be construed as a recommendation of Deutsche Börse Group to buy or sell individual securities, ETFs underlying these iNAV® or the basket of securities underlying a given iNAV®.

#### **Reuters**

The Company and the Fund have no responsibility for the Reuters website or the dissemination of the various iNAV on such website and are not involved in any way in sponsoring, endorsing or otherwise involved in the establishment or maintenance of such website or the contents thereof.

### **Benchmark Index Disclaimer**

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ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO

RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUNDS, SHAREHOLDERS OF THE FUNDS, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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## APPENDIX I

### Funds of the Company

As at the date of this Supplement, there are 39 other funds of the Company which are listed below:

iShares \$ Short Duration Corporate Bond UCITS ETF	iShares Edge MSCI World Quality Factor UCITS ETF
iShares \$ Short Duration High Yield Corporate Bond UCITS ETF	iShares Edge MSCI World Size Factor UCITS ETF
iShares \$ Treasury Bond 20+yr UCITS ETF	iShares Edge MSCI World Value Factor UCITS ETF
iShares \$ Ultrashort Bond UCITS ETF	iShares Euro Government Bond 20yr Target Duration UCITS ETF
iShares £ Ultrashort Bond UCITS ETF	iShares Euro Ultrashort Bond UCITS ETF
iShares Ageing Population UCITS ETF	iShares Fallen Angels High Yield Corporate Bond UCITS ETF
iShares Automation & Robotics UCITS ETF	iShares Healthcare Innovation UCITS ETF
iShares China Government Bond 1-10yr UCITS ETF	iShares iBonds Sep 2018 USD Corporate UCITS ETF
iShares Digitalisation UCITS ETF	iShares MSCI China A UCITS ETF
iShares Edge MSCI Europe Momentum Factor UCITS ETF	iShares MSCI EMU Large Cap UCITS ETF
iShares Edge MSCI Europe Multifactor UCITS ETF	iShares MSCI EMU Mid Cap UCITS ETF
iShares Edge MSCI Europe Quality Factor UCITS ETF	iShares MSCI France UCITS ETF
iShares Edge MSCI Europe Size Factor UCITS ETF	iShares Sustainable MSCI Emerging Markets SRI UCITS ETF
iShares Edge MSCI Europe Value Factor UCITS ETF	iShares Sustainable MSCI Japan SRI EUR Hedged UCITS ETF
iShares Edge MSCI USA Momentum Factor UCITS ETF	iShares Sustainable MSCI USA SRI UCITS ETF
iShares Edge MSCI USA Multifactor UCITS ETF	iShares TA-25 Israel UCITS ETF
iShares Edge MSCI USA Size Factor UCITS ETF	iShares Target Global Infrastructure UCITS ETF
iShares Edge MSCI USA Value Factor UCITS ETF	iShares US Equity Buyback Achievers UCITS ETF
iShares Edge MSCI World Momentum Factor UCITS ETF	iShares US Mortgage Backed Securities UCITS ETF
iShares Edge MSCI World Multifactor UCITS ETF	

The Shares of each Fund are issued on different terms and conditions to those of the other Funds.

## APPENDIX II

The following sections in the Prospectus contain further general information and have been referenced in this Supplement:

<b>Section Heading in Prospectus</b>	<b>Page number in Prospectus</b>
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