

# **PROSPECTUS**

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## **SYSTEMATICA UCITS FUND ICAV**

(An Irish collective asset-management vehicle with variable capital constituted as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))

**Systematica Investments Limited**  
**as general partner of Systematica Investments LP**

(INVESTMENT MANAGER)

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**DATED 5 MARCH 2021**

## IMPORTANT INFORMATION

The Directors of Systematica UCITS Fund ICAV (the "**ICAV**") whose names appear under the heading "Directory" jointly accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

This Prospectus describes the ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds which was originally incorporated in Ireland as a public limited company on 28 July 2014 with registered number 547446 and subsequently converted to, and registered as, an Irish collective asset-management vehicle pursuant to the Act on 7 December 2015. The ICAV is constituted as an umbrella fund insofar as the share capital of the ICAV will be divided into different Shares with one or more Classes of Shares representing a separate Fund comprising a separate pool of assets and which pursues its investment objective through separate investment policies.

Each Fund may be further divided into Shares of different Classes to accommodate different subscription and/or redemption charges and/or minimum investment initial subscription amounts and/or dividend and/or charges and/or fee arrangements and/or denomination currencies and/or currency hedging strategies. A separate pool of assets will not be maintained for each Class.

Details of the Fund and its Classes will be specified in the relevant Supplement to the Prospectus.

This Prospectus may be translated into other languages and such translations shall contain only the same information as this Prospectus may be attributable to individual Share Classes. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland.

## INVESTOR RESPONSIBILITY

**Prospective investors should review this Prospectus carefully and in its entirety and consult a stockbroker, bank manager, solicitor, accountant or other financial advisers in relation to (i) the legal requirements within their own countries for the purchase, holding, exchange, redemption or disposal of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchange, redemption or disposal of Shares; and (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisers if they have any doubts regarding the contents of this Prospectus.**

Certain terms used in this Prospectus are defined under "Definitions" below.

## AUTHORISATION BY THE CENTRAL BANK

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

## Investment Risks

There can be no assurance that a Fund will achieve its investment objective. An investment in a Fund involves investment risks, including possible loss of the amount invested. **In view of the fact that a sales fee or a redemption fee may be payable on a subscription or redemption by an investor in a Fund the difference at any one time between the sale and repurchase price of shares in the**

**Fund means that the investment should be regarded as a medium to long term investment.** Details of certain investment risks and other information for an investor are set out more fully in this Prospectus.

### **Forward-looking statements**

Certain information contained in this Prospectus may constitute a "forward-looking statement", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "Investment Risks" and "Conflicts of Interest", actual events or results or the actual performance of a Fund may differ materially from those reflected or contemplated in any such forward-looking statements.

### **DISTRIBUTION AND SELLING RESTRICTIONS**

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

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the then latest published annual report and audited accounts of the ICAV and, if published after such report or annual report, a copy of the latest semi-annual report and unaudited accounts. Such reports and this Prospectus together form the prospectus for the issue of Shares in the ICAV.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), or the securities laws of any of the states of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "U.S. Person" except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and Section 4(a)(2) thereof.

The ICAV has not been and will not be registered under the United States 1940 Act of 1940, as amended (the "**1940 Act**"), since Shares will only be sold to U.S. Persons who are "qualified purchasers", as defined in the 1940 Act.

Each applicant for Shares that is a U.S. Person will be required to certify that it is an "accredited investor" and a "qualified purchaser", in each case as defined under applicable U.S. federal securities laws.

The Shares are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the ICAV does not constitute a complete investment programme and who fully understand and are willing to assume the risks involved in the ICAV's investment programme. The ICAV's investment practices, by their nature, may be considered to involve a substantial degree of risk. Applicants must represent that they are acquiring the Shares for investment.

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

There will be no public offering of the Shares in the United States.

This Prospectus has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the ICAV, and should not be reproduced or used for any other purpose. Notwithstanding anything to the contrary herein, each investor in the ICAV (and each employee, representative, or other agent of each investor in the ICAV) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the ICAV and all materials of any kind (including opinions or other tax analyses) that are provided to the investor relating to such tax treatment and tax structure; provided, however, that such disclosure shall not include the name (or other identifying information not relevant to the tax structure or tax treatment) of any person and shall not include information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws. Acceptance of this Prospectus by a recipient constitutes an agreement to be bound by the foregoing terms.

The Instrument of the ICAV gives powers to the Directors to impose restrictions (but not the obligation) on the holding of Shares by (and consequently to effect the redemption of Shares held by) or the transfer of Shares to any U.S. Person (unless permitted under certain exceptions under the laws of the United States) or by any person or persons in circumstances (whether directly or indirectly affecting such person or person, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the ICAV incurring any liability to taxation or suffering pecuniary disadvantage which the ICAV might not otherwise have incurred or suffered.

## SWITZERLAND

The distribution of Shares in Switzerland will be exclusively made to, and directed at, qualified investors ("**Qualified Investors**"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. Accordingly, the Fund has not been and will not be registered with FINMA. This Prospectus and any other offering materials relating to the Shares that have been approved by the Swiss Representative may be made available in Switzerland solely by the Swiss Representative and authorised distributors to Qualified Investors. Please see below for further information on the Swiss Representative and the Swiss Paying Agent.

The Investment Manager has been appointed to carry out the distribution of Shares to unregulated Qualified Investors in Switzerland pursuant to a distribution agreement between the ICAV, the Swiss Representative and the Investment Manager. The Investment Manager will appoint one or more sales agents pursuant to this distribution agreement.

**Disclaimer:** In respect of the distribution of Shares in and from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss Representative. The following information is disclosed to Shareholders in accordance with the Swiss Distribution Rules:

The Investment Manager, the ICAV, and their respective agents may pay retrocessions as remuneration for distribution activity in respect of Shares in or from Switzerland. Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In the case of distribution activity in or from Switzerland, the Fund and its agents may, upon request, pay rebates directly to investors. The purpose of the rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that:

- (a) they are paid from fees received by the Investment Manager and therefore do not represent an additional charge on the Fund assets;
- (b) they are granted on the basis of objective criteria; and
- (c) all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund and its agents are set out in the relevant Supplement under "Fees and Expenses - Other fees and expenses".

#### **Swiss Representative:**

The ICAV's representative for unregulated Qualified Investors in Switzerland is Mont-Fort Funds AG, whose registered office is at 63 Chemin Plan-Pra, 1936 Verbier, Switzerland.

#### **Swiss Paying Agent:**

The ICAV's paying agent in Switzerland is Neue Helvetische Bank AG, whose registered office is at Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The Swiss Paying Agent may (at the investor's request) handle subscriptions and redemptions by unregulated Qualified Investors in Switzerland.

### **SINGAPORE**

The offer which is the subject of the Prospectus is not authorised or recognised by the MAS and Shares are not allowed to be offered to the retail public. The Prospectus is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you in light of your own personal circumstances.

Recipients of the Prospectus in Singapore should note that the offering of the Shares is subject to the terms of the Prospectus and the SFA. Accordingly the Shares may not be offered or sold, nor may the Prospectus or any other document or material in connection with the offer or sale of such Share be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A(1)(c) of the SFA) (each an "**Institutional Investor**"), (ii) to a relevant person as defined in Section 305 of the SFA or any person pursuant to an offer referred to in Section 305(2) of the SFA (each a "**Relevant Investor**") and in accordance with the conditions specified in Section 305 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Subject to all other restrictions on transferability imposed by the Fund, recipients of the Prospectus represent and warrant that where the Shares are initially acquired pursuant to an offer made in reliance on an exemption under:

- (a) Section 304 of the SFA by an Institutional Investor, subsequent sales of the Shares will only be made to another Institutional Investor; and
- (b) Section 305 of the SFA by a Relevant Investor, subsequent sales of the Shares will only be made to an Institutional Investor or another Relevant Investor.

In addition, it should be noted that where the Shares are initially acquired in Singapore pursuant to an offer made in reliance on an exemption under Section 305 of the SFA by:

- (a) a corporation referred to in Section 305A(2) of the SFA (a "**Relevant Corporation**"), the securities of the Relevant Corporation shall not be transferred within 6 months after the Relevant Corporation has acquired any Shares unless the transfer is in accordance with the conditions of Section 305A(2) of the SFA; and
- (b) a trust referred to in Section 305A(3) of the SFA (a "**Relevant Trust**"), the rights and interest (howsoever described) of the beneficiaries thereof in the Relevant Trust shall not be

transferred within 6 months after any Shares have been acquired for the Relevant Trust unless the transfer is in accordance with the conditions of Section 305A(3) of the SFA.

Investors should therefore ensure that their own transfer arrangements comply with the restrictions. Investors should seek legal advice to ensure compliance with the above arrangement.

The Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

## **REGULATION OF JERSEY ENTITIES**

Each of the Investment Manager and Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP are licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL. The JFSC is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law. The JFSC does not accept any responsibility for the financial soundness of or any representations made in connection with the ICAV and/or any Fund. The Investment Manager is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Investment Manager is also registered with the CFTC as a commodity trading advisor and as a commodity pool operator and is a member of the NFA in such capacity and is approved as a swap firm. Such registrations, membership and approval do not imply that the JFSC, the SEC, the CFTC or the NFA have endorsed the Investment Manager's qualifications to provide the services set forth in this Prospectus. Systematica Investments GP Limited is registered as an investment adviser with the SEC under the Advisers Act and has established a branch office in Geneva, Switzerland, which is authorised by FINMA as a branch of a foreign asset manager of collective investment schemes.

## **REGULATION OF SINGAPORE ENTITIES**

Systematica Investments Singapore Pte. Ltd is regulated by the Monetary Authority of Singapore as a capital market services licence holder for the regulated activity of fund management, dealing in securities, trading in futures contracts and leveraged foreign exchange trading. Systematica Investments Singapore Pte. Ltd is registered as an investment adviser with the SEC under the Advisers Act.

## **REGULATION OF UNITED KINGDOM ENTITIES**

Systematica Investments UK LLP is authorised and regulated by the FCA. Systematica Investments UK LLP is registered as an investment adviser with the SEC under the Advisers Act.

## **RELIANCE ON THIS PROSPECTUS AND ON THE KEY INVESTOR INFORMATION DOCUMENT**

Shares in the ICAV are offered only on the basis of the information contained in this Prospectus and Key Investor Information Document and, as appropriate, after publication of the first half-yearly report of the ICAV or, after publication of the first audited annual accounts of the ICAV, the latest audited annual accounts and any subsequent half-yearly report of the ICAV. These reports form part of the Prospectus. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representations in connection with the offering of Shares in the ICAV other than those contained in this Prospectus and in any subsequent half-yearly or annual report for the ICAV and, if given or made, such information or representations must not be relied on as having been authorised by the ICAV, the Directors, the Investment Manager, the Sub-Investment Managers, the Administrator or the Depositary.

Statements in this Prospectus are based on the law and practice currently in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall, under any circumstances, create any implication or constitute any representation that the affairs of the ICAV have not changed since the date hereof.

This Prospectus, including the SFDR Annex, should be read in its entirety before making any application for Shares.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument of the ICAV, copies of which are available as mentioned herein.

Distribution of this Prospectus in certain jurisdictions will require that the Prospectus be translated into other languages. Where such translation is required, the translated version of the Prospectus will accord in all respects with the English version.

**Shareholders should note that the Instrument permits the ICAV to impose a sales charge of up to a maximum of 5% of the Net Asset Value per Share to purchases. A redemption fee of up to 3% may also be chargeable. Details of any such charges intended to be imposed shall be set out in the relevant Supplement. In the event that such charges are imposed the difference at any time between the sale and repurchase price of Shares means that any investment in the ICAV should be viewed as being in the medium to long term. Prices of Shares in the ICAV may fall as well as rise. These charges may only be applied if provided for in the relevant Fund's Supplement.**

The ICAV and the Administrator have a responsibility to regulators for compliance with money laundering regulations and for that reason, existing Shareholders, potential subscribers for and transferees of Shares may be asked for proof of identity. Until satisfactory proof of identity is provided by potential investors or transferees, either of the above reserve the right to withhold issuance of Shares or any transfer of Shares. In case of delay or failure to provide satisfactory proof of identity, any of the above may take such action as they see fit.

## DIRECTORY

### SYSTEMATICA UCITS FUND ICAV

**Directors:**

Vincent Dodd  
Maurice Murphy  
Paul Rouse  
Pat Wall

**Registered Office:**

2<sup>nd</sup> Floor  
Block E Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

**ICAV Secretary:**

Carne Global Financial Services Limited  
2<sup>nd</sup> Floor Block E  
Iveagh Court  
Harcourt Road  
Dublin 2  
Ireland

**Investment Manager:**

Systematica Investments Limited as general  
partner of Systematica Investments LP  
First Floor, 29 Esplanade  
St Helier  
Jersey JE2 3QA

**Depository:**

BNY Mellon Trust Company (Ireland) Limited  
Guild House, Guild Street  
IFSC  
Dublin 1  
Ireland

**Sub-Investment Managers:**

Systematica Investments GP Limited  
(as general partner of Systematica  
Investments Guernsey LP)  
Sixth Floor  
Rue Vallin 2  
CH-1201 Geneva  
Switzerland

**Administrator, Registrar  
and Transfer Agent:**

SS&C Financial Services (Ireland) Limited  
La Touche House  
IFSC  
Dublin 1  
Ireland

Systematica Investments Singapore Pte. Ltd  
Winsland House, 3 Killiney Road, #07-04,  
Singapore, 239519  
Singapore

Systematica Investments UK LLP  
Equitable House  
47 King William Street  
London EC4R 9AF  
England

**Legal Advisers as to matters of Irish law:**

Maples & Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

**Auditors:**

Ernst & Young  
Registered Auditors  
Ernst & Young Building Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

**Legal Advisers as to matters of Singapore  
law:**

Rajah & Tann Singapore LLP  
Straits Trading Building  
9 Battery Road  
#25-01 Straits Trading Building  
Singapore 049910  
Republic of Singapore

**Legal Advisers as to matters of English /  
U.S. Law:**

Akin Gump LLP  
Eighth Floor  
Ten Bishops Square  
London, E1 6EG



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## DEFINITIONS

In this Prospectus the following words and phrases have the meanings set forth below:

<b>"1933 Act"</b>	means the U.S. Securities Act of 1933, as amended;
<b>"1940 Act"</b>	means the U.S. Investment Company Act of 1940, as amended;
<b>"Act"</b>	means the Irish Collective Asset-management Vehicles Act 2015 as may be amended, and all applicable notices issued by the Central Bank or conditions imposed or derogations granted thereunder;
<b>"Administrator"</b>	means SS&C Financial Services (Ireland) Limited or such other company as may from time to time be appointed in accordance with the requirements of the Central Bank to provide administration and related services to the ICAV in Ireland;
<b>"Administration Agreement"</b>	means the amended and restated administration agreement dated 7 December 2015 as amended by amendment agreements on 8 August 2016 and 3 November 2017, between the ICAV and the Administrator, as may be amended from time to time;
<b>"Application Form"</b>	means the form approved by the Directors, which must be completed by investors wishing to subscribe for Shares;
<b>"AUD"</b>	means the lawful currency of Australia;
<b>"Auditors"</b>	means Ernst & Young or such other firm of registered auditors as may from time to time be appointed as auditors to the ICAV;
<b>"Base Currency"</b>	shall have the meaning specified in the relevant Supplement;
<b>"Benchmark Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;
<b>"Business Day"</b>	means a day (except Saturdays, Sundays and public holidays) on which banks in Dublin and London are open for normal banking business or such other day or days as may be specified in the relevant Supplement;
<b>"Central Bank"</b>	means the Central Bank of Ireland or the successor thereof;
<b>"CHF"</b>	means the lawful currency of Switzerland;
<b>"Collection Account"</b>	means the collection account for each Fund in the name of the Fund through which subscription and redemption proceeds and dividend income (if any) for each Fund are channelled, operated in accordance with the Central Bank's requirements and the details of which are specified in the Application Form;
<b>"Central Bank UCITS Regulations"</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2019, as may be amended or supplemented from time to time and the guidelines issued by the Central Bank from time to time affecting the ICAV;

<b>"Class"</b>	means each class of Shares in the ICAV;
<b>"CRS"</b>	means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing the Common Reporting Standard;
<b>"Data Protection Legislation"</b>	means the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679);
<b>"Dealing Day"</b>	shall have the meaning specified in the relevant Supplement;
<b>"Depository"</b>	means BNY Mellon Trust Company (Ireland) Limited or such other company in Ireland as may from time to time be appointed to provide the services of a depository with respect to all the assets of the ICAV with the prior approval of the Central Bank;
<b>"Depository Agreement"</b>	means the depository agreement dated 8 August 2016, between the ICAV and the Depository as may be amended from time to time;
<b>"Dodd-Frank Act"</b>	means the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended;
<b>"Duties and Charges"</b>	in relation to any Fund, means all stamp and other duties, taxes, governmental charges, brokerage, bank charges, foreign exchange spreads, interest, depository or sub-custodian charges (relating to sales and purchases), transfer fees, registration fees and other duties and charges whether in connection with the original acquisition or increase of the assets of the relevant Fund or the creation, issue, sale, conversion or repurchase of Shares or the sale or purchase of Investments or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or in connection with or arising out of or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, which, for the avoidance of doubt, includes, when calculating subscription and redemption prices, any provision for spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription and sold as a result of a redemption), but shall not include any commission payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund;
<b>"Directors"</b>	means the Directors of the ICAV for the time being and any duly constituted committee thereof;
<b>"EMIR"</b>	means the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter (OTC) derivatives, central counterparties (CCPs) and trade repositories (TRs);
<b>"ERISA"</b>	means the U.S. Employee Retirement Income Security Act of 1974;

<b>"ESMA"</b>	means the European Securities and Markets Authority and any successor body from time to time carrying out all or any part of the relevant functions thereof;
<b>"ESMA Guidelines"</b>	means ESMA's Guidelines on sound remuneration policies under the UCITS Directive (ESMA 2016/575) as may be amended from time to time;
<b>"EU Member State"</b>	means a Member State of the European Union;
<b>"Euro", "euro" and "€"</b>	each means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
<b>"Exempt Irish Shareholder"</b>	<p>means</p> <ul style="list-style-type: none"> <li>(a) a qualifying management company within the meaning of section 739B(1) TCA;</li> <li>(b) an investment undertaking within the meaning of section 739B(1) TCA;</li> <li>(c) an investment limited partnership within the meaning of section 739J TCA;</li> <li>(d) a pension scheme which is an exempt approved scheme within the meaning of section 774 TCA, or a retirement annuity contract or a trust scheme to which section 784 or 785 TCA applies;</li> <li>(e) a company carrying on life business within the meaning of section 706 TCA;</li> <li>(f) a special investment scheme within the meaning of section 737 TCA;</li> <li>(g) a unit trust to which section 731(5)(a) TCA applies;</li> <li>(h) a charity being a person referred to in section 739D(6)(f)(i) TCA;</li> <li>(i) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 784A(2) TCA or section 848B TCA and the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;</li> <li>(j) a person who is entitled to exemption from income tax and capital gains tax by virtue of section 787I TCA and the Shares held are assets of a personal retirement savings account as defined in section 787A TCA;</li> <li>(k) the National Asset Management Agency;</li> <li>(l) the Courts Service;</li> <li>(m) a credit union within the meaning of section 2 of the Credit Union Act 1997;</li> <li>(n) an Irish resident company, within the charge to corporation tax</li> </ul>

under Section 739G(2) TCA, but only where the ICAV is a money market fund;

- (o) a company which is within the charge to corporation tax in accordance with section 110(2) TCA in respect of payments made to it by the ICAV;
- (p) any other person as may be approved by the Directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the ICAV in respect of that Shareholder under Part 27, Chapter 1A TCA; and
- (q) the National Treasury Management Agency of Ireland, or a fund investment vehicle within the meaning of Section 739D(6)(kb) TCA;

provided that, where necessary, the ICAV is in possession of a Relevant Declaration in respect of that Shareholder;

**"FATCA"**

means:

- (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance;
- (b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US, or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to the legislation, regulations or guidance described in paragraph (a) above; and
- (c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs

**"FCA"**

the Financial Conduct Authority of the United Kingdom and any successor body from time to time carrying out all or any part of the relevant functions thereof;

**"FDI"**

means financial derivative instruments as described herein and used by the ICAV from time to time;

**"FINMA"**

the Swiss Financial Market Supervisory Authority FINMA and any successor body from time to time carrying out all or any part of the relevant functions thereof;

**"FSJL"**

means the Financial Services (Jersey) Law 1998, as amended from time to time;

**"Fund"**

means a distinct portfolio of assets established by the Directors (with the prior approval of the Central Bank) constituting in each case a separate fund represented by a separate series of Shares with segregated liability from the other Funds and invested in accordance with the investment objective and policies applicable to such fund as specified in the relevant Supplement;

<b>"GBP" or "British Pounds"</b>		each means the lawful currency of the UK;
<b>"ICAV"</b>		means Systematica UCITS Fund ICAV;
<b>"Instrument"</b>		means the instrument of incorporation of the ICAV for the time being in force and as may be modified from time to time;
<b>"Investments"</b>		means any securities, instruments or obligations of whatsoever nature in which the ICAV may invest in respect of a Fund;
<b>"Investment Manager"</b>		means Systematica Investments Limited as general partner of Systematica Investments LP (or such other entity as may be appointed to act as investment manager of the ICAV with the prior approval of the Central Bank);
<b>"Investment Management Agreement"</b>		means the second amended and restated investment management agreement dated 22 February 2018, between the ICAV and the Investment Manager, as may be amended from time to time;
<b>"Investor Regulations"</b>	<b>Money</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended from time to time;
<b>"Ireland"</b>		means the Republic of Ireland;
<b>"Irish Resident"</b>		means any person resident in Ireland or ordinarily resident in Ireland (as described in the Taxation section of this Prospectus) other than an Exempt Irish Shareholder;;
<b>"JFSC"</b>		means the Jersey Financial Services Commission and any successor body from time to time carrying out all or any part of the relevant functions thereof;
<b>"JPY"</b>		means the lawful currency of Japan;
<b>"MAS"</b>		means the Monetary Authority of Singapore and any successor body from time to time carrying out all or any part of the relevant functions thereof;
<b>"MiFID II Directive"</b>	<b>Delegated</b>	means Commission Delegated Directive (EU) of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;
<b>"Net Asset Value"</b>		means the net asset value of the ICAV or a Fund calculated as described or referred to herein;
<b>"Net Asset Value per Share"</b>		means, in relation to any Class, the Net Asset Value divided by the number of Shares of the relevant Class in issue or deemed to be in issue in respect of a Fund at the relevant Valuation Point subject to such adjustments, if any, as may be required in relation to any Class in a Fund;
<b>"Ordinary Resolution"</b>		means a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the ICAV or on matters affecting the relevant Class, as the case may be, or a resolution in writing signed by all the Shareholders entitled to vote on such resolution;

<b>"Permitted U.S. Person"</b>	means a U.S. Person who also falls within the meaning of the U.S. Internal Revenue Code of 1986, as amended, that is subject to the U.S. Employee Retirement Income Security Act of 1974, as amended, or is otherwise exempt from payment of U.S. Federal Income Tax or an entity substantially all of the ownership interests in which are held by tax-exempt U.S. Persons;
<b>"Prospectus"</b>	means this document, any supplement designed to be read and construed together with and to form part of this document and the ICAV's most recent annual report and accounts (if issued) or, if more recent, its interim report and accounts;
<b>"Recognised Market"</b>	means any recognised exchange or market listed in accordance with the requirements of the Central Bank, which does not issue a list of approved markets. The recognised markets are listed in Appendix II hereto;
<b>"Redemption Form"</b>	means a form approved by the ICAV or its delegate which must be completed by a Shareholder in order to redeem all or a portion of their Shares;
<b>"Regulations" or "UCITS Regulations"</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and any amendment thereto for the time being in force;
<b>"RMP or Risk Management Process"</b>	means a risk management process cleared by the Central Bank in connection with the ICAV's investment in FDI;
<b>"Relevant Declaration"</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B TCA;
<b>"Revenue Commissioners"</b>	means the Irish Revenue Commissioners, the authority responsible for taxation in Ireland;
<b>"Securities Financing Transactions" or "SFTs"</b>	has the meaning defined in the Securities Financing Transaction Regulations;
<b>"Securities Financing Transaction Regulations"</b>	means Regulation (EU) 2015/2365 of the European Parliament and Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as may be amended from time to time;
<b>"Securitisation Position"</b>	means an instrument held by a Fund that meets the criteria of a "Securitisation" contained in Article 2 of the Securitisation Regulation so as to bring such instruments into the scope of the Securitisation Regulation and trigger obligations which must be met by a Fund (as an "institutional investor" under the Securitisation Regulation). Without prejudice to the precise definition in Article 2 of the Securitisation Regulation, this generally covers transactions or schemes, whereby (i) the credit risk associated with an exposure or a pool of exposures is divided into classes or tranches; (ii) payments are dependent upon the performance of the exposure or of the pool of exposures; and (iii) the subordination of classes or tranches determines the distribution of losses during the ongoing life of the transaction or scheme;
<b>"Securitisation Regulation"</b>	means the Securitisation Regulation (EU) 2017/2402, as may be amended from time to time;
<b>"SFDR Annex"</b>	has the meaning ascribed to it in the annex to the Prospectus hereto;

<b>"Share" or "Shares"</b>	means, unless the context otherwise requires, a share or shares of whatsoever Class in the capital of the ICAV (other than Subscriber Shares) entitling the holders to participate in the profits of the ICAV as described in this Prospectus;
<b>"Shareholder"</b>	means a person registered as a holder of Shares;
<b>"SIL"</b>	means Systematica Investments Limited, a limited company formed in Jersey with registered number 116901;
<b>"SILP"</b>	Systematica Investments LP, a limited partnership formed in Guernsey with registered number 2193;
<b>"Special Resolution"</b>	means a resolution passed with the support of 75% or more of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the ICAV or on matters affecting the relevant Class as the case may be, or a resolution in writing signed by all the Shareholders entitled to vote on such resolution;
<b>"Sub-Investment Manager(s)"</b>	means Systematica Investments GP Limited, as general partner of Systematica Investments Guernsey LP and acting through its General Branch and/or Systematica Investments Singapore Pte. Ltd, and/or Systematica Investments UK LLP as the context requires, and/or such other entity or entities appointed as sub-investment manager by the Investment Manager and approved by the Central Bank to act as investment manager in respect of Irish authorised collective investment schemes;
<b>"Sub-Investment Management Agreement"</b>	means the sub-investment management agreement between the Investment Manager and the relevant Sub-Investment Manager, as may be amended;
<b>"Subscriber Shares"</b>	means the initial issued share capital of 2 Shares of €1 each and initially designated as Subscriber Shares;
<b>"Subscriber Shareholder" or "Subscriber Shareholders"</b>	means a holder or holders of Subscriber Shares;
<b>"Supplement"</b>	means a document which contains specific information supplemental to this document in relation to a particular Fund and any addenda thereto;
<b>"Systematica Funds"</b>	means investment funds and other vehicles, the assets of which are under the management of, or which are advised by, the Investment Manager or other members of the Systematica Group;
<b>"Systematica Group"</b>	means the Investment Manager, the Sub-Investment Managers, Systematica Investments Services Limited, Systematica Investments US LLC, any shareholder of the Investment Manager or any affiliate of such a shareholder, as well as any members, partners, employees, officers, or directors of any of the foregoing;
<b>"Systematica Investor"</b>	means (i) a Systematica Fund; (ii) any partner, member or employee of any member of the Systematica Group; (iii) any entity or partnership of which any member of the Systematica Group is a partner (whether limited or otherwise), member or shareholder or the managing member or general partner of any such entity; or (iv) any other person as the Directors may from time to time determine;



<b>"Swiss Paying Agent"</b>	means Neue Helvetische Bank AG;
<b>"Swiss Representative"</b>	means Mont-Fort Funds AG;
<b>"TCA"</b>	means the Taxes Consolidation Act 1997 of Ireland, as amended;
<b>"Total Return Swaps"</b>	has the meaning defined in the Securities Financing Transaction Regulations;
<b>"UCITS"</b>	means an undertaking for collective investment in transferable securities established pursuant to the Regulations;
<b>"USD" or "US\$" or "U.S. Dollars" or "\$"</b>	means the lawful currency of the United States of America;
<b>"U.S."</b>	means the United States of America, its territories and possessions including the States and the District of Columbia and other areas subject to its jurisdiction;
<b>"U.S. Person"</b>	means an individual or entity that is a "U.S. Person" as defined in Regulation S promulgated under the 1933 Act; and
<b>"Valuation Point"</b>	shall have such meaning as shall be specified in the relevant Supplement.

## THE ICAV

### General

The ICAV is an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds. The ICAV is authorised by the Central Bank as a UCITS. A separate portfolio of assets will be maintained in relation to each Fund.

All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument, copies of which are available as described under the heading "Documents for Inspection" in this Prospectus.

### Umbrella Fund

The ICAV is an umbrella fund with segregated liability, which is comprised of different Funds, each with one or more classes of Shares. Different classes of Shares may be issued from time to time with the prior notification and clearance of the Central Bank. Each Class represents interests in a Fund. Prior to the issue of any Shares, the ICAV will designate the Fund in relation to which such Shares shall be issued. A separate Fund with separate records and accounts will be maintained and assets in such Fund will be invested in accordance with the investment objectives applicable to such Fund.

### Management of the ICAV

The Board of Directors is responsible for managing the business affairs of the ICAV. Under the Instrument, the Directors have delegated: (i) the management of the assets and investments of the ICAV to the Investment Manager; and (ii) the day-to-day administration of the ICAV's affairs (including the calculation of the Net Asset Value and the Net Asset Value per Share, Shareholder registration and transfer agency services and related services) to the Administrator.

The Directors are listed below with their principal occupations. None of the Directors has entered into an individual service contract with the ICAV nor is any such contract proposed. The ICAV has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' fraud, negligence or wilful default. The Instrument does not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The address of the Directors is the registered office of the ICAV.

The secretary of the ICAV is Carne Global Financial Services Limited, Block E, Iveagh Court, Harcourt Road, Dublin 2.

The directors of the ICAV are:

**Vincent Dodd (Irish):** Mr Dodd is a professional independent director with over 25 years' experience in fund administration, funds management and private banking including over 17 years as an independent non-executive director of UCITS and non-UCITS investment company boards. Between 2003 and 2007 Mr Dodd was a director of development at Private Wealth Managers Dublin, a specialist investment advisory company. Mr Dodd established and was Head of the Private Banking division of IIB Bank Dublin, a subsidiary of KBC Bank NV Belgium (between 1997 and 2003). He was also Head of Business Development for Bank of Ireland Securities Dublin which provided fund administration and custody services to leading fund management groups who domiciled funds in Dublin. Mr Dodd holds a B.A. in Economics and Politics from University College Dublin, and a D.B.A in Corporate Finance and Business Administration from Queens University Belfast. In 2010 Mr Dodd completed the Professional Diploma in Corporate Governance at the Smurfit Business School in University College Dublin.

**Maurice Murphy (Irish):** Mr Murphy has extensive international experience in traditional and alternative funds having previously headed up the risk management function at KB Associates, an investment funds consultancy. At KB Associates, Mr Murphy also served as an Executive Director of its AIFM & UCITS Management Company entity.

Prior to joining KB Associates, Mr Murphy was at Credit Suisse where he was Head of the Fund Linked Products desk in Dublin. Previously he spent a number of years with ABN Amro Bank (Ireland) Limited as Head of Risk Management. He began his career in London, working for Morgan Stanley and UBS.

Mr Murphy holds a Bachelor of Commerce degree (Hons) and a Post Graduate Master of Business Studies (Hons) from University College Dublin. He is a certified Financial Risk Manager (FRM) by the Global Association of Risk Professionals (GARP) and a Chartered Alternative Investment Analyst (CAIA) Charterholder. He is also an Associate Member (ACSI) of the Chartered Institute for Securities & Investment (CISI).

**Paul Rouse (British):** Mr Rouse is the Chief Financial Officer and Chief Operating Officer of the Systematica Group, a member of the board of directors and the Executive Committee of the Investment Manager, an employee of Systematica Investments GP Limited and a limited partner of SILP. Prior to joining the Systematica Group, Mr Rouse was Head of Product Control at BlueCrest Capital Management, which he joined in 2006 from Goldman Sachs, managing teams in London, New York and Singapore. At Goldman Sachs, Mr Rouse was a Product Control manager for three years focussing on equity derivatives trading. Mr Rouse trained as a Chartered Accountant at Ernst and Young within their Corporate Tax business, qualifying as an ACA in January 2003. He holds a BSc (Hons) in Marine Biology from Newcastle University.

**Pat Wall (Irish):** Mr Wall was a senior partner in PwC for nearly 30 years specialising in international taxation with a particular focus on investment management and international funds distribution.

In his time in PwC he chaired the Irish Governance Board and he served in various senior management roles including tax and financial services leader. He was a member of the PwC European and Global Investment Management Leadership teams where he had special responsibility for international financial centres. He has been closely associated with the development of the IFSC since its inception. He has worked with most of the major international asset managers, custodians and administrators. He advised on the launch of the first internationally distributed Irish domiciled UCITS and non-UCITS funds and has been closely associated with the development of the Irish funds industry since. He founded the PwC asset management business group which now employs over 400 people. He has been a member of the IFSC Clearing House Group for over 20 years during which time he has chaired and participated in various working groups including the Asset Management Working Group, the Pan-European Pensions Task Force and the non-Bank Finance Task Force. Among other things these groups advised Government on the introduction of investment limited partnerships, common contractual funds, loan origination funds and most recently the ICAV. He has worked closely with government agencies in the design of Irish tax policy to meet the demands of competitiveness and compliance with EU and OECD standards. He was a member of the asset management OECD/BIAC business advisory group focused on the BEPS agenda and tax issues pertaining to cross border portfolio investing. He co-authored the OECD Report on tax treaty access for Funds. He participated in the joint industry/Government groups which designed the International FATCA and CRS regimes. He was a member of the EU tax business advisory group focused on perfecting the single market withholding tax systems and the exchange of investor information. He is former chair of the American Ireland Chamber of Commerce Tax committee and a member of the IBEC tax and economics committee. He is a graduate of UCD (BA) and a member of the Institute of Directors (Cert IoD).

## INVESTMENT OBJECTIVE AND POLICIES

### INVESTMENT OBJECTIVE AND POLICIES

The ICAV is an umbrella investment vehicle and the investment objectives and policies for each Fund are formulated by the ICAV at the time of creation of each Fund and will be specified in the relevant Supplement to the Prospectus.

#### *Securities Financing Transactions and Total Return Swaps*

Where provided for in the relevant Supplement, a Fund may use Securities Financing Transactions or Total Return Swaps. Details on the use of Securities Financing Transactions and Total Return Swaps and types of assets that can be subject to them, the maximum proportion of the Fund's assets and the expected proportion of the Fund's assets subject to Securities Financing Transactions and/or Total Return Swaps will be set out in the relevant Supplement.

Counterparties to such Securities Financing Transactions and Total Return Swaps will be approved and monitored by the ICAV and are typically banks or other financial institutions or intermediaries in the jurisdiction in which the relevant Fund invests that meet the Central Bank's criteria set out in the Central Bank UCITS Regulations and the criteria disclosed in Appendix I of the Prospectus, under the heading "Permitted FDI" ("**Approved Counterparties**"). The ICAV will exercise due diligence in the selection, appointment and monitoring of Approved Counterparties and in particular will ensure that Approved Counterparties: (a) are subject to ongoing supervision by a public authority; (b) are financially sound; and (c) have the necessary organisational structure and resources to perform the services that are to be provided by them. All costs and fees of Approved Counterparties to the relevant Fund's Securities Financing Transactions and/or Total Return Swaps will be payable at normal commercial rates. Any gains, losses and/or revenue (as applicable) generated by Securities Financing Transactions and/or Total Return Swaps will be for the account of the relevant Fund. No Approved Counterparty is a related party to the ICAV. The risk of the Approved Counterparty defaulting on its obligations under the Securities Financing Transactions and/or Total Return Swaps and its effect on the relevant Fund are described in the sections of this Prospectus titled "Counterparty Risk", "Credit Risks" and "Derivative Securities Risk".

Approved Counterparties may provide collateral to the Fund in accordance with the Regulations, the Central Bank UCITS Regulations and the requirements of the Central Bank. Such collateral shall be held either in the physical custody of the Depositary, or for the account of the Depositary by an agent or sub-custodian of the Depositary.

All collateral received under any Total Return Swap or Securities Financing Transactions entered into by the relevant Fund will comply with the provisions of "Techniques and Instruments, including the use of Repurchase/Reverse Repurchase and Securities Lending Agreements" set out under Appendix I of this Prospectus. Accordingly, all collateral that is received will be valued daily, will be marked to market and variation margin arrangements will be employed unless otherwise provided in the relevant Supplement. Assets that exhibit a high price volatility will not be accepted as collateral by a Fund.

### CHANGE IN INVESTMENT OBJECTIVE OR POLICIES

Changes to the investment objective or material changes to the investment policies of a Fund will only be effected with the approval of an Ordinary Resolution of the Shareholders of that Fund. In the event that any such change is effected, reasonable notice to the Shareholders of that Fund will be provided to enable Shareholders to redeem prior to implementation.

### REFERENCES TO RATINGS

The European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2014 (S.I. No. 379 of 2014) (the "**Amending Regulations**") transpose the requirements of the Credit Ratings Agencies Directive (2013/14/EU) ("**CRAD**") into Irish law. CRAD aims to restrict the reliance on ratings

provided by credit rating agencies and to clarify the obligations for risk management. In accordance with the Amending Regulations and the CRAD (which amended the Regulations), notwithstanding anything else in this Prospectus, the Investment Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty.

## **REFERENCES TO BENCHMARKS**

Certain Funds may refer to indices within the Supplement of the relevant Funds. These indices may be referenced for various purposes including, but not limited to (i) operating as a reference benchmark which the Fund seeks to outperform; (ii) relative VaR measurement; and (iii) calculating performance fees. The particular purpose of the relevant index shall be clearly disclosed in the relevant Supplement. Where an index is used for the purposes of (i) above this will not constitute use of an index within the meaning of Article 3(1)(7)(e) of the Benchmark Regulation unless the relevant supplement (in particular as part of its investment policy or strategy) defines constraints on the asset allocation of the portfolio in relation to the index (e.g. an investment restriction that the Fund must invest only in components of the index or must be partially invested in line with index composition). Other references to indices, including for example for the purposes of relative VaR measurement as outlined at (ii) above, may not constitute use of an index within the meaning of Article 3 (1)(7)(e) of the Benchmark Regulation. Shareholders should note that the ICAV and/or its distributors may from time to time refer to other indices in marketing literature or other communications purely for financial or risk comparison purposes. However, unless such indices are referred to as such in the Supplement of the Fund they are not formal benchmarks against which the Fund is managed.

Where relevant the Investment Manager shall put in place written plans, in accordance with Article 28(2) of the Benchmark Regulation, detailing the actions it will take in the event that any index it uses for any Fund in accordance with Article 3 (1)(7)(e) of the Benchmark Regulation materially changes or ceases to be provided. These written plans shall detail the steps the Investment Manager will take to nominate a suitable alternative index.

Any index used by a Fund in accordance with Article 3 (1)(7)(e) of the Benchmark Regulation shall be provided by an administrator either included in the register referred to in Article 36 of the Benchmark Regulation or availing of the transitional arrangements pursuant to Article 51 of the Benchmark Regulation.

## **FOREIGN EXCHANGE ARRANGEMENTS**

Where provided for in the Supplement, a Fund may enter into forward foreign exchange contracts in the context of its investment activity and/or for efficient portfolio management purposes and this may give rise to variation margin requirements under EMIR. However, it should be noted that the EMIR variation margin rules will not apply to foreign exchange contracts characterised as spot trades in accordance with Commission Delegated Regulation (EU) 2017/565. This includes foreign exchange contracts with up to T+5 settlement terms where the main purpose of the contract is in connection with the sale or purchase of investments by the Fund and this corresponds with the standard settlement period for such investments.

## **IMPACT OF EU SECURITISATION RULES**

It is anticipated that in many cases, subject to certain exemptions and transitional provisions, the instruments held by a Fund may constitute Securitisation Positions within the scope of the Securitisation Regulation. In such cases, a Fund will be characterised as an "institutional investor" for the purposes of the Securitisation Regulation and as such shall be directly subject to obligations outlined in the Securitisation Regulation with respect to the relevant Securitisation Positions it holds/proposes to hold. This includes a range of specific due diligence measures that must be considered by the relevant Fund in advance of holding a Securitisation Position. In particular, the Fund will be required to verify that the originator, sponsor or original lender of the Securitisation Position that it proposes to hold is complying with the requirement to retain on an ongoing basis a material net economic interest in the relevant securitisation (the "**Risk Retention Requirement**"). Additionally, where the Fund is exposed to a Securitisation Position that no longer meets the requirements provided for in the Securitisation Regulation, the Investment Manager or the Sub-Investment Manager

shall, in the best interests of the investors in the relevant Fund, act and take corrective action, if appropriate.

It is noted that the Securitisation Regulation also imposes obligations directly on originators/sponsors/original lenders of Securitisation Positions established in the EU, including the applying the Risk Retention Requirement to those parties as a direct obligation – thereby aligning with the pre-investment verification obligation that will apply to the relevant Fund as an institutional investor in such instruments. It should therefore be quite efficient in practice for the Fund to verify that the Risk Retention Requirement is being met. Conversely, in practice it may be more difficult for the Fund to verify that the Risk Retention Requirement is being met for originators/sponsors/original lenders of Securitisation Positions established outside the EU. Indeed, there may be instances where instruments the Fund would seek to invest in, that are structured by parties established outside the EU, are not compliant with the Risk Retention Requirement (or other requirements of the Securitisation Regulation). This presents the risk that the universe of instruments the Fund may consider investing in may be narrower than would otherwise be the case.

## INVESTMENT RESTRICTIONS

The assets of each Fund must be invested in accordance with the restrictions on investments set out in the Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors in respect of any Fund. The ICAV will comply with the Central Bank UCITS Regulations and relevant guidance issued by the Central Bank. The principal investment restrictions applying to each Fund under the Regulations are described as follows:-

### 1 Permitted Investments

Investments of a Fund are confined to:

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

### 2 Investment Restrictions

- 2.1 A Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.

#### Recently Issued Transferable Securities

- 2.2 Subject to paragraph 2, a Fund may invest no more than 10% of net assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply. Paragraph 1 does not apply to an investment by a Fund in U.S. securities known as "Rule 144A securities" provided that:
  - 1. the relevant securities have been issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - 2. the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3 A Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 The limit of 10% (in paragraph 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

- 2.5 The transferable securities and money market instruments referred to in paragraphs 2.4. shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.
- 2.6 Cash booked in accounts and held as ancillary liquidity shall not exceed:
- (a) 10% of the NAV of the Fund; or
  - (b) where the cash is booked in an account with the Depositary 20% of the net assets of the Fund.
- 2.7 The risk exposure of a Fund to counterparty to an OTC derivative may not exceed 5% of net assets.
- This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (which includes the United Kingdom); or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.8 Notwithstanding paragraphs 2.3, 2.6 and 2.7 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- 1. investments in transferable securities or money market instruments;
  - 2. deposits; and/or
  - 3. risk exposures arising from OTC derivatives transactions.
- 2.9 The limits referred to in paragraphs 2.3, 2.4, 2.6, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.10 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.6, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.11 A Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

A Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.



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

- 3.1 A Fund may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which the Fund management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.

### 4 Index Tracking Fund

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

### 5 General Provisions

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

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of the securities in issue cannot be calculated.

- 5.3 Paragraphs 5.1 and 5.2 shall not be applicable to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;

- (iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in paragraphs 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
  - (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5 The Central Bank may allow recently authorised Funds to derogate from the provisions of paragraphs 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- 1. transferable securities;
  - 2. money market instruments;
  - 3. units of CIS; or
  - 4. financial derivative instruments,
- noting that any short selling of money market instruments by UCITS is prohibited.
- 5.8 A Fund may hold ancillary liquid assets.
- 6 Financial Derivative Instruments ('FDIs')
- 6.1 The Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed its total Net Asset Value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
- 6.3 Funds may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

When the Investment Manager on behalf of a Fund (the "**Investing Fund**") invests in the units of another sub-fund of the ICAV (the "**Receiving Fund**"), that investment is subject to the following requirements, in addition to the provisions of paragraph 3.5 above:

- (a) the Receiving Fund cannot hold units in any other sub-fund within the ICAV; and
- (b) the rate of the annual management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund's assets invested in Receiving Funds (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Receiving Funds or a combination of both) shall not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund's assets, such that there shall be no double charging of the annual management fee to the Investing Fund as a result of its investments in the Receiving Fund. This provision is also applicable to the annual fee charged by an Investment Manager where this fee is paid directly out of the assets of the Fund.

Without limitation, the Directors may adopt additional investment restrictions with respect to any Fund to facilitate the distribution of Shares in the relevant Fund to the public in a particular jurisdiction. Any such additional investment restrictions will be disclosed in the Prospectus. In addition, the investment restrictions set out above may be changed from time to time by the Directors in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares in the Funds are currently offered, provided that the assets of the Fund will at all times be invested in accordance with the restrictions on investments set out in the Regulations. In the event of any such addition to, or change in, the investment restrictions applicable to any Fund, a reasonable notification period will be provided by the ICAV to enable Shareholders in the relevant Fund to redeem their Shares prior to implementation of these changes.

If the limits set forth above are exceeded for reasons beyond the control of the Investment Manager, the Investment Manager must adopt as its primary objective in its sale transactions the remedying of such situation, taking due account of the interests of the relevant Fund's Shareholders.

The Investment Manager employs a risk management process in respect of the ICAV which enables it to accurately measure, monitor and manage the various risks associated with the FDI. A statement of this RMP has been submitted to the Central Bank. **A Fund will only utilise those FDIs as set out in the relevant Fund Supplement and as listed in the RMP and that have been cleared by the Central Bank.** The ICAV will, on request, provide supplementary information to Shareholders relating to the RMP employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

## THE INVESTMENT MANAGER

SIL as general partner of SILP is the ICAV's promoter and has been appointed the investment manager to the ICAV and is responsible for providing discretionary investment management and advisory services in connection with the assets of the ICAV.

SIL is a Jersey limited company incorporated under the Companies (Jersey) Law 1991 on 21 October 2014 and SILP is a Guernsey limited partnership established under the Limited Partnerships (Guernsey) Law 1995 on 5 November 2014 and whose registered office is at BlueCrest House, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WR.

The Investment Manager is licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL. SIL is registered as an investment adviser with the U.S. Securities and Exchange Commission under the Advisers Act. SIL is also registered with the U.S. Commodity Futures Trading Commission (the "**CFTC**") as a commodity trading advisor and as a commodity pool operator and is a member of the U.S. National Futures Association ("**NFA**") in such capacity and is approved as a swap firm. Such registrations, membership and approval do not imply that the JFSC, the SEC, the CFTC or the NFA have endorsed the Investment Manager's qualifications to provide the services set forth in this Prospectus.

Pursuant to the Advisers Act, SIL has provided the ICAV with Part 2A of Form ADV, the brochure, as well as Part 2B of Form ADV, the brochure supplement.

The directors of SIL are Leda Braga (who is Jersey resident), Paul Rouse (who is Jersey resident) and Ben Dixon (who is Jersey resident).

The Investment Manager as a delegate of the ICAV will have remuneration policies and practices in place consistent with the requirements of the Regulations and the ESMA Guidelines as required and when applicable, and any further clarifications as may be issued by ESMA, the European Commission or the European Parliament and Council as required and when applicable.

The Investment Management Agreement provides that none of the Investment Manager, SILP or any of SILP's limited partners will be liable for any loss to the ICAV howsoever arising except to the extent that such loss is due to the negligence, wilful default or fraud of the Investment Manager, SILP or any of their respective partners, directors, officers or employees. The ICAV has agreed to indemnify, out of the assets of the relevant Fund or Funds, the Investment Manager, SILP and each of their respective partners, directors, officers and employees against all losses and liabilities incurred by or asserted against them in connection with the Investment Manager's functions, powers and duties under the Investment Management Agreement, other than those resulting from the negligence, wilful default or fraud of the Investment Manager, SILP or any of their respective partners, directors, officers or employees.

The Investment Management Agreement will continue in force until terminated by either party on 90 days' notice in writing to the other party, provided that it may be terminated forthwith by notice in writing by either party to the other party if the other party commits any material breach of its obligations under the Investment Management Agreement and fails to make good such breach within 30 days of receipt of written notice requiring it to do so, or if the other party is dissolved or otherwise enters into insolvency proceedings. The Investment Management Agreement will also terminate automatically if the Investment Manager ceases to be licensed and regulated by the JFSC.

Under the Investment Management Agreement, the Investment Manager has the power, exercisable only with the consent of the ICAV, to appoint, on behalf of the ICAV, one or more third parties to perform in its place, and as agent or agents of the ICAV, any of its functions, powers and duties as investment manager. To the extent that the Investment Manager appoints on behalf of the ICAV a third party agent or agents to perform portfolio management duties in its place, none of the Investment Manager, SILP or any of SILP's limited partners will be liable for any loss to the ICAV howsoever arising except to the extent that such loss is due to the negligence, wilful default or fraud of the Investment Manager, SILP or any of their respective partners, directors, officers or employees in the

selection, monitoring or supervision of such agent or agents. The Investment Manager will indemnify the ICAV against any losses to the ICAV howsoever arising to the extent that such loss is due to the negligence, wilful default or fraud of any such agent or agents, and only to the extent that such losses are not recovered from such agent or agents. All further sub-investment managers appointed and not disclosed in the Prospectus will be disclosed in the ICAV's periodic reports where paid by the Investment Manager and not directly out of the Fund's assets in accordance with the Central Bank's requirements. If more than one sub-investment manager is appointed to a Fund, the Investment Manager shall allocate the assets of the Fund between those sub-investment managers in such proportion as it shall, at its discretion, determine. The details of any sub-investment manager appointed and not disclosed in the Prospectus, and not paid out of the assets of any Fund, will be provided to shareholders on request, and details will be published in the periodic reports.

## THE SUB-INVESTMENT MANAGERS

The Investment Manager has appointed on behalf of the ICAV, acting as its agents, Systematica Investments GP Limited, as general partner of Systematica Investments Guernsey LP, Systematica Investments Singapore Pte. Ltd and Systematica Investments UK LLP as sub-investment managers to manage the assets of the ICAV and/or to provide other related services in the Investment Manager's place, as an agent of the ICAV. The Sub-Investment Managers have been appointed pursuant to the relevant Sub-Investment Management Agreement. The Investment Manager may also retain responsibility for managing some of the assets of the ICAV.

The Sub-Investment Managers have full discretion, to the extent of their appointment, and subject to the control of and review by the Directors and the Investment Manager, to invest the assets of the Funds in pursuit of the investment objective and approach as described in the relevant Supplement.

The Investment Manager remains responsible for the ICAV's portfolio management strategy and allocations of capital to the Sub-Investment Managers.

The Sub-Investment Managers as sub-delegates of the ICAV have remuneration policies and practices in place consistent with the requirements of the Regulations and the ESMA Guidelines as required and when applicable, and any further clarifications as may be issued by ESMA, the European Commission or the European Parliament and Council as required and when applicable.

Systematica Investments GP Limited is a Jersey limited company incorporated on 27 October 2014 and Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP is licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL. Systematica Investments GP Limited has established a branch office in Geneva, Switzerland which is authorised by FINMA as a branch of a foreign asset manager of collective investment schemes. Pursuant to the relevant Sub-Investment Management Agreement, Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP conducts trading and investment activities in relation to the systematic trading model implemented for the ICAV (including the provision of sub-investment management services to the ICAV, as its agent and in place of the Investment Manager in accordance with the terms of the relevant Sub-Investment Management Agreement) from both Jersey and Switzerland. Systematica Investments GP Limited is registered as an investment adviser with the SEC under the Advisers Act and has established a branch office in Geneva, Switzerland, which is authorised by FINMA as a branch of a foreign asset manager of collective investment schemes.

Systematica Investments Singapore Pte. Ltd is a Singapore limited company incorporated on 23 October 2014 and is regulated by the Monetary Authority of Singapore as a capital market services licence holder for the regulated activity of dealing in securities and fund management. Pursuant to the relevant Sub-Investment Management Agreement, Systematica Investments GP Limited conducts trading and investment activities in relation to the systematic trading model implemented for the ICAV (including the provision of sub-investment management services to the ICAV, as its agent and in place of the Investment Manager in accordance with the terms of the relevant Sub-Investment Management Agreement). Systematica Investments Singapore Pte. Ltd is registered as an investment adviser with the SEC under the Advisers Act.

Systematica Investments UK LLP is a limited liability partnership formed in England and Wales on 20 September 2018. Pursuant to the relevant Sub-Investment Management Agreement, Systematica Investments UK LLP provides certain sub-investment management services, including liquidity management and other cash management or cash equivalent services to the ICAV as agent and in place of the Investment Manager in accordance with the terms of the relevant Sub-Investment Management Agreement. Systematica Investments UK LLP is authorised and regulated by the FCA. Systematica Investment UK LLP is registered as an investment adviser with the SEC under the Advisers Act.

Each Sub-Investment Management Agreement will continue in force until terminated by the Investment Manager giving to the relevant Sub-Investment Manager not less than 5 days' written

notice or by the relevant Sub-Investment Manager giving to the Investment Manager not less than 30 days' written notice, provided that it may also be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations under the Sub-Investment Management Agreement and fails to remedy the breach within 14 days of receipt of written notice requiring it to do so, or if the other party is dissolved or otherwise enters into insolvency proceedings. The Sub-Investment Management Agreement will also terminate automatically if the Investment Manager ceases to be appropriately authorised, licensed or approved by the relevant regulatory authority or upon the termination for whatever reason of the Investment Management Agreement.

The Sub-Investment Managers will not be liable for any loss to the ICAV or the Investment Manager howsoever arising except to the extent that such loss is due to the negligence, wilful default or fraud of the Sub-Investment Managers or any of its partners, members, directors, officers or employees. The Investment Manager has agreed to indemnify the Sub-Investment Managers and their partners, members, directors, officers and employees for any losses and liabilities incurred by or asserted against them in connection with the relevant Sub-Investment Manager's duties under the relevant Sub-Investment Management Agreement other than those resulting from its negligence, wilful default or fraud.

### **SERVICES ARRANGEMENTS**

Members of the Systematica Group (including the Investment Manager and the Sub-Investment Managers) provide certain services to the Investment Manager and the Sub-Investment Managers, including modelling and strategy research, implementation and technology, legal, compliance, finance, accounting, human resources, investor relations, information technology, software and middle- and back-office services. An affiliate of the Administrator also provides secondees to members of the Systematica Group to assist with certain data centre functions.

The Investment Manager or the relevant Sub-Investment Manager is responsible for remunerating such other members of the Systematica Group for the services described above.

Currently, the Systematica Group has in place a comprehensive program of insurance, including without limitation professional indemnity insurance, covering the whole Systematica Group, including the Investment Manager and each of the Sub-Investment Managers. The Systematica Group may, if it considers appropriate in its discretion put in place or procure to be, put in place, from time to time, such professional indemnity insurance covering such customary risks on such terms and conditions as it deems appropriate.

## **THE ADMINISTRATOR**

The ICAV has appointed SS&C Financial Services (Ireland) Limited to act as Administrator of the ICAV pursuant to the Administration Agreement.

The Administrator is a private limited company incorporated in Ireland on 18 May 2007 with registration number 439950.

The Administrator's principal business is the provision of administration services to collective investment schemes and will be responsible for the day-to-day administration of the ICAV.

The Administrator is authorised by the Central Bank to provide investment business services to collective investment schemes. Its services include the calculation of the Net Asset Value, calculation of management and performance fees, establishing and maintaining a register of Shareholders, carrying out the issue and redemption of Shares and assisting in the preparation of the ICAV's financial statements, and acting as registrar and transfer agent.

The Administration Agreement between the Administrator and the ICAV shall continue in force for an initial term of six months and may be terminated by the Fund on 90 calendar days' notice in writing to the Administrator and on 180 calendar days' notice in writing by the Administrator to the Fund although in certain circumstances the Administration Agreement may be terminated immediately by either party.

The Administration Agreement may also be terminated by either party if the other party is in material breach of its obligations under the Administration Agreement and fails to remedy the breach within thirty days of being requested to do so.

The Administration Agreement provides that in the absence of negligence, wilful misconduct or fraud on its part or that of its officers, directors, members, shareholders, employees, affiliates or agents, or any of their successors and assigns, the Administrator will not be liable for any loss arising out of or in connection with the performance of its obligations and duties under the Administration Agreement. The ICAV, out of the assets of the relevant Fund, shall indemnify the Administrator against any liabilities, obligations, loss, damages, penalties, actions, judgements, suits, costs, expenses or disbursements suffered or incurred by the Administrator by reason of its performance or non-performance of its obligations and duties, save in the case of the Administrator or that of its directors, officers, shareholders, employees, affiliates or agent's negligence, bad faith, wilful misconduct or fraud.

The Administrator does not act as guarantor of the shares. Moreover, the Administrator is not responsible for any of the trading or investment decisions of the ICAV or the effect of such trading decisions on the performance of the ICAV.



## THE DEPOSITARY

The ICAV has appointed BNY Mellon Trust Company (Ireland) Limited (the "**Depositary**") to act as Depositary of the assets of the ICAV pursuant to the Depositary Agreement.

The Depositary is a private limited liability company incorporated in Ireland on 13 October 1994. The principal activity of the Depositary is to act as the depositary and trustee of the assets of collective investment schemes. The Depositary is authorised by the Central Bank under the Investment Intermediaries Act, 1995 (as amended).

The Depositary is a wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. As at 31 December 2017, it had US\$33.3 trillion in assets under custody and administration and US\$1.9 trillion in assets under management.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the ICAV and each Fund in accordance with the provisions of the Regulations. The Depositary will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Shares in the ICAV is carried out in accordance with the Regulations and the Instrument.

The Depositary will carry out the instructions of the ICAV, unless they conflict with the Regulations or the Instrument. The Depositary is also obliged to enquire into the conduct of the ICAV in each financial year and report thereon to Shareholders.

Under the Depositary Agreement, the Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated its safe-keeping duties in respect of financial instruments in custody to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon. The list of sub-delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon is set out in Appendix III hereto. The use of particular sub delegates will depend on the markets in which the ICAV invests. No conflicts arise as a result of such delegation. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to applicable laws.

Pursuant to the Depositary Agreement, the Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss has arisen as a result of an external event beyond its control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to fulfil its obligations under the Regulations.

The Depositary Agreement provides that the appointment of the Depositary will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Depositary Agreement may be terminated immediately by either party provided that the appointment of the Depositary shall continue in force until a replacement depositary approved by the Central Bank has been appointed and provided further that, if within a period of 90 days from the date on which the Depositary notifies the ICAV of its desire to retire or the appointment of the Depositary is terminated pursuant to the terms of the Depositary Agreement, no replacement Depositary shall have been appointed, the ICAV shall serve notice on all Shareholders of its intention to convene an extraordinary general meeting at which an ordinary resolution to wind up the ICAV will be considered in order to repurchase all Shares then issued to Shareholders on the date specified in such notice which shall not be less than one month nor more than three months after the date of service of such notice and shall procure that, following such repurchase of all but the required minimum number of Shares, either a liquidator be appointed or an application for the winding-up of the ICAV be made. The Depositary's appointment shall terminate following the occurrence of such repurchase and the revocation of the authorisation of the ICAV.

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

#### **LOCAL PAYING AGENTS AND DISTRIBUTORS**

The ICAV may appoint paying agents and distributors. Local regulations in certain EEA countries (including, where applicable, the United Kingdom) may require the appointment of paying agents and the maintenance of accounts by such agents through which subscription and redemption monies may be paid. Investors who choose, or are obliged under local regulations to pay subscription monies or receive redemption monies via an intermediary entity rather than the directly to the Depositary bear a credit risk against that intermediate entity with respect to (a) subscription monies, prior to the transmission of such monies to the Depositary for the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant investor. Fees payable to any such paying agent or distributor shall be payable out of the assets of the ICAV at normal commercial rates.

## **FEES AND EXPENSES**

### **GENERAL FEES**

Details of the investment management, administration and custody fees applicable to the Funds are specified in the relevant Supplement.

### **ESTABLISHMENT AND OPERATING EXPENSES**

The establishment expenses of the ICAV did not exceed €325,000.00. The establishment expenses for each Fund will be set out in the relevant Fund Supplement. Establishment expenses not paid for by the Investment Manager may be amortised over an initial five year period, unless otherwise provided for in the relevant Fund Supplement.

The ICAV will also pay certain other costs and expenses incurred in its operation, including without limitation, fees and expenses incurred in relation to banking and brokerage cost in respect of the sale of investments, withholding and any other taxes that may arise on Investments, clearing and registration fees and other expenses due to regulatory, supervisory or fiscal authorities in various jurisdictions including the Central Bank's industry levy, insurance, interest, brokerage costs, promotional and marketing expenses and all professional, legal and other fees and expenses in connection therewith and the cost of publication of the Net Asset Value of the Shares. Such charge will be at normal commercial rates and will be collected at the time of settlement. The Investment Manager may, at its discretion, contribute directly towards operation of the ICAV and/or the marketing, distribution and/or sale of Shares and may from time to time at its sole discretion waive part of the investment management fee in respect of any particular payment period. The Investment Manager will be entitled to be reimbursed by the ICAV in respect of any such expenses borne by it, save it shall not be entitled to be reimbursed the establishment expenses in respect of certain Funds as outlined above and in the relevant Supplement. Under the Instrument, the Directors are entitled to a fee in remuneration for their services to the ICAV at a rate to be determined from time to time by the Directors, but so that the aggregate amount of each Directors' remuneration in any one year shall not exceed €50,000.00 (or such other higher limit as the Directors may from time to time determine with the approval of the Shareholders). The Directors and any alternate Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any other meetings in connection with the business of the ICAV.

### **PAYMENTS FOR RESEARCH**

The Investment Manager and the Sub-Investment Managers will generally pay for research themselves and utilize investment research services offered by the brokers and independent service providers. These research services may include published research notes or reports, other material or services suggesting or recommending an investment strategy or trade ideas. Certain costs of third-party research will, to the extent applicable, be allocated by the Investment Manager and/or the Sub-Investment Managers on a fair basis among their clients (or groups of their clients) including the relevant Funds. Any such cost allocations will be based on the Investment Manager's written research policy and annual research budget set by the Investment Manager and the Sub-Investment Managers and agreed by the Directors. Shareholders should note, however, that other clients of the Investment Manager and the Sub-Investment Managers may benefit indirectly from research paid for by a Fund. The Investment Manager and Sub-Investment Manager have adopted internal policies in relation to the use of, and payment for, research. They will regularly assess its quality and ability to contribute to better investment decisions.

The Investment Manager and the Sub-Investment Managers maintain one or more "Research Payment Accounts" to facilitate the payment for investment research services. A research payment account will be funded by a direct charge to the relevant Fund when research charges become due based on the agreed research budget. Any operational arrangement for the collection of the client research charge, where it is not collected separately but alongside a transaction commission, will indicate a separately identifiable research charge. The research payment account will be operated, maintained and controlled by the Investment Manager and the Sub-Investment Managers, who have delegated the administration of such account to a third party and arrange for payments to be credited

to it in such manner as they consider appropriate. From time to time, the Investment Manager and the Sub-Investment Managers may agree to receive payments to the research payment accounts from other clients of the Investment Manager and the Sub-Investment Managers for the same purposes as those set out above. If the Investment Manager and the Sub-Investment Managers do so, they will seek to allocate the costs of research fairly amongst those clients contributing to the relevant research payment accounts. The Investment Manager's and the Sub-Investment Managers' policy is to calculate research budgets for each investment strategy employed by them on behalf of one or more clients, including the relevant Fund. The budgets are formulated based on factors such as the anticipated level of research usage, range and complexity of research products and services required in the investment process, asset classes, and emphasis on particular sectors or geographies. The Investment Manager and/or the Sub-Investment Managers and the Directors on behalf of the relevant Fund will agree the basis on which the research budget may be increased or decreased. As research charges will only be collected by the Investment Manager and/or the Sub-Investment Manager from the relevant Fund when charges become due and payable, the payments collected in respect of those charges will not be regarded as "client money" held by the Investment Manager and/or the Sub-Investment Manager for the purposes of the requirements of the FCA.

Where the Investment Manager and the Sub-Investment Managers operate such an arrangement, they will provide the Directors with information on the amount budgeted for initial research, the estimated research charge to be charged to the relevant Fund, the frequency with which research charges are expected to be collected from the relevant Fund and any subsequent increases in the budget. They will also provide information on the actual costs incurred for such third-party research on an annual basis. The Investment Manager and the Sub-Investment Managers will also provide the Directors with disclosure in relation to such arrangements upon request in accordance with applicable regulations.

To the extent applicable, the Investment Manager and the Sub-Investment Managers will also operate within the safe harbour provided by Section 28(e) of the US Securities Exchange Act of 1934, as amended. Certain goods or services have been identified by the FCA as not constituting research within such meaning and, accordingly will not be discharged from the research payment account. The Investment Manager and Sub-Investment Managers may receive for their own benefit certain goods or services from time to time from service providers to the relevant Fund and other clients, which are regarded as acceptable minor non-monetary benefits within the meaning of the relevant rules.

## **OTHER FEES**

Other fees and expenses payable in respect of each Fund and/or Class are contained in the relevant Supplement.

## SUBSCRIPTIONS

The Directors are given authority to effect the issue of Shares of any Class and to create new Classes on such terms as they may from time to time determine and in accordance with the requirements of the Central Bank.

In calculating the subscription price per Share for a Fund the Directors may, on any Dealing Day where there are overall net redemptions, adjust the subscription price by adding an anti-dilution levy to cover dealing costs and to preserve the value of the relevant Fund's underlying assets.

Details in respect of the minimum subscription amount for each Fund and/or Class are set out in the relevant Supplement for each Fund.

Details in respect of applications and subscriptions for shares in the Funds are also set out in the relevant Supplement for each Fund.

Any amendment to the details set out in the Application Form shall not be effected unless notified in writing, by an authorised signatory of the Shareholder, to the Administrator and such amendment will not be effected unless and until the Administrator is in receipt of the original document.

**The Application form contains a declaration of residence in a form required by the Revenue Commissioners. Failure to forward the original Application Form by post will result in the ICAV being treated by the Revenue Commissioners as not having received a valid Relevant Declaration. The consequences of this for the Shareholder are that the ICAV will be obliged to withhold tax (in relation to any gain made on the Shareholder's account) on any payments made to that Shareholder as if the Shareholder were an Irish Resident. Full details of the rates at which tax would be withheld are contained in the Taxation section of this Prospectus. Investors are therefore advised to forward original Application Forms by post as soon as possible following submission of a faxed Application Form.**

The ICAV may issue fractional shares (rounded to three decimal places). If Shares are issued in return for Investments, the Directors are entitled to add a charge in respect of any fiscal duties and charges incurred in connection with any permitted exchange of Investments for Shares. All Shares will be issued in registered but uncertificated form. No share certificate will be issued. Unless otherwise set out in a Fund Supplement, written confirmation of ownership by way of contract note will be issued within 48 hours of the relevant Dealing Day. The contract note will provide full details of the transaction and a Shareholder number. The Shareholder number should be used for all future dealings with the ICAV and the Administrator. The uncertificated form enables the ICAV to deal with requests for redemption without undue delay and thus investors are recommended to hold their Shares in uncertificated form. The number of Shares issued will be rounded to the nearest three decimal places and any surplus money will be credited to the ICAV.

Subscriptions for Shares must be made in the currency of the relevant Class or such other currency as the Director may determine.

The Administrator reserves the right to process in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for Shares. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within ten (10) Business Days of the date of such rejection. Shareholders must provide such declarations as are reasonably required by the ICAV, including, without limitation, declarations as to matters of Irish and U.S. taxation. In this regard, Shareholders should take into account the considerations set out in the section entitled "Taxation".

The Administrator on behalf of the ICAV operates a separate investor Collection Account for each of the Funds, so that the amounts within the Collection Account are at all times capable of being attributed to the individual Funds in accordance with the Instrument. Accordingly, monies in the Collection Account will become the property of the relevant Fund upon receipt and accordingly in the event of the insolvency of the ICAV or the relevant Fund investors will be treated as an unsecured creditor of the relevant Fund during the period between receipt of subscription monies and the Dealing

Day on which the Shares are issued and the subscription monies are moved to the Fund operating account. Investors' attention is drawn to the risk factor under the heading "Collection Account Risk". Furthermore, the operation of the Collection Account will not compromise the ability of the Depositary to carry out its safe-keeping and oversight duties in accordance with the Regulations. In addition, in circumstances where subscription monies are received with insufficient documentation to identify the owner, the Investment Manager and the Depositary will ensure that in the event that such monies cannot be applied to the individual Funds they will be returned to the payer within 5 working days.

For initial subscriptions, the original Application Form must be completed and sent promptly with all relevant documentation, including anti-money laundering documentation, to the Administrator. Completed Application Forms may also be sent by facsimile or by electronic means with the originally signed documentation, together with any supporting documentation, to follow by post immediately thereafter. For subsequent subscriptions the Application Form may be posted or sent by facsimile or by electronic means to the Administrator. The address and other contact information for the Administrator are set out in the Application Form.

The ICAV may, at its discretion, from time to time make arrangements for the issue of Shares to any person by way of an in specie transfer upon such terms as the Directors may think fit but subject to and in accordance with the following provisions:-

1. Shares shall not be issued until the investments have been vested in the Depositary on behalf of the relevant Fund or its nominee or sub-custodian to the Depositary's satisfaction;
2. subject to the foregoing any such exchange shall be effected on terms that the number of Shares to be issued shall be the number which would have been issued for cash at the current price against payment of a sum equal to the value of the investments transferred less such sum as the Directors may consider represents an appropriate provision for any fiscal brokerage, registration or other expenses as aforesaid to be paid out of the assets of the relevant Fund in connection with the vesting of the investments;
3. the investments to be transferred to the ICAV for the account of the relevant Fund shall be valued on such basis as the Directors may decide so long as such value does not exceed the highest amount that would be obtained on the day of the exchange by applying the method of calculating the value of investments as set out under the heading "Determination and Publication and Temporary Suspension of Net Asset Value";
4. the nature of the investments to be transferred for the account of the relevant Fund would qualify as investments of such Fund in accordance with its investment objectives, policies and restrictions; and
5. the Depositary shall be satisfied that the terms of such exchange should not be such as are likely to result in any prejudice to the existing Shareholders.

Measures aimed towards the prevention of money laundering may require a detailed verification of the applicant's identity. Depending on the circumstances of each application, a detailed verification might not be required where (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering regulations.

The ICAV (and the Administrator acting on behalf of the ICAV) reserves the right to request such additional information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the ICAV (and the Administrator acting on behalf of the ICAV) may refuse to accept the application and all subscription monies or may delay the payment of redemption proceeds. By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or

equivalent), the names, occupations, dates of birth and residential and business addresses of all Directors.

Each applicant for Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process its application for Shares if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

The ICAV is subject to laws which restrict it from dealing with persons that are located or domiciled in sanctioned jurisdictions. Accordingly, the ICAV will require each applicant to represent that they are not named on a list of prohibited entities and individuals maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") or under the EU and United Kingdom ("**UK**") Regulations, and is not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK (collectively "**Sanctions Lists**"). Where the applicant is on a Sanctions List, the ICAV may be required to cease any further dealings with an applicant's interest in a Fund, until such sanctions are lifted or a licence is sought under applicable law to continue dealings.

Shares will generally not be issued or transferred to any U.S. Person, except that the Board of Directors may authorise the purchase by, or transfer of shares to, a Permitted U.S. Person provided that: (i) such purchase or transfer does not result in a violation of the 1933 Act or the securities laws of any of the States of the US; (ii) such purchase or transfer will not require the ICAV to register under the 1940 Act; (iii) such purchase or transfer will not result in any adverse tax or regulatory consequences to the ICAV or the Shareholders, and (iv) such issue or transfer will not cause any assets of the ICAV to be "plan assets" for the purposes of ERISA. Each applicant for Shares who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

All applicants for Shares must also satisfy the requirements for an "accredited investor", or investors in an equivalent class under the laws of the country or territory in which the offer or invitation is made, or an "institutional investor", in each case as defined under the Securities and Futures Act (Cap. 289) of Singapore. The definitions of "Singapore Accredited Investor" and "Singapore Institutional Investor" are set out in the Application Form.

Applications for Shares received during any period when the issue or valuation of Shares has been temporarily suspended in the circumstances described under the section entitled "Determination and Publication and Temporary Suspension of Net Asset Value", will not be dealt with until dealings have recommenced. Such applications will be dealt with on the next Dealing Day after dealings have recommenced, unless such application has been withdrawn during the period of suspension of dealings.

The Directors reserve the right to reject an application in whole or in part for Shares for any reason. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within ten (10) Business Days of the date of such rejection.

In the event of a delay in the settlement of subscription proceeds, the ICAV may temporarily borrow an amount up to the value of the delayed subscription on or after the relevant settlement date. Any such borrowing will be subject to the restrictions on borrowing set out under the heading "Borrowing Policy". Once the required subscription monies have been received, the ICAV will use this to repay the borrowings. The ICAV reserves the right to charge the relevant Shareholder for any interest or other costs incurred by the ICAV as a result of any borrowing arising from such delay or failure to settle subscription monies on time. If the Shareholder fails to reimburse the ICAV for those charges, the ICAV will have the right to sell all or part of the investor's holdings of Shares in the relevant Fund in order to meet those charges and/or to pursue that Shareholder for such charges.

## **INVESTMENT RISKS**

### **General**

The investments of a Fund are subject to normal market fluctuations and other risks inherent in investing in securities or other instruments and there can be no assurance that any appreciation in value of investments will occur. In particular the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund. An investment should only be made by those persons who are able to sustain a loss on their investment.

There can be no guarantee that the investment objective of any Fund will actually be achieved.

### **Limited Liability of Funds**

The ICAV is an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between each of its Funds. As a result third parties may not look to the assets of the ICAV in respect of liabilities owed by a Fund to them and must instead look to the Fund in which such debt arose.

### **Credit Risks**

Although the Funds may invest in high credit quality instruments, there can be no assurance that the securities or other instruments in which those Funds invest will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. The Funds will also be exposed to a credit risk in relation to the counterparties with whom they trade and may also bear the risk of settlement default.

### **Suspension of Valuation**

The ability to subscribe for, redeem or convert Shares may be affected by a temporary suspension of the determination of Net Asset Value which may take place upon the occurrence of certain events.

### **Suspension of Trading**

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible for the Investment Manager or the Sub-Investment Manager(s) to liquidate positions and thereby expose the Fund to losses.

### **Collection Account Risk**

Any failure to supply the ICAV or the Administrator with any documentation requested by them for anti-money laundering purposes, as described above, may result in a delay in the settlement of redemption proceeds or dividend payments. In such circumstances, the Administrator will process any redemption request received by a Shareholder and by doing so that investor is no longer considered a Shareholder. Accordingly, Shareholders should note that any redemption proceeds and any sums payable by way of dividend being paid out by a Fund and held for any time in the Collection Account shall remain an asset of the relevant Fund. In the event of the insolvency of the ICAV or the relevant Fund, the Shareholder will rank as an unsecured creditor of the relevant Fund until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released or the dividend paid (as applicable) to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the ICAV or Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.

As detailed under the heading "Subscriptions" above, the Administrator also operates the Collection Account with respect to receipt of subscription monies. In this scenario, the investor is subject to the risk of becoming an unsecured creditor in the event of the insolvency of the relevant Fund during the



period between receipt of subscription monies and the Dealing Day on which the Shares are issued and the subscription monies are transferred to the Fund operating account.

The ICAV reserves the right to reverse any allotment of Shares in the event of a failure by the Shareholder to settle the subscription monies on a timely basis. In such circumstances, the ICAV shall compulsorily redeem any Shares issued and the Shareholder shall be liable for any loss suffered by the ICAV in the event that the redemption proceeds are less than the amount originally subscribed for. For the avoidance of doubt, the relevant Shareholder shall not be entitled to any profit arising from such a redemption of Shares in the event that the redemption proceeds are worth more than the amount originally subscribed for.

Shareholders in solvent Funds should not be impacted by the insolvency of other Funds as the ICAV is established with segregated liability. However, there can be no categorical assurance that, should an action be brought against the ICAV in the courts of another jurisdiction, that the segregated nature of the Funds will necessarily be upheld. Shareholders attention is drawn to the risk factor under the heading "Umbrella Structure of the ICAV".

### **Foreign Exchange Risk**

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not correspond with the securities positions held.

The Net Asset Value per Share of a Fund will be computed in its Base Currency whereas the investments held for the account of a Fund may be acquired in other currencies. A Fund's Net Asset Value may change significantly when the currencies other than the Base Currency in which some of the Fund's investments are denominated strengthen or weaken against the Base Currency. Currency exchange rates generally are determined by supply and demand in the foreign exchange markets and the perceived relative merits of investments in different countries. Currency exchange rates can also be affected unpredictably by intervention by Government or central banks or by currency controls or political developments.

In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described above. In addition, where a Fund enters into "cross-hedging" transactions (e.g., utilising a currency different from the currency in which the security being hedged is denominated), the Fund will be exposed to the risk that changes in the value of the currency used to hedge will not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Fund securities.

Forward currency contracts involve the possibility that the market for them may be limited with respect to certain currencies and, upon a contract's maturity, possible inability to negotiate with the dealer to enter into an offsetting transaction. There is no assurance that a forward currency contract market will always exist. These factors restrict the ability to hedge against the risk of devaluation of currencies in which a substantial quantity of securities are being held for a Fund and are unrelated to the qualitative rating that may be assigned to any particular security. A description of forward currency contracts is set out in Appendix I.

While it is the intention to hedge currency risk at a Share class level, where subscription monies and redemption monies are paid in a currency other than the Base Currency of the Fund, investors should be aware that there is an exchange rate risk if such other currencies depreciate against the Base Currency and consequently they may not realise the full amount of their investment in the Fund.

### **Country Risk**

Investments in securities of issuers of different nations and denominated in different currencies involve particular risks. Such risks include changes in relative currency exchange rates, political and economic developments, the imposition of exchange controls, confiscation and other governmental restrictions. Investment in securities of issuers located in different countries offers potential benefits not available from investments solely in the securities of issuers located in a single country, but also involves certain

significant risks that are not typically associated with investing in the securities of issuers located in a single country.

The volume of trading, the volatility of prices and the liquidity of securities may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Fund's ability to invest in securities of certain issuers located in such countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of the Fund are uninvested meaning no return may be earned thereon. The inability of the Fund to make intended investment purchases as a result of settlement problems may cause the Fund to miss attractive investment opportunities. The inability of the Fund to dispose of an investment as a result of settlement problems could result in a loss to the Fund as a consequence of a subsequent decline in value of such investment or, if the Fund has entered into a contract to sell such investment, in a possible liability to the purchaser. There may also be a risk that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by, or to be transferred to, the Fund. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding and/or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political or social instability or diplomatic developments that may affect investments in those countries.

### **Sovereign Risk**

Government interference with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investment by residents, limits on flows of investment funds from abroad and debt moratoria, may expose the Fund, to unanticipated losses.

There are increasing concerns regarding the ability of multiple sovereign entities to continue to meet their debt obligations. In particular, ratings agencies have recently downgraded the credit ratings of various countries. Many economies are facing acute fiscal pressures as they struggle to balance budgetary austerity with stagnant growth. Many observers predict that a depressed economic environment will cause budget deficits in these economies to expand in the short term and further increase the perceived risk of a default, thereby rendering access to capital markets even more expensive and compounding the debt problem. Additional economic disruptions in such jurisdictions could lead to increased volatility in equity and other markets and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions. In the event that such disruption leads to the exit of one or more countries from the Eurozone, there may be additional difficulties in analysing, valuing and/or realising holdings in such jurisdiction as a result of the change in reference currency. Such events could lead to a material, if not complete, loss of a Fund's investment in that jurisdiction. European sovereign debt risk and pressure on bond and currency markets could cause a drag on financial markets and may be a risk to recovery in those markets.

### **Systemic Risk**

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect intermediaries with which the Fund interacts.

### **Investing in Emerging Markets**

Where a Fund invests in emerging markets, such investments require consideration of certain risks typically not associated with investing in securities in more developed markets.

Numerous emerging market countries have recently experienced serious and potentially continuing, economic and political problems. Stock markets in many emerging countries are relatively small and

risky. Investors are often limited in their investment and divestment activities. Additional restrictions may be imposed under emergency conditions. Emerging market securities may decline or fluctuate because of economic and political actions of emerging market governments and less regulated or liquid securities markets. Investors holding the securities are also exposed to emerging market currency risk (the possibility that that emerging market currency will fluctuate against the Base Currency of a Fund). The legal infrastructure and accounting, auditing and reporting standards in emerging market countries in which a Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

The legal and regulatory environment is sometimes uncertain and the standards of corporate governance, accounting, auditing and reporting standards may not provide the same degree of investor information and protection as would apply in more developed markets. Furthermore, corporate governance, investor protection, settlement, clearing, registration and custody procedures may be underdeveloped which increases the risk of error, fraud or default.

Investors' attention is also drawn to the risks referred to as "**Liquidity and Settlement Risks**", "**Political Risks**" and "**Custodial / Depositary Risks**" in the sections set out below.

### **Liquidity and Settlement Risks**

The Funds will be exposed to a credit risk on parties with whom they trade and may also bear the risk of settlement default. Some of the markets in which the Funds will invest may be less liquid, less developed and more volatile than the world's leading stock markets and this may result in fluctuations in the price of the Shares. In addition, market practices in relation to the settlement of securities transactions and the custody of assets could provide increased risks to a Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

As the Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the scheme which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Depositary will have no liability. Any proposed investment in these markets will be disclosed in the relevant Supplement. Shareholders should also note that settlement mechanisms in emerging and less developed markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund and the relevant Fund in respect to investments in emerging markets.

### **Political Risks**

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, military conflict and civil unrest, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements.

### **Possible Law Changes**

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors discussed in this Prospectus. Prospective investors should seek, and must rely on, the advice of their own advisers with respect to the possible impact on their investment of any future proposed legislation or administrative or judicial action. On 22 December 2017, P.L. 115-97, originally introduced in the U.S. Congress as the Tax Cuts and Jobs Act, was enacted. There are significant uncertainties about this law will be applied.

## Custodial / Depositary Risks

All banks, custodians, depositaries, brokers and dealers with which a Fund will be doing business, may encounter financial difficulties that impair the operational capabilities or capital position of the Fund. Although the Investment Manager or the Sub-Investment Managers as applicable intends to confine each Fund's investments transactions to transferable securities listed on Recognised Markets, or other investments permitted by the investment restrictions set out in the section entitled "INVESTMENT RESTRICTIONS" above, the Investment Manager or the Sub-Investment Managers will generally have sole discretion to select the financial institutions through which their investment transactions are executed for the underlying investments.

The Depositary and its delegates, if any, will have custody of a Fund's securities, cash, distributions and rights accruing to the Funds' securities accounts. If the Depositary or a delegate holds cash on behalf of a Fund, the Fund may be an unsecured creditor in the event of the insolvency of the Depositary or delegates. Although this is generally done to reduce or diversify risk, there can be no assurance that holding securities through the Depositary or its delegates will eliminate custodial risk.

The Funds will be subject to credit risk with respect to the Depositary and its delegates, if any.

In addition, certain of a Fund's assets may be held by entities other than the Depositary and its delegates. For example, a Fund may provide certain of its assets as collateral to counterparties or brokers in connection with derivatives contracts. If a Fund has over-collateralised derivative contracts, it is likely to be an unsecured creditor of any such counterparty or broker in the event of its insolvency.

The Funds may invest in markets where custodial and/or settlement systems are not fully developed including Emerging Market Countries (as defined below). The assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of sub-custodians is necessary may be exposed to risk. "Emerging Market Country" means any market not included in the following group of industrialised countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States.

In particular, investors should be aware that there is a heightened depositary risk for Funds which may invest in certain countries (including Emerging Marketing Countries) outside of the EU (each a "**third country**") where the laws of the third country require that the financial instruments are held in custody by a local entity and no local entities satisfy the delegation requirements in the Regulations. Accordingly such entities may not be subject to effective prudential regulation and supervision in the third country or subject to external audit to ensure that the financial instruments are in its possession. In such circumstances, the Depositary may delegate its custody duties under the Depositary Agreement to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the delegation requirements in the Regulations, and only where: (i) Shareholders of the relevant Fund are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation; and (ii) the ICAV, has instructed the Depositary to delegate the custody of such financial instruments to such a local entity.

## Share Currency Designation Risk

A Class may be designated in a currency other than the Base Currency of that Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. Unless otherwise set out in the relevant Fund Supplement, the Investment Manager or the Sub-Investment Managers will try to mitigate this risk using forward currency contracts and within the conditions and limits imposed by the Central Bank. A description of forward currency contracts is set out in Appendix I. A Class may not be leveraged as a result of the use of such techniques and instruments, the value of which may not fall outside the range of 95% to 105% of the Net Asset Value attributable to the relevant Class. While it is not the intention of the ICAV to have over or under hedged positions, this may arise due to circumstances outside the ICAV's control. Any under-hedged positions will not fall below 95% of the

Net Asset Value attributable to the relevant Class and any over-hedged positions will not exceed 105% of the Net Asset Value attributable to the relevant Class. Hedged positions will be kept under review to ensure that over-and under-hedged positions do not fall below or exceed these prescribed limits. This review will also incorporate a procedure to ensure that positions below or in excess of 100% will not be carried forward from month to month. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the ICAV are denominated. In such circumstances, Shareholders of the Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gain/loss on and the costs of the relevant financial instruments.

Although hedging strategies may not necessarily be used in relation to each Class within a Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, all gains/losses on and the costs of the relevant financial instruments at a portfolio level will be allocated on a pro rata basis to the classes. All gains/losses on and the costs of the relevant financial instruments relating to class specific hedging will accrue solely to the relevant Class. Transactions will be clearly attributable to a specific Share Class (therefore currency exposure of different currency Classes may not be combined or offset) and currency exposures of the assets of a Fund may not be allocated to separate Share Classes. Where no hedging strategy is used to hedge currency risk a currency conversion will take place on subscription, redemption, switching and distributions at prevailing exchange rates.

### **General Fixed Income Security Considerations**

A Fund may invest in bonds and other fixed income securities. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer, and general market liquidity (i.e., market risk).

A Fund may invest in fixed income securities which are unrated by a recognised credit-rating agency or rated below investment grade and which are subject to greater risk of loss of principal and/or interest than higher-rated debt securities. A Fund may invest in debt securities which rank junior to other outstanding securities and obligations of a particular issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. A Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. A Fund may therefore be subject to increased credit, liquidity and interest rate risks. In addition, evaluating credit risk for rated debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### **Distressed and High-Yield Securities**

Investments in the securities of financially troubled companies may involve substantial financial and business risks, which are often heightened by an inability to obtain reliable information about the companies and their true financial condition. Investments in companies that are or become involved in bankruptcy or reorganisation proceedings also may be adversely affected by the laws of one or more jurisdictions in relation to, among other things, "fraudulent conveyances" and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. There is always the risk (both in and out of bankruptcy) that a reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), or significantly delayed (for example, until various liabilities, actual or contingent, have been satisfied or negotiated) or will result in a distribution of cash or new securities the value of which is less than the purchase price to the Fund of the securities in respect of which such distribution was made. In addition, the markets for distressed and high yield securities are subject to abrupt and erratic price movements and excessive price volatility and are frequently illiquid. Distressed securities investing requires active monitoring and may at times, require participation in bankruptcy or reorganisation proceedings by the Investment Manager on behalf of the Fund. In such event, the Fund may have more active participation in the affairs of the issuer than that generally assumed by a passive investor. Reorganisations may be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The Investment Manager, and/or

the ICAV in respect of a Fund may be participants in civil proceedings related to distressed investments. The costs of any such proceedings, including settlements, judgments and indemnification obligations will be deemed investment expenses and will be borne directly or indirectly by that Fund.

Reorganisation of companies may not be successful, nor improve their operating performance. Liquidations may yield significantly lower proceeds than originally expected. A Fund may lose its entire investment in such companies or may be required to accept cash or securities with a value less than the Fund's original investment, and/or may be required to accept payment over an extended period of time.

### **Below "Investment Grade" Debt Securities**

The Fund may invest in debt securities which may be below "investment grade" and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than those of higher rated securities.

### **Unsecured and Subordinated Investments**

Although a Fund may invest in secured and senior obligations, distressed securities purchased by a Fund will be subject to certain additional risks to the extent that such securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such securities may not be protected by financial covenants or limitations upon additional indebtedness.

### **Stock Market Risk**

A Fund's Net Asset Value will move up and down in reaction to stock market movements. Stock prices change daily in response to company activity and general economic and market conditions. A Fund's investments in common stocks and other equity securities are subject to stock market risk, which is the risk that the value of equity securities may decline. Also, equity securities are subject to the risk that a particular issuer's securities may decline in value, even during periods when equity securities in general are rising. Additional stock market risks may be introduced when a particular equity security is traded on a foreign market. For more detail on the related risks involved in foreign markets, see "Foreign Exposure Risks" below.

### **Foreign Exposure Risk**

Investing in foreign securities, including depository receipts, or securities of entities with significant foreign operations, involves additional risks which can affect a Fund's performance. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision than an investor's home market. There may be difficulties enforcing contractual obligations, and it may take more time for transactions to clear and settle. Less information may be available about foreign entities. The costs of buying and selling foreign securities, including tax, brokerage and custody costs, may be higher than those involving domestic transactions. The specific risks of investing in foreign securities include:

*Currency Risk:* The values of foreign investments may be affected by changes in currency rates or exchange control regulations. If the local currency gains strength against the domestic currency, the value of the foreign security increases in domestic currency terms. Conversely, if the local currency weakens against the domestic currency, the value of the foreign security declines in domestic security terms. Unless set out in the relevant Fund Supplement, the Investment Manager and the Sub-Investment Managers do not intend to hedge the resulting currency exposures back into the Base Currency, although they may do so at their discretion.

*Regulatory Risk:* Foreign companies often are not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements.

## **Foreign Exchange Options**

Where provided for in the relevant Supplement, a Fund may buy and sell foreign exchange options, the value of which depends largely upon the price and volatility in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to the over-the-counter options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose the entire investment (the premium paid) and that the seller of an option may lose considerably more than the premium paid.

## **Limitations on Redemptions**

There is no secondary market for Shares and no market is expected to develop. An investment in a Fund should be considered only by persons financially able to maintain their investment and who can afford a loss of all or a substantial part of such investment. Shareholders may only redeem Shares as described in this Prospectus. Redemption rights may be deferred or suspended under certain circumstances. Redemptions may also be satisfied, in whole or in part, by distributing securities *in specie*.

## **Effect of Substantial Redemptions**

Substantial redemptions by Shareholders within a short period of time could require the Fund to liquidate securities positions or other investments more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Investment Manager's and/or the Sub-Investment Managers' investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

## **Concentration Risk**

A Fund's investments will be concentrated in a particular country or region, in a select group of issuers, or both. When a Fund's investments are concentrated in a particular country or region, the Fund's performance may be closely tied to economic and political conditions within that country or region. A Fund that concentrates its investments in a select group of issuers can be more volatile than the market as a whole because changes in the financial condition of an issuer or changes in economic or political conditions that affect a particular type of security or issuer can affect the value of an issuer's securities. For these reasons, a concentrated Fund's performance may be more volatile than the performance of more diversified Funds.

## **Borrowings**

Under the Regulations, a Fund may borrow up to 10% of its assets provided this borrowing is on a temporary basis. A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties. Such borrowings may increase the risks attached to an investment in Shares in a Fund.

## **Interest Rate Risk**

Bond prices rise when interest rates decline and decline when interest rates rise. The longer the duration of a bond, the more a change in interest rates affects the bond's price. Short-term and long-term interest rates may not move the same amount and may not move in the same direction. This may result in the amount realised on the sale of Shares being less than the original amount invested.

## **Derivative Securities Risk**

In relation to investment in financial derivative instruments, the use of these instruments involves special risks including (i) dependence on the ability to predict movements in the prices of securities underlying the financial derivative instruments and movements in interest or currency rates; (ii) imperfect correlation between the financial derivative instruments and the securities or market sectors to which they relate; (iii) greater volatility than the securities and/or markets to which they relate; (iv) liquidity risk when, for example, a particular derivative instrument is difficult to purchase or sell; (v) market risk, where the market value of the financial derivative instrument changes in a way that is detrimental to the Fund; (vi) potential conflicts of interest (vii) counterparty risk, where the counterparty with which the Fund trades becomes insolvent, bankrupt or defaults; (viii) settlement risk, where a counterparty defaults in settling a trade; and (ix) legal risk, where the enforceability of a financial derivative instrument contract may be an issue.

## **Efficient Portfolio Management Risk**

The ICAV on behalf of a Fund may enter into trading arrangements in relation to the Investments for efficient portfolio management purposes with counterparties and agents that are related parties to the Depositary or the ICAV's other service providers. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the ICAV. Please refer to the section entitled "*Conflicts of Interest*" herein for further details on how these conflicts are handled.

## **Other Risks**

The ICAV will be responsible for paying its fees and expenses regardless of the level of its profitability. In view of the fact that an initial charge may be payable on a subscription by an investor any investment in a Fund should be regarded as a medium to long term investment.

## **Third Party Service Providers**

The ICAV does not have any employees and the Directors have been appointed on a non-executive basis. The ICAV is therefore reliant upon the performance of third party service providers for their executive functions. In particular, the Investment Manager, the Sub-Investment Managers, the Administrator and the Depositary will be performing services which are integral to the operation of the ICAV. Failure by any service provider to carry out its obligations to the ICAV in accordance with the terms of its appointment could have a materially detrimental impact upon the operations of the ICAV.

## **Possible Indemnification Obligations**

The ICAV has agreed, or may agree, to indemnify the Directors, the Investment Manager, the Administrator, the Depositary and banks, brokers, dealers, counterparties and others, under various agreements entered into with such persons, against certain liabilities they or their respective directors, officers, affiliates or agents may incur in connection with their relationships with the ICAV.

## **Changes to Share Value**

It should be appreciated that the value of Shares and the income from them may fall as well as rise, and that investors may not get back the amount they have invested. Changes in exchange rates may cause the value of Shares to go up or down. Details of certain investment risks for an investor are set out above.

## **Legal and Tax Requirements**

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirements within their own countries for the purchase of Shares, (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of purchase, conversion and redemption of Shares.

The difference, at any one time, between the sale and repurchase price of the Shares means that any investment in the ICAV should be viewed in the medium to long term. Initial applications will be



processed upon receipt by the Administrator of both the Application Form and cleared funds. Subsequent purchases will be processed upon receipt of trade instructions and cleared funds.

Specific risk warnings in relation to particular Funds are contained in the relevant Supplement.

The ICAV will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the yield and risk characteristics of the main categories of investments of the Funds.

### **Umbrella Structure of the ICAV**

Pursuant to Irish law, the ICAV should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities between different funds. However, there can be no categorical assurance that, should an action be brought against the ICAV in the courts of another jurisdiction, the segregated nature of the Funds will necessarily be upheld.

### **Reinvestment of Cash Collateral Risk**

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, that Fund will be exposed to the risk associated with such investments, such failure or default of the issuer of the relevant security.

### **Electronic Delivery of Information**

Information relating to a Shareholder's investment in the Fund may be delivered electronically. There are risks associated with such electronic delivery including, but not limited to, that email messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

### **Error Trades**

Unintended errors in the communication or administration of trading instructions may, from time to time, arise. Except in the case of negligence, fraud or wilful default of the Investment Manager or the Sub-Investment Managers, as the case may be, losses (if any) arising from such errors will be for the account of the Fund on the basis that profits from such errors (if any) will also be for the account of the Fund.

### **Eurozone Crisis and Potential European Union Exit**

The current economic situation in the Eurozone has created significant pressure on certain European countries regarding their membership of the Euro. Some economists advocate the exit of certain countries from the Eurozone, and political movements in some Eurozone countries also promote their country's exit from the Eurozone for economic or political reasons, or both. It is possible that one or more countries may leave the Eurozone and return to a national currency (which may also result in them leaving the EU) and/or that the Euro will cease to exist in its current form, or entirely, and/or lose its legal status in one or more of the current Eurozone countries. There are no historical precedents for this type of event, and the effects of any such event on the Fund are therefore impossible to predict. However, any of these events might, for example: (a) cause a significant rise or fall in the value of the Euro against other currencies; (b) significantly affect the volatility of currency exchange rates (particularly for the Euro) and of the prices of other assets; (c) significantly reduce the liquidity of some or all of the Fund's investments (whether denominated in the Euro or another currency) or prevent the Fund from disposing of them at all; (d) change, through operation of law, the currency denomination of cash, securities, transactions and/or other assets of the Fund that are currently denominated in the Euro to the detriment of the Fund or at an exchange rate that the Investment Manager, the Sub-Investment Managers or the Fund considers unreasonable or wrong; (e) adversely affect the Fund's ability to enter into currency hedging transactions and/or increase the costs of such transactions (which may prevent the Fund or the Fund from allocating losses on currency hedging transactions in accordance with their usual allocation policies, or from protecting certain share classes against exposure to foreign exchange rates through hedging); (f) affect the validity or interpretation of legal contracts on which the Fund relies; (g) adversely affect the ability of the Fund to make payments of

any kind or to transfer any of its funds between accounts; (h) increase the probability of insolvency of, and/or default by, its counterparties (including the Depositary and account banks); (i) and/or result in action by national governments or regulators which may be detrimental or which may serve to protect certain types of market participants at the expense of others. Such factors could, individually or in combination with each other, impair the Fund's profitability or result in significant losses, prevent or delay the Fund from being able to value its assets and/or calculate the Net Asset Value and affect the ability of the Fund to redeem Shares and make payments of amounts due to Shareholders. Although the Investment Manager, the Sub-Investment Managers and the Directors might be able to identify some of the risks relating to the possible events described above, there might be no practicable measures available to them that would reduce the impact of such events on the Fund.

## **Brexit – Changes to the European Union and the Functioning and Applicability of the Treaty on European Union**

On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the EU and a party to the Treaty on European Union and its successor treaties. Formally to initiate the withdrawal process, the United Kingdom notified the European Council of its intention to withdraw from the European Union on 29 March 2017, triggering a two-year "divorce" period under Article 50 of the Treaty on European Union ("**Article 50**") during which the United Kingdom and the EU have attempted to negotiate a withdrawal agreement governing the United Kingdom's withdrawal from and its future relationship with the EU. During the "divorce" period, the United Kingdom will remain a member of the EU and continue to be subject to its laws and regulations. The "divorce" period has now been extended and the United Kingdom is scheduled to leave the EU on October 31, 2019, unless before that date either (i) a further extension of the "divorce" period is agreed upon by the United Kingdom and all of the member states of the EU, (ii) the United Kingdom ratifies a deal with the EU, (iii) the United Kingdom revokes its decision to withdraw as a member of the EU, or (iv) the United Kingdom determines to leave the EU without a withdrawal agreement before that date. It is also unclear whether a withdrawal agreement will be finalised during the remaining "divorce" period and, if not, whether all members of the EU will agree to extend the "divorce" period further.

Additionally, political parties in several other member states of the EU have proposed that a similar referendum be held on their country's membership in the EU. It is unclear whether any other member states of the EU will hold such referendums. Areas where the uncertainty created by the United Kingdom's vote to withdraw from the EU is relevant includes, but is not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the referendum may adversely affect the value of a Fund's investments and the ability of the Investment Manager and the Sub-Investment Managers to achieve the investment objective of a Fund.

In addition, certain other members of the EU (whether within or outside of the Eurozone) may be reconsidering, or may in the future reconsider, their membership of the EU, and this could result in one or more countries in addition to the United Kingdom leaving the EU. The impact of such events on any Fund is impossible to predict. However, such a situation is likely to result in regulatory changes and economic, political and/or regulatory uncertainty for a prolonged period, which could impact the Fund.

## **Brexit - Risks Related to Trading of Securities on UK Exchanges**

On 19 February 2019, the European Commission ("**EC**") adopted a temporary and conditional equivalence decision in relation to certain UK CCPs, which addresses the possibility of the UK leaving the EU without a withdrawal agreement with the EU. In order to reduce the risk of disruption to clearing services in the EU, the legal and supervisory arrangements for certain UK CCPs have, for a limited period, been deemed "equivalent" to EU legal and supervisory arrangements. However, the EC has not currently provided any indication that it intends to grant a similar temporary equivalence for UK-based trading venues. Whilst it is possible that applications for trading venue equivalence may be sought after the UK leaves the EU, there is no assurance that equivalency decisions would be granted for any UK exchanges, nor is there any assurance regarding the expected timing of such decisions being made. The absence of an equivalency determination for UK exchanges would likely have

significant consequences for the trading of shares that are dual-listed on an EU and a non-EU exchange in light of regulatory restrictions applicable to EU investment firms, including the ability of EU brokers to execute trades in such shares on non-EU exchanges. Similarly, a non-equivalent status of UK derivative trading venues could result in a significantly different regulatory treatment of derivatives which are currently, or proposed to be, traded on UK exchanges. For the purposes of the applicable EU rules, including for the purposes of the Markets in Financial Instruments Regulation (EU) No 600/2014 and MiFID II Delegated Directive (together, "MiFID II"), financial instruments traded on a non-equivalent trading venues would be characterised as OTC and not "exchange traded" instruments.

In light of the foregoing, changes in the regulatory treatment of UK trading venues could have a material adverse effect on, inter alia, the operational, technical, and commercial ability of the Investment Manager to continue to trade securities on UK trading venues using EU brokers subject to MiFID II and on the ability or willingness of counterparties subject to MiFID II to enter into transactions on or through UK trading venues. This could result in reduced market liquidity in instruments traded by the Investment Manager. In addition, with respect to commodity derivatives, changes to the applicable regulatory basis on which position limits are measured, calculated, and reported may result in uncertainty as to the ability of the Fund to trade in certain commodity derivatives. The foregoing would likely result in increased operational and compliance costs, therefore ultimately reducing the investment returns achieved by the Fund.

### **Availability of Investment Strategies**

The success of a Fund's investment activities depends on the Investment Manager's and Sub-Investment Managers' ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by a Fund will involve a high degree of uncertainty. No assurance can be given that the Investment Manager or the Sub-Investment Managers will be able to locate suitable investment opportunities in which to deploy all of a Fund's assets or to exploit discrepancies in the securities and derivatives markets. A reduction in market liquidity or the pricing inefficiency of the markets in which a Fund seeks to invest, as well as other market factors, will reduce the scope for a Fund's investment strategies.

### **Business Risk**

There can be no assurance that a Fund will achieve its investment objective. The investment results of a Fund are reliant upon the success of the Investment Manager and the Sub-Investment Managers.

Funds compete with other funds and market participants (such as public or private investment funds and the proprietary desks of investment banks) for investment opportunities. The number of such funds and market participants and the scale of the assets managed by such entities may increase. Such competitors may be substantially larger and have considerably greater financial, technical and marketing resources than are available to a Fund or they may also have a lower cost of capital and access to funding sources that are not available to a Fund, which may create competitive disadvantages with respect to investment opportunities. The net effect of these developments may be to reduce the opportunities available for the Investment Manager and/or the Sub-Investment Managers to generate returns and/or to reduce the quantum of these returns. Historic opportunities for some or all hedge fund strategies may be eroded over time whilst structural and/or cyclical factors may reduce investment opportunities for the Investment Manager and/or the Sub-Investment Managers thereby temporarily or permanently reducing the potential returns of a Fund.

Technical trading systems are used by many other traders and in recent years there has been a significant increase in the use of technical trading systems. At times, the use of such systems may:

- result in increased competition in the markets;
- result in traders attempting to initiate or liquidate substantial positions in a market at or about the same time;
- alter historical trading patterns;

- obscure developing price trends; or
- affect the execution of trades.

### **Correlation Risk**

The Investment Manager and Sub-Investment Managers seek to diversify the ICAV's investment portfolio. The methods employed to achieve such diversification in part rely on historical observed correlations persisting. However, at certain times, and particularly during market stresses or events, the ICAV's investments may become highly correlated, resulting in larger directional risk exposure than intended.

In addition, strategies that depend on the high positive or negative correlation between assets, signals or risk factors may be adversely affected by decorrelation or sudden substantial shifts in correlation.

### **Counterparty Insolvency**

The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, a Fund will, under most normal circumstances, have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of a Fund being less than if a Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of a Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the United States Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of a Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, a Fund may use counterparties located in various jurisdictions around the world. Such counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on a Fund and its assets. Prospective investors should assume that the insolvency of any counterparty would result in a loss to a Fund, which could be material.

### **Counterparty Risk**

The ICAV on behalf of a Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. The ICAV on behalf of the Fund may enter into future contracts which may expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the ICAV seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the derivatives are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

During an insolvency procedure (which may last many years) the use by a Fund of certain of its assets held by a counterparty may be restricted and accordingly (a) the ability of the Investment Manager and the Sub-Investment Managers to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, a Fund is likely to be an unsecured creditor in relation to certain assets (including those in respect of which it had previously been a secured creditor) and accordingly a Fund may be unable to recover such assets from the insolvent estate of the counterparty in full, or at all.

## **Financing Arrangements; Availability of Credit**

Leverage may be an integral part of a Fund's strategies and may include the use of securities margin, futures margin, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of FDI transactions. There can be no assurance that a Fund will be able to maintain adequate financing arrangements under all market circumstances.

Where a Fund makes use of leverage to initiate long or short positions and the positions decline in value, it will usually be subject to a "margin call", pursuant to which it must either deposit additional funds with the lender or be subject to sanctions such as the mandatory liquidation of securities over which the lender has been granted security or a mandatory termination of all outstanding contracts with the lender and a claim for compensation for any losses incurred by the lender. In some cases a margin call may be made even if the relevant positions have not declined in value. The Fund would normally satisfy such margin calls in cash or acceptable collateral from its assets and, to the extent that such collateral were insufficient, would liquidate certain assets to raise cash in order to satisfy the relevant margin call. In the event of a large margin call, the Investment Manager and/or the Sub-Investment Managers might not be able to liquidate assets quickly enough to pay off the margin liability. In such a case, the relevant lender may have the right, in its sole discretion, to liquidate certain assets of a Fund in order to enable a Fund to satisfy its obligations to that lender and/or to close out transactions.

As a general matter, the banks and dealers that may provide financing to a Fund can apply essentially discretionary margin, "haircuts", financing and security and collateral valuation policies. Banks and dealers could change these policies at any time, for any reason, including a change in market circumstances, government, regulatory or judicial action or simply a change in the policy of the relevant bank. Changes by banks and dealers to one or more of these policies, or the imposition of other credit limitations or restrictions may be applied retrospectively to existing contracts as well as prospectively to contemplated future dealing. Whilst the Investment Manager and/or the Sub-Investment Managers may seek to limit the rights of lenders to apply such retrospective changes, any such limitation will be subject to the agreement of the relevant lender, which may not be forthcoming. Retrospective changes may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Prospective changes may result in the inability of the Investment Manager and/or the Sub-Investment Managers to fulfil the investment objective. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel a Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of a Fund's equity.

## **Highly Volatile Markets**

The prices of derivative instruments, including options prices, are highly volatile. Price movements of contracts for difference and other derivative contracts in which a Fund may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

## **Illiquidity**

There is no active secondary market for the Shares and it is not expected that such a market will develop. There can be no assurance that the liquidity of the investments of a Fund will always be sufficient to meet redemption requests as, and when, made. Any lack of liquidity may affect the liquidity of the Shares and the value of its investments.

For such reasons the payment of redemption proceeds may be postponed in exceptional circumstances pursuant to the Instrument, as disclosed under the heading "Temporary Suspension of Net Asset Value" below.

## **Investment Management**

The ability of a Fund to achieve its investment objective is significantly dependent upon the expertise of the Investment Manager, the Sub-Investment Managers, their partners, members and employees and the Investment Manager's and the Sub-Investment Managers' and their affiliates' ability to attract and retain suitable staff. The impact of the departure for any reason of a key individual (or individuals) on the ability of the Investment Manager and the Sub-Investment Managers to achieve the investment objective of a Fund cannot be determined and may depend on, amongst other things, the ability of the Investment Manager and the Sub-Investment Managers to recruit other individuals of similar experience and credibility. In addition, legislative, tax and/or regulatory changes which restrict or otherwise adversely affect the remuneration of key individual(s), including the ability and scope to pay bonuses, which may be imposed in the jurisdictions in which the Investment Manager and the Sub-Investment Managers operate, may adversely affect their ability to attract and/or retain any such key individual(s). In the event of the death, incapacity, departure, insolvency or withdrawal of any such key individual(s), the performance of a Fund may be adversely affected.

Furthermore, some of the contractual arrangements in place with certain of a Fund's counterparties may provide the relevant counterparties with rights of termination, and with certain of its investors that may entitle them to redemption without penalty, if certain key employees and officers of the Investment Manager and/or the Sub-Investment Managers cease to have responsibility for managing a Fund's investments or similar provisions. The assertion of such rights to terminate contracts could result in the relevant contractual positions being closed out on unsatisfactory terms and in a fewer number of potential counterparties in the future and/or may otherwise have a material adverse impact on the business and/or financial condition of the Fund. There can be no assurance that the Investment Manager or the Sub-Investment Managers would be able to mitigate the effects of the loss of any such key individual(s).

The continued services of the Investment Manager and the Sub-Investment Managers to a Fund are dependent on the continuation of the relevant agreement which can be terminated with notice.

Should the need arise, no assurance can be given that the Fund or a Fund would be able to find and recruit a replacement investment manager or sub-investment manager(s) (as applicable) of similar experience and competence or as to the length of time the search for a replacement will take. Any delay in identifying another investment manager or sub-investment manager(s) (as applicable) may materially and adversely affect the achievement of the relevant investment objective.

## **Markets in Financial Instruments Directive II**

The package of European Union market infrastructure reforms known as "MiFID II" is expected to have a significant impact on the European capital markets. MiFID II, which took effect on 3 January 2018, will increase regulation of trading platforms and firms providing investment services, including the Depositary and Systematica Investments UK LLP.

MiFID II will affect financial market structure, trading and clearing obligations, product governance and investor protection. The MiFID II directive must be "transposed" into national law by member states. The transposition process can open the door to the act of so-called "gold-plating", where individual member states and their national competent authorities ("**NCAs**") introduce requirements over and above those of the European text and apply MiFID II provisions to market participants that would not otherwise be caught by MiFID II. NCAs in certain jurisdictions may propose a number of regulatory measures and/or regulatory positions that may be unclear in scope and application resulting in confusion and uncertainty. It is not possible to predict how these regulatory positions or additional governmental restrictions may be imposed on market participants and/or the effect of such restrictions on the implementation of a Fund's investment objective. It is also not possible to predict the unintended consequences of MiFID II on the operation and performance of a Fund, which may be directly or indirectly impacted by changes to market structure, trading and clearing obligations, product governance and investor protection and/or regulatory interpretation.

MiFID II will bring in significant changes to pre- and post-trade transparency obligations in respect of financial instruments admitted to trading on EU trading venues, including a new transparency regime for non-equity financial instruments; an obligation to execute transactions in shares and derivatives on a regulated trading venue; and a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in transaction costs, and, as a consequence, may have an adverse impact on the investment program of a Fund. Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and position management powers could similarly lead to liquidity reduction and/or an increase in costs and spreads in the commodities markets.

New rules requiring the unbundling of the costs of research and other services from dealing commission and further restrictions on the Investment Manager's and the Sub-Investment Managers' ability to receive certain types of goods and services from brokers are likely to result in an increase in the investment-related expenditure of the Funds and/or negatively impact the Investment Manager's and the Sub-Investment Managers' ability to access investment research.

### **Other Clients of the Investment Manager and Sub-Investment Managers**

The Investment Manager and the Sub-Investment Managers may manage or advise other funds and/or accounts and each will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. The Investment Manager and the Sub-Investment Managers may vary the investment strategies employed on behalf of the Fund from those used for itself and/or for other clients. No assurance is given that the results of the trading by the Investment Manager or the Sub-Investment Managers on behalf of the Fund will be similar to that of other funds and/or accounts concurrently managed by the Investment Manager or the Sub-Investment Managers. It is possible that such funds and accounts and any additional funds and accounts to which the Investment Manager, the Sub-Investment Managers or relevant members of the Systematica Group in the future provide such services may compete with the Fund for the same or similar positions in the markets. The Investment Manager and the Sub-Investment Managers own (and may transfer and/or license to any member of the Systematica Group as they see fit) any intellectual property developed by them in the performance of services to the ICAV, including without limitation any intellectual property in the investment approach and strategies of any Fund. The Investment Manager and the Sub-Investment Managers may subsequently use information, intellectual property and investment strategies ("**Intellectual Property**") which any of them has obtained, produced, created, developed or utilised in the performance of services to the ICAV in relation to other investment funds, vehicles or accounts, as they determine in their sole discretion. The ICAV will bear all fees, charges and expenses incurred for all transactions carried out on behalf of the ICAV by the Investment Manager and/or the Sub-Investment Managers (or on their behalf). Such other investment funds, vehicles or accounts will not pay any part of or contribute towards the fees, charges and expenses of the ICAV for transactions carried out on behalf of the ICAV even if such other investment funds, vehicles or accounts benefit from Intellectual Property derived from the trading activities or results of the ICAV.

### **Investment Manager Conviction**

A Fund's portfolio reflects the conviction of the Investment Manager and/or the Sub-Investment Managers. At times of high conviction, the portfolio may well be more aggressively constructed than would otherwise be the case. This carries with it additional risks should the Investment Manager's and/or the Sub-Investment Managers' conviction prove misplaced.

### **No Independent Counsel**

The Fund has retained legal counsel to advise them who may also act as legal counsel to SIL. In connection with its representation of the Fund and where appropriate, SIL, counsel will not represent Shareholders in their capacity as investors in the Fund. No independent counsel has been retained by the Fund to represent Shareholders in that capacity.

## Over-the-Counter ("OTC") Transactions

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular, in response to the recent financial crisis. The leaders of the G20 have agreed that all standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties, that OTC derivative contracts should be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

In the United States, rules and regulations required under the Dodd-Frank Act, have recently begun to become effective and comprehensively regulate the OTC derivatives markets. The CFTC requires that certain interest rate and credit default index swaps be centrally cleared, and the first requirement to execute certain interest rate swap contracts through a swap execution facility. Additional standardised swap contracts are expected to be subject to new clearing and execution requirements in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or the CFTC. The regulators have also adopted margin requirements that require the collection of initial and variation margin on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called "end-users", the Investment Manager and the Sub-Investment Managers are not eligible to rely on such exemptions. In addition, the OTC derivative dealers with which a Fund may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether a Fund is subject to such requirements. OTC derivative dealers are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations for cleared derivatives. This will increase the OTC derivative dealers' costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favourable trade pricing, and possible new or increased fees.

The SEC and CFTC are expected to increase the portion of derivatives transactions that will be required to be executed through a regulated securities, futures, or swap exchange or execution facilities. Such requirements may make it more difficult and costly for investment funds, including a Fund, to enter into highly tailored or customised transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivative dealers and major OTC derivatives market participants have now registered with the SEC and/or the CFTC, and the CFTC's broad interpretation of its jurisdiction has recently required additional dealers to register. A Fund may also be required to register as a major swap participant in the OTC derivatives markets if its swaps positions are too large or leveraged, but the CFTC's and SEC's definition of major swap participant make such registration unlikely. Dealers and major swap participants are or will be subject to minimum capital and margin requirements. These requirements apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to business conduct standards, disclosure requirements, additional reporting and recordkeeping requirements, transparency requirements, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. A Fund is also subject to recordkeeping and, depending on the identity of the swaps counterparty, reporting requirements. While many of the requirements of the Dodd-Frank Act have been adopted, the final overall impact of the Dodd-Frank Act on a Fund is uncertain, and it is unclear how the OTC derivatives markets will adapt to the final regulatory regime.

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "EMIR") came into force on 16 August 2012. EMIR introduces uniform requirements in respect of OTC derivative contracts by requiring certain "eligible" OTC derivative contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC derivatives contracts to trade repositories. In addition, EMIR imposes risk mitigation requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These risk mitigation requirements are expected to include the exchange and segregation of collateral by the parties, including by a Fund.



While many of the obligations under EMIR have come into force, a number of other requirements have not yet come into force or are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus. It is therefore not yet fully clear how the OTC derivatives market will adapt to the new European regulatory regime for OTC derivatives.

The Directors, the Investment Manager and the Sub-Investment Managers expect that a Fund will be materially affected by some or all of the requirements of EMIR. However, as at the date of this Prospectus, it is difficult to predict the full impact of EMIR on a Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivative contracts. The Directors, the Investment Manager and/or the Sub-Investment Managers will monitor the position. However, prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect a Fund's ability to adhere to its investment approach and achieve its investment objective.

### **Ownership of the Systematica Group**

Certain members of the Systematica Group are ultimately owned in part and/or may, in the future be owned in part, by one or more affiliates or non-affiliates. The Systematica Group may be adversely impacted by any changes in such ownership interests or their owners, including the sale or restructuring of any such ownership interest or any liquidation, administration or dissolution of any affiliate, non-affiliate or owner. Any such changes could therefore impact the Systematica Group's ability to continue to effectively manage and to provide other services to the ICAV.

### **Profit Sharing**

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee (which it will share with the Sub-Investment Managers) based on the appreciation in the Net Asset Value per Share and accordingly, the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a Performance Fee may be paid on unrealised gains which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager or the Sub-Investment Managers to make investments for the Fund and a Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

### **Realisation of Profits and Valuation of Investments**

Changes in circumstances or market conditions may lead to revaluation of certain assets, which may result in material increases or decreases in the Net Asset Value. Accordingly, any Shareholder who redeems Shares during a period when the value of any asset has been impaired will not receive any amount in respect of any subsequent increase of the Net Asset Value as a consequence of any revaluation of an asset the value of which was impaired at the time the Shareholder redeemed the relevant Shares. Neither the Fund nor the Investment Manager nor the Sub-Investment Managers shall be required to inform a Shareholder proposing to redeem Shares of any circumstances which may lead to a revaluation of an asset, and neither shall be liable to any Shareholder in respect of any loss of opportunity to participate in gains attributable to any revalued assets, howsoever arising.

### **Reliance on Intellectual Property**

A Fund's investment approach may be based on mathematical models, which are implemented as automated computer algorithms, that investment professionals at the Sub-Investment Managers have developed over time. The Sub-Investment Managers commit substantial resources to the updating and maintenance of existing models and algorithms as well as to the ongoing development of new models and algorithms. The successful operation of the automated computer algorithms on which a Fund's investment approach is based is reliant upon the information technology systems of the Sub-Investment Managers and their ability to ensure those systems remain operational and that appropriate disaster recovery procedures are in place. Further, as market dynamics shift over time, a previously highly successful model may become outdated, perhaps without the Sub-Investment Managers recognising that fact before substantial losses are incurred. There can be no assurance that the Sub-Investment Managers will be successful in maintaining effective mathematical models and automated computer algorithms.

## **Analytical Model Risks**

The trading decisions of the Investment Manager and the Sub-Investment Managers may be based in part on trading strategies which utilise mathematical analyses of technical factors relating to past market behaviour (the “**Programme**”). The buy and sell signals generated may be based upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets.

While the Programme is predominantly algorithmic and mechanical, from time to time the Investment Manager and the Sub-Investment Managers may exercise discretion over trading orders. No assurance can be given that such use of discretion will enable a Fund to avoid losses and in fact such use of discretion may cause the Fund to forego profits which it may have otherwise earned had such discretion not been used.

The Programme’s computerised trading systems rely on the ability of the Investment Manager’s and the Sub-Investment Managers’ personnel to accurately process such systems’ outputs and to use the proper trading orders, which may include stop-loss or limit orders, to execute the transactions called for by the systems. In addition, the Investment Manager and the Sub-Investment Managers rely on their staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. The Investment Manager and the Sub-Investment Managers’ systems are accordingly subject to human errors, including the failure to implement, or the inaccurate implementation of any of the Investment Manager and the Sub-Investment Managers’ systems, in addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect the performance of the Fund.

The Programme may use automated order routing and execution systems in its trading. Such systems are typically provided on an “as is” basis. Such systems may experience technical difficulties which may render them temporarily unavailable. In addition, such systems may fail to properly perform. Such failures may result in losses to the Fund. The providers of such services have disclaimed all liability from such losses. In an effort to mitigate such risks, the Investment Manager and the Sub-Investment Managers closely monitor trades executed through automated order routing and execution systems and the operation of the systems themselves.

The Programme is highly dependent on the proper functioning of its internal computer systems. Accordingly, defects, failures or interruptions of such systems, whether due to third party failures upon which such systems are dependent or the failure of the Programme’s hardware or software, computer viruses, power outages or catastrophic events could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause the Fund’s account to experience significant trading losses or to miss opportunities for profitable trading. While the Investment Manager and the Sub-Investment Managers have adopted data protection and recovery policies, there is no guarantee that such policies will adequately protect against losses in the event of a systems’ malfunction.

Additionally, any such failures could cause a temporary delay in reports to investors. The Programme depends to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect the Master Fund’s trading until such failure or inaccuracy is corrected.

## **Short Selling**

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a short position will be available for purchase.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted.

The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager or the Sub-Investment Managers may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager or the Sub-Investment Managers to fulfil the investment objective of a Fund may be constrained.

### **U.S. Tax-Exempt Investors**

Certain investors may be subject to U.S. federal and state laws, rules and regulations which may regulate their participation in a Fund, or their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types which a Fund may utilise from time to time. Each type of U.S. Tax-Exempt Investor may be subject to different laws, rules and regulations and should consult with their own advisors as to the advisability and tax consequences of an investment in a Fund. Investment in a Fund by U.S. Tax-Exempt Investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the relevant application form.

### **Value Added Tax/Goods and Services Tax**

The Fund may be liable to pay goods and services tax or other forms of value added tax on certain services received from its service providers, including the Investment Manager, the Sub-Investment Managers and the Administrator.

The Directors intend to conduct the affairs of the Fund in such manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Fund, including where feasible submitting claims to applicable taxation authorities for recovery of goods and services tax paid by the Fund. However, investors should note that there is no assurance that the Fund will be able to recover all or any of such taxes paid.

### **FATCA Risk**

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information in respect of its "account" holders (i.e. Shareholders). The IGA further provides for the automatic reporting and exchange of information between the Revenue Commissioners and the IRS in relation to accounts held in Irish FFIs by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. Provided the ICAV complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and should not be required to impose FATCA withholding on payments which it makes.

Although the ICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the ICAV will be able to satisfy these obligations. In order to satisfy its FATCA obligations, the ICAV will require certain information from investors in respect of their FATCA status. If the ICAV becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by all Shareholders may be materially affected.

All prospective investors / shareholders should consult with their own tax advisors regarding the possible FATCA implications of an investment in the ICAV.

### **CRS**

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "CRS Regulations").

The CRS, which has applied in Ireland since 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

The ICAV is a Reporting Financial Institution for CRS purposes and will be required to comply with the Irish CRS obligations. In order to satisfy its CRS obligations, the ICAV will require its investors to provide certain information in respect of their tax residence and may, in some cases, require information in relation to the tax residence of the beneficial owners of the investor. The ICAV, or a person appointed by the ICAV, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions.

All prospective investors / shareholders should consult with their own tax advisors regarding the possible CRS implications of an investment in the ICAV.

### **Cybersecurity Risk**

Cybersecurity breaches may occur allowing an unauthorised party to gain access to assets of a Fund, Shareholder data, or proprietary information, or may cause the ICAV, the Investment Manager, the Sub-Investment Managers, the Administrator or the Depositary to suffer data corruption or lose operational functionality.

The Funds may be affected by intentional cybersecurity breaches which include unauthorised access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Shareholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the ICAV, the Investment Manager, the Sub-Investment Managers, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which a Fund invests, and thereby cause a Fund’s investments to lose value, as a result of which investors, including the relevant Fund and its Shareholders, could potentially lose all or a portion of their investment with that issuer.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund. Prospective investors should read this entire Prospectus and consult with their own legal, tax and financial advisers before deciding to invest in a Fund.**

## **DIVIDEND DISTRIBUTION POLICY**

The Instrument empowers the Directors to declare semi-annual and/or annual dividends in respect of any Shares out of net income (including dividend and interest income) and the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the ICAV.

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

The distribution policy for each Fund will be determined by the Directors from time to time and shall be specified in the relevant Supplement to the Prospectus.

## **EFFICIENT PORTFOLIO MANAGEMENT**

The ICAV may employ investment techniques and FDI for efficient portfolio management of the assets of any Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the Regulations and the Central Bank UCITS Regulations and described below. Please see Appendix I for more information. A Fund will only utilise those FDIs as set out in the relevant Fund Supplement and as listed in the RMP that have been cleared by the Central Bank.

Efficient portfolio management means investment decisions involving transactions that are entered into for one or more of the specific aims:

1. the reduction of risk;
2. the reduction of cost; or
3. the generation of additional capital or income for the UCITS with an appropriate level of risk, taking into account the risk profile of the UCITS as described in this Prospectus and the general provisions of the UCITS directives.

In addition, the use of such techniques and instruments must be realised in a cost-effective way and must not result in a change to the investment objective of the Fund or add substantial supplementary risks not covered in this Prospectus. It is therefore the intention of the ICAV, in employing such efficient portfolio management techniques and instruments for these reasons, that their impact on the performance of the relevant Fund will be positive.

## **COLLATERAL POLICY**

In the context of efficient portfolio management techniques, Securities Financing Transactions and/or the use of FDI for hedging or investment purposes, collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of a Fund. Any receipt or posting of collateral by a Fund will be conducted in accordance with the Central Bank UCITS Regulations and the terms of the ICAV's collateral policy outlined below.

### **Collateral – received by a Fund**

Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the ICAV's risk management process. A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the components set out in Regulation 24 paragraph (8) of the Central Bank UCITS Regulations.

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice (including the transfer of daily variation margins) and the requirements outlined in the Central Bank UCITS Regulations.

All assets received by a Fund in the context of Securities Financing Transactions shall be considered as collateral and must comply with the terms of the ICAV's collateral policy.

Any non-cash assets received by the Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-custodian. Assets provided by the Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-custodian.

### **Non–Cash Collateral**

Collateral received from a counterparty for the benefit of a Fund may be in the form of cash or non-cash assets and must, at all times, meet with the specific criteria outlined in the Central Bank UCITS Regulations, as summarised below, in relation to (a) liquidity; (b) valuation; (c) issuer credit quality; (d) correlation; (e) diversification (asset concentration); and (f) immediate availability:

- (a) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations.
- (b) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts (as referred to below) are in place. Where appropriate, non-cash collateral held for the benefit of a Fund shall be valued in accordance with the valuation policies and principles applicable to the ICAV. Subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty will be valued daily at mark-to-market value. The rationale for the valuation methodology as described above is to ensure compliance with the requirements in the Central Bank UCITS Regulations.

- (c) Issuer credit quality: Collateral received should be of high quality.
- (d) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (e) Diversification (asset concentration): Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- (f) Immediate availability: Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- (g) The Investment Manager, on behalf of each Fund, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests in accordance with the requirements of EMIR. EMIR does not require the application of a haircut for cash variation margin. Accordingly any haircut applied to cover currency risk will be as agreed with the relevant counterparty. The Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an on-going basis. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of Schedule 3 of the Central Bank UCITS Regulations, such increased issuer exposure may be to any of the issuers listed in section 2.11 of the section entitled "INVESTMENT RESTRICTIONS".
- (h) Safe-keeping: Any non-cash assets received by a Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-depositary. Assets provided by a Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary.

There are no restrictions on maturity provided the collateral is sufficiently liquid.

Non-cash collateral cannot be sold, pledged or re-invested.

### **Cash collateral**

Cash collateral may not be invested other than in the following:

- (a) deposits with Relevant Institutions;
- (b) high-quality government bonds;
- (c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (d) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).



Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Cash collateral may not be placed on deposit with the relevant counterparty or a related entity. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for the Fund. Please refer to the section of the Prospectus entitled "Re-investment of Cash Collateral Risk" for more details.

#### **Collateral – posted by a Fund**

Collateral posted to a counterparty by or on behalf of a Fund must be taken into account when calculating counterparty risk exposure other than where it is protected by client money rules or similar arrangements. Collateral posted to a counterparty and collateral received by such counterparty may be taken into account on a net basis provided the Fund is able to legally enforce netting arrangements with the counterparty.

Collateral posted to a counterparty by or on behalf of a Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any types of assets held by the Fund.

## **BORROWING POLICY**

Under the Instrument, the Directors are empowered to exercise all of the borrowing powers of the ICAV, subject to any limitations under the UCITS Regulations, and to charge the assets of the ICAV as security for any such borrowings provided that all such borrowings are within the limits and conditions laid down by the Central Bank.

Under the UCITS Regulations, a Fund may borrow up to 10% of its assets provided this borrowing is on a temporary basis. A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties.

A Fund may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions under the UCITS Regulations provided that the offsetting deposit (i) is denominated in the base currency of the Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding.

The ICAV shall ensure that a Fund with foreign currency borrowings which exceed the value of a back to back deposit treats the excess as borrowing for the purposes of Regulation 103 of the Regulations. Where the balance is returned to the Fund is in a foreign currency other than the Base Currency, the Fund may be exposed to currency risk such that the amount returned may be less than it would have been if the offsetting balance had been in the Base Currency.

## **DETERMINATION AND PUBLICATION AND TEMPORARY SUSPENSION OF NET ASSET VALUE**

### **Determination and Publication of Net Asset Value**

The Net Asset Value attributable to the Classes shall be calculated by the Administrator to the nearest three decimal places in the Base Currency as of the relevant Valuation Point in accordance with the valuation provisions set out in the Instrument and summarised below.

The Net Asset Value of each Fund shall be calculated by ascertaining the value of the assets of each Fund and deducting from such amount the liabilities of that Fund (which shall include all fees and expenses payable and/or accrued and/or estimated to be payable by the Fund), and dividing the resultant figure by the number of Shares in issue.

The Net Asset Value of each Class shall be determined by calculating the amount of the Net Asset Value attributable to each Class. The amount of the Net Asset Value of a Fund attributable to a class shall be determined by establishing the proportion of the assets of the class as at the most recent Net Asset Value calculation or the close of the initial offer period in the case of an initial offer of a class, adjusted to take account of any subscription orders (after deduction of any repurchase orders) and by allocating relevant class expenses and fees to the class and making appropriate adjustments to take account of distributions paid, if applicable, and apportioning the Net Asset Value accordingly.

The Net Asset Value per Share of any Class issued in each Fund will be calculated by calculating the amount of the Net Asset Value of the Fund attributable to the relevant Class and dividing the resultant figure by the total number of Shares of the relevant Class in issue or to be deemed to be in issue as of the relevant Dealing Day.

Unless otherwise specified in the relevant Supplement, the Net Asset Value per Share (including up-to-date dealing prices) will be published on each Business Day on <http://ucits.systematica.com> or through other media, as the Directors or Investment Manager may from time to time determine. The Net Asset Value per Share will also be available from the offices of the Administrator.

The Investment Manager and/or the Sub-Investment Manager(s) may hedge the foreign currency exposure of Classes denominated in a currency other than the Base Currency of a Fund in order that investors in that Class receive a return in the currency of that Class substantially in line with the investment performance of the relevant Fund. As foreign exchange hedging may be utilised for the benefit of a particular Class, its cost and related liabilities and/or benefits shall be for the account of that Class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for shares of any such Class. While holding a hedged Share Class will protect investors in such Share Class from a decline in the value of a currency other than the Base Currency of the Fund, investors in such Share Class will not benefit when that other currency appreciates against the relevant Base Currency. The Investment Manager and the Sub-Investment Manager(s) shall limit hedging to the extent of the particular Share Class' currency exposure. Foreign exchange hedging shall not be used for speculative purposes.

### **Valuation of Assets**

1. In determining the value of the assets of each Fund, each Investment which is quoted, listed or traded under the rules of a Recognised Market, for which market quotations are readily available, shall be valued as at the last traded price on the relevant Recognised Market at the Valuation Point, provided that the value of the Investment listed, traded or dealt in on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant Recognised Market may be valued, taking into account the level of premium or discount as at the date of valuation of the Investment and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security.

2. If the Investment is normally listed, traded or dealt in on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be that which constitutes the main market for the investment. If prices for an investment listed, traded or dealt in on the relevant Recognised Market are not available at the relevant time or are unrepresentative, or in the event that any Investments are not listed or traded on any Recognised Market, such investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by the Directors, or a competent professional person, firm or corporation appointed by the Directors and approved for such purpose by the Depositary which may be the Investment Manager or the relevant Sub-Investment Manager. None of the Directors, the Investment Manager, the Sub-Investment Manager or the Administrator shall be under any liability if a price reasonably believed by them to be the latest available price for the time being may be found not to be such.
3. Units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available Net Asset Value per unit/share as published by the collective investment scheme.
4. Cash deposits and similar investments shall be valued at their face value together with accrued interest unless in the opinion of the Directors (in consultation with the Investment Manager and/or the relevant Sub-Investment Manager) any adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other consideration which are deemed relevant.
5. Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange, provided that if the settlement price of an exchange-traded derivative instrument is not available, the value of such instrument shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Depositary, which may be the Investment Manager or the Sub-Investment Manager. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the ICAV at fair value. The ICAV will value over-the-counter derivatives using an alternative valuation calculated by the ICAV or by an independent pricing vendor. The ICAV must value over-the-counter derivatives on a daily basis. In valuing over-the-counter derivatives using an alternative valuation, the ICAV will follow international best practice and will adhere to the principles on the valuation of over-the-counter instruments established by bodies such as IOSCO and AIMA. The alternative valuation is that provided by a competent person appointed by the Directors and approved for the purpose by the Depositary, which may be the Administrator, the Investment Manager or the Sub-Investment Manager or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a weekly basis. Where significant differences arise these will be promptly investigated and explained.
6. Forward foreign exchange and interest rate swap contracts will be valued in accordance with the preceding paragraph.
7. Notwithstanding the provisions of paragraphs (1) to (6) above:
  - (i) The Directors or their delegate may, at its discretion in relation to any particular Fund which is a short-term money market fund, value any investment using the amortised cost method of valuation where such collective investment schemes comply with the Central Bank's requirements for short-term money market funds and where a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the Central Bank's guidelines.
  - (ii) The Directors or their delegate may, at its discretion, in relation to any particular Fund which is a money market fund or which is not a money market fund but which invests in money market instruments, value any investment on the basis of the amortised cost method, provided that each such security being valued using the amortised cost basis of valuation shall be carried out in accordance with the Central Bank's requirements.

- (iii) The foregoing valuation principles are subject to any prevailing rules that may apply to how the ICAV is required to value particular instruments as may be contained in EMIR.
- 8. Notwithstanding the generality of the foregoing, the Directors may with the approval of the Depositary adjust the value of any investment if, taking into account currency, marketability and/or such other considerations as they may deem relevant, such as applicable rate of interest, anticipated rate of dividend, maturity or liquidity, they consider that such adjustment is required to reflect the fair value thereof.
- 9. Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which the Directors or their delegate shall determine to be appropriate.
- 10. If the Directors deem it necessary, a specific investment may be valued under an alternative method of valuation approved by the Depositary.

### **Temporary Suspension of Net Asset Value**

The Directors may at any time with prior notification to the Depositary temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of Shares during:

- 1. the whole or any part of any period when any Recognised Market on which a substantial portion of the Investments for the time being comprised in a Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such Recognised Market are restricted or suspended; or
- 2. the whole or any part of any period where, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, including the unavailability of relevant prices, the disposal or valuation of any Investments for the time being comprised in a Fund cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interest of Shareholders; or
- 3. any breakdown in the means of communication normally employed in determining the value of any Investments for the time being comprised in a Fund or during any period when for any other reason the value of Investments for the time being comprised in the ICAV cannot, in the opinion of the Directors, be promptly or accurately ascertained; or
- 4. the whole or any part of any period when a Fund is unable, due to exceptional market conditions or other exceptional circumstances prevailing in one or more Recognised Markets, to repatriate funds for the purposes of making redemption payments or during which the realisation of any Investments for the time being comprised in a relevant Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which there are difficulties or it is envisaged that there will be difficulties, in transfer of monies or assets required for subscriptions, redemptions or trading; or
- 5. any period in which the redemption of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
- 6. the whole or any part of any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the sole opinion of the Directors, have an adverse impact on the relevant Fund or the remaining Shareholders in such Fund; or
- 7. the whole or any part of any period in which notice has been given to Shareholders of a resolution to wind up the ICAV; or
- 8. the whole or any part of any period during which dealings in a collective investment scheme in which the relevant Fund has invested a significant portion of its assets, as determined by the Directors, are suspended; or

9. the whole or any part of any period when the Directors determine that it is in the best interests of the Shareholders to do so.

The Directors will exercise this discretion only in circumstances in which the Directors believe that it is not possible to value or trade a material proportion of the securities held in the portfolio in respect of which such decision is being made.

Notice of any such suspension shall be published by the ICAV on <http://ucits.systematica.com> and shall be notified without delay to the Central Bank and the Shareholders. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible. Shareholders who have requested issue or redemption of Shares of any Class will have their subscription or redemption request dealt with on the first Dealing Day after the suspension has been lifted unless applications or redemption requests have been withdrawn prior to the lifting of the suspension.

Save where the determination of the Net Asset Value per Share has been temporarily suspended in the circumstances described above, the Net Asset Value per Share as of the most recent Valuation Point shall be made available at the office of the Administrator.

## REDEMPTION AND TRANSFERS OF SHARES

### Redemption of Shares

Shareholders may request a Fund to redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share calculated at the relevant Valuation Point (subject to such adjustments, if any, as may be specified including, without limitation, any adjustment required for redemption charges as described under the section entitled "**Fees and Expenses**") in accordance with the redemption procedures specified below and in the relevant Supplement. In calculating the redemption price per Share for a Fund the Directors may, on any Dealing Day where there are overall net redemptions, adjust the redemption price by deducting an anti-dilution levy to cover dealing costs and to preserve the value of the relevant Fund's underlying assets.

The Shares in a Fund may be redeemed on each Dealing Day (except where dealings have been suspended in the circumstances described under the section entitled "**Determination and Publication and Temporary Suspension of Net Asset Value**") at the Net Asset Value per Share calculated at the relevant Valuation Point.

Details in respect of redemptions of shares in the Funds are set out in the relevant Supplement for each Fund.

The Administrator shall forward the redemption proceeds (if any) to the relevant Shareholders within the period of time from the deadline for receipt of redemption requests set out in the relevant Fund Supplement.

If outstanding redemption requests from all holders of Shares in any Fund on any Dealing Day total in aggregate more than 10% of all the Shares of that Fund in issue on such Dealing Day, the Directors shall be entitled at their discretion to refuse to redeem such excess number of Shares in issue on that Dealing Day in respect of which redemption requests have been received as the Directors shall determine. If the Directors refuse to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be carried forward for redemption on each subsequent Dealing Day, on a pro rata basis, until all Shares relating to the original redemption request have been redeemed, provided that the Fund shall not be obliged to redeem more than 10% of the number of Shares outstanding on any Dealing Day.

A Fund may redeem all of the Shares of any Class in issue if the Shareholders in that Class pass a Special Resolution providing for such redemption at a general meeting of the holders of the Shares of that Class, or if the redemption of the Shares in that Class is approved by a resolution in writing signed by all of the holders of the Shares in that Class or if the Net Asset Value of the Class falls below such amount as specified below. Shares will be redeemed at the Net Asset Value per Share on the relevant Dealing Day less such sums as the Directors in their absolute discretion may from time to time determine as an appropriate provision for duties and charges in relation to the realisation or cancellation of the Shares to be redeemed.

Redemption requests should be made on the Redemption Form (which is available from the Administrator) which should be posted or sent by facsimile or by electronic means to the Administrator. The address and other contact information for the Administrator are set out in the Redemption Form.

The Administrator will not remit redemption proceeds if an investor has not submitted a signed redemption request containing valid bank details or is not considered to be compliant with all the necessary anti-money laundering legislation and regulations. Nor will the Administrator remit any payment to a third party bank account.

Unless otherwise set out in a Fund Supplement, written confirmation of the receipt of the Redemption Form will be sent to the relevant Shareholder by post or facsimile or electronic means within two Business Days of the relevant Dealing Day. The redeeming investor should contact the Administrator in the event that this confirmation is not received within two Business Days of the relevant Dealing Day.

Redemption requests may not be withdrawn without the consent of the ICAV except when the redemption of Shares has been temporarily suspended in the circumstances described under the section entitled "Determination and Publication and Temporary Suspension of Net Asset Value".

Redemption proceeds will be paid only after receipt of the original signed Application Form and upon receipt of all relevant documentation required by the Administrator including any documents in connection with anti-money laundering procedures and that the anti-money laundering procedures have been completed. If a Redemption Form is received by the Administrator after the time specified for receipt of same for a particular Dealing Day, it shall be treated as a request for redemption on the next Dealing Day. In exceptional circumstances, the Directors may, at their sole discretion, accept Redemption requests after the relevant cut-off point, provided in all cases it is before the relevant Valuation Point. Subject to the foregoing, and to the receipt of the original Application Form and all anti-money laundering documentation and the anti-money laundering procedures have been completed, redemption proceeds will be paid by electronic transfer to the Shareholder's account specified in the Application Form within the period of time from the deadline for receipt of redemption requests, as set out in the relevant Fund Supplement. In the event that a Shareholder requires payment of redemption proceeds to an account other than that specified in the Application Form, the Shareholder must provide an original request in writing, executed by an authorised signatory of the Shareholder to the Administrator on or prior to receipt of the Redemption Form. Redemption proceeds will only be paid to an account in the name of the relevant Shareholder. Redemption proceeds will not be paid in any other currency other than the currency of denomination of the relevant Share Class.

The Administrator on behalf of the ICAV operates a separate investor Collection Account for each of the Funds, so that the amounts within the Collection Account are at all times capable of being attributed to the individual Funds in accordance with the Instrument. Shareholders should note that any redemption proceeds being paid by a Fund and which are held for any time in the Collection Account shall remain an asset of the relevant Fund. On redemption, an investor is no longer a Shareholder and in the event of the insolvency of the ICAV or the relevant Fund will rank as an unsecured creditor of the relevant Fund during the period between receipt of the redemption request and the Dealing Day on which such Shares are redeemed. Redemption proceeds and dividend payments shall be held in the Collection Account where the Shareholder has failed to provide the Administrator or the ICAV with any documentation requested by them for anti-money laundering purposes, as described above. Investors' attention is drawn to the risk factor under the heading "Collection Account Risk". Furthermore, the operation of the Collection Account will not compromise the ability of the Depositary to carry out its safe-keeping and oversight duties in accordance with the Regulations.

Redemption proceeds may be paid by in specie transfer with the consent of the Shareholder in question. Redemption proceeds may also be paid in specie solely at the Directors discretion where the redemption request for Shares represents 5% or more of the Net Asset Value of the relevant Fund on any Dealing Day. The assets to be transferred shall be selected at the discretion of the Directors and subject to the approval of the Depositary and taken at their value used in determining the redemption price of the Shares being so repurchased. This means that such distributions will only be made if the Directors consider that they will not materially prejudice the interests of the Shareholders as a whole. Where the redemption in specie is effect at the Directors' discretion the Investment Manager shall, if a Shareholder so requests, sell the assets to be distributed to that Shareholder and distribute the cash proceeds to the Shareholder.

The ICAV may redeem the Shares of any Shareholder whose holding in the ICAV falls below the minimum subscription amount for the relevant Class as set out in the relevant Supplement.

Holders of Shares in the ICAV are required to notify the ICAV immediately when, at any time following their initial subscription for Shares in the ICAV, they become U.S. Persons or Irish Residents or cease to be Exempt Irish Shareholders and in respect of which the Relevant Declaration made on their behalf is no longer valid. Shareholders are also required to notify the ICAV immediately in the event that they hold Shares for the account or benefit of U.S. Persons or Irish Residents or Irish Residents who cease to be Exempt Irish Shareholders and in respect of which the Relevant Declaration made on their behalf is no longer valid or where they hold Shares in the ICAV in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax or fiscal consequences for the ICAV or its Shareholders.



Where the Directors become aware that a Shareholder in the ICAV (a) is a U.S. Person or is holding Shares for the account of a U.S. Person, so that the number of U.S. Persons known to the Directors to be beneficial owners of Shares for the purposes of the 1940 Act exceeds 100 or such other number as the Directors may determine from time to time; or (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax or fiscal consequences for the ICAV or its Shareholders, or where the holding of Shares by a Shareholder causes the assets of the ICAV to be "plan assets" for the purposes of ERISA, the Directors may: (i) direct such Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or (ii) redeem the relevant Shares at the Net Asset Value of the Shares as at the Dealing Day immediately following the date of notification of such mandatory redemption to the relevant Shareholder.

Under the Instrument, any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer, or deliver for redemption, his Shares if so directed by the Directors pursuant to the above provisions or who fails to make the appropriate notification to the ICAV is obliged to indemnify and hold harmless each of the Directors, the ICAV, the Administrator, the Depositary, the Investment Manager and the Shareholders of the ICAV (each an **"Indemnified Party"**) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

The Instrument permits the ICAV to redeem the Shares of an untraced Shareholder where during a period of six years no acknowledgement has been received in respect of any contract note or other confirmation of ownership of the Shares sent to the Shareholder, and at the expiration of the said period of six years by notice sent by pre-paid letter addressed to the Shareholder or to the last known address given by the Shareholder or by advertisement in a national daily newspaper published in Ireland or in a newspaper circulating in the area in which such address is located, the ICAV has given notice of its intention to repurchase such Shares and during the period of three months after the date of the advertisement and prior to the exercise of the power of repurchase the ICAV has not received any communication from the Shareholder. The proceeds of such repurchase shall form part of the ICAV's assets in respect of which such Shares were issued.

The ICAV may also compulsorily redeem Shares in the following circumstances:

- (i) if a redemption request would result in the Net Asset Value of the Shares held by a Shareholder to fall below the minimum subscription amount for the relevant Class for the relevant Fund, the ICAV may treat the redemption order as an order to redeem the entire shareholding; and
- (ii) the ICAV may compulsorily redeem all Shares in issue or deemed to be in issue if at any time the Net Asset Value of the ICAV or any Fund falls below \$10 million (or foreign currency equivalent thereof) on any Valuation Point.

### **Transfers of Shares**

Transfers of Shares must be effected by transfer in writing in any usual or common form or in any other form approved by the Directors from time to time. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. Requests may be posted or sent by facsimile or by electronic means to the Administrator. The Directors may decline to register any transfer of Shares unless the original transfer form is deposited at the registered office of the ICAV, or such other place as the Directors may reasonably require, accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed an Application Form and provided the necessary anti-money laundering documentation to the satisfaction of the Administrator. The Directors are not obliged to register the transfer of Shares in the ICAV. The ICAV shall give the transferee written notice of any refusal to register a transfer of Shares, provided that the

ICAV is not required to give notice of a refusal to register a transfer where registering the transfer or giving the notice would result in a contravention of any provision of applicable law.

Shares are freely transferable except that the Directors may decline to register a transfer of Shares (a) if the transfer is in breach of U.S. securities laws; (b) if in the opinion of the Directors the transfer would be unlawful or result or be likely to result in any adverse regulatory, tax or fiscal consequences or material administrative disadvantage to the ICAV or the Shareholders; (c) in the absence of satisfactory evidence of the transferee's identity; (d) the proposed transfer would result in a contravention of any provision of the Instrument or would produce a result inconsistent with any provision of the Prospectus; (e) where the ICAV is required to redeem deappropriate or cancel such number of Shares as are required to meet the appropriate tax of the Shareholder on such transfer; or (f) if the person to whom shares are to be transferred is prohibited from holding shares in the ICAV for any reason; or (g) where the Directors believe, in their discretion, that it is in the best interests of the ICAV or the Shareholders to do so. A proposed transferee may be required to provide such representations, warranties or documentation as the Directors may require in relation to the above matters. In the event that the ICAV does not receive a Relevant Declaration in respect of the transferee, the ICAV will be required to deduct appropriate tax in respect of any payment to the transferee or any sale, transfer, cancellation, redemption, repurchase or other payment in respect of the Shares as described in the section headed "Taxation" below.

## TAXATION

**The following is a summary of relevant Irish tax law. It does not purport to be a complete analysis of all tax considerations relating to the holding of Shares by all categories of investors, some of whom may be subject to special rules. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, exchanging or otherwise disposing of Shares under the laws of their country of incorporation, establishment, citizenship, residence, ordinary residence or domicile.**

The following summary is based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this Prospectus. Legislative, administrative and judicial changes may modify the tax considerations described below. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position at the time of an investment in the ICAV will not change.

As Shareholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore the Directors recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the ICAV and any investment returns from those Shares.

### Ireland

#### *Taxation of the ICAV*

The Directors have been advised that the ICAV is an investment undertaking within the meaning of section 739B TCA and therefore is not chargeable to Irish tax on its relevant income or relevant gains so long as the ICAV is resident for tax purposes in Ireland. The ICAV will be resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland. It is intended that the Directors of the ICAV will conduct the affairs of the ICAV in a manner that will allow for this.

Notwithstanding the above, a charge to tax may arise for the ICAV in respect of Shareholders on the happening of a "Chargeable Event" in the ICAV.

A Chargeable Event includes:

- (i) any payment to a Shareholder by the ICAV in respect of their Shares;
- (ii) any transfer, cancellation, redemption or repurchase of Shares; and
- (iii) any deemed disposal by a Shareholder of their Shares at the end of a "relevant period" (a "**Deemed Disposal**").

A "relevant period" is a period of 8 years beginning with the acquisition of Shares by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

A Chargeable Event does not include:

- (i) any transaction in relation to Shares held in a recognised clearing system;
- (ii) any exchange by a Shareholder effected by way of a bargain made at arms length by the ICAV, of Shares in the ICAV for other Shares in the ICAV;
- (iii) certain transfers of Shares between spouses or civil partners and former spouses or former civil partners;

- (iv) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another Irish investment undertaking; or
- (v) the cancellation of Shares in the ICAV arising from an exchange in relation to a scheme of amalgamation (as defined in section 739HA TCA).

On the happening of a Chargeable Event, the ICAV shall be entitled to deduct the appropriate amount of tax on any payment made to a Shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the ICAV to the Shareholder, the ICAV may appropriate or cancel the required number of Shares to meet the tax liability.

Where the Chargeable Event is a Deemed Disposal and the value of Shares held by Irish Resident Shareholders in the ICAV is less than 10% of the total value of Shares in the ICAV (or a sub-fund) and the ICAV has made an election to the Revenue Commissioners to report annually certain details for each Irish Resident Shareholder, the ICAV will not be required to deduct the appropriate tax and the Irish Resident Shareholder (and not the ICAV) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the ICAV or the Shareholder on any previous Deemed Disposal. On the eventual disposal by the Shareholder of the Shares, a refund of any unutilised credit will be payable.

## **Taxation of Shareholders**

### *Non-Irish Resident Shareholders*

Non-Irish Resident Shareholders will not be chargeable to Irish tax on the happening of a Chargeable Event provided that either:

- (i) the ICAV is in possession of a completed Relevant Declaration to the effect that the Shareholder is not an Irish Resident, or
- (ii) the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Shareholder and the written notice of approval has not been withdrawn by the Revenue Commissioners.

If the ICAV is not in possession of a Relevant Declaration or the ICAV is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the ICAV must deduct tax on the happening of a Chargeable Event in relation to such Shareholder. The tax deducted will generally not be refunded.

Intermediaries acting on behalf of non-Irish Resident Shareholders can claim the same exemption on behalf of the Shareholders for whom they are acting. The intermediary must complete a Relevant Declaration that it is acting on behalf of a non-Irish Resident Shareholder.

A non-Irish Resident corporate Shareholder which holds Shares directly or indirectly by or for a trading branch or agency of the Shareholder in Ireland, will be liable for Irish corporation tax on income from the Shares or gains made on the disposal of the Shares.

### *Exempt Irish Shareholders*

The ICAV is not required to deduct tax in respect of an Exempt Irish Shareholder so long as the ICAV is in possession of a completed Relevant Declaration from those persons and the ICAV has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Shareholder must notify the ICAV if it ceases to be an Exempt Irish Shareholder. Exempt Irish Shareholders in respect of whom the ICAV is not in possession of a Relevant Declaration will be treated by the ICAV as if they are not Exempt Irish Shareholders.

While the ICAV is not required to deduct tax in respect of Exempt Irish Shareholders, those Shareholders may themselves be liable to Irish tax on their income, profits and gains in relation to any sale, transfer, repurchase, redemption or cancellation of Shares or dividends or distributions or other

payments in respect of their Shares depending on their circumstances. It is the obligation of the Exempt Irish Shareholder to account for such tax to the Revenue Commissioners.

#### *Irish-Resident Shareholders*

Irish Resident Shareholders (who are not Exempt Irish Shareholders) will be liable to tax on the happening of a Chargeable Event. Tax at the rate of 41% will be deducted by the ICAV on payments made to the Shareholder in relation to the Shares or on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Shares or the making of any other payment in respect of the Shares.

An Irish Resident Shareholder who is not a company and is not an Exempt Irish Shareholder will not be liable to any further income or capital gains tax in respect of any sale, transfer, Deemed Disposal, cancellation, redemption or repurchase, of Shares or the making of any other payment in respect of their Shares.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is not taxable as trading income under Schedule D Case I, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted. The rate of tax applicable to a Chargeable Event in respect of any Irish tax resident corporate investor in this instance is 25% provided the corporate investor has made a declaration to the ICAV including its Irish tax reference number.

Where the Irish Resident Shareholder is a company which is not an Exempt Irish Shareholder, and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) the amount received by the Shareholder is increased by any amount of tax deducted by the ICAV and will be treated as income of the Shareholder for the chargeable period in which the payment is made;
- (ii) where the payment is made on the sale, transfer, Deemed Disposal, cancellation, redemption or repurchase of Shares, such income will be reduced by the amount of consideration in money or money's worth given by the Shareholder for the acquisition of those Shares; and
- (iii) the amount of tax deducted by the ICAV will be set off against the Irish corporation tax assessable on the Shareholder in respect of the chargeable period in which the payment is made.

#### *Personal Portfolio Investment Undertaking*

An investment undertaking will be considered to be a personal portfolio investment undertaking (PPIU) in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in section 739BA TCA.

#### *Currency Gains*

Where a currency gain is made by an Irish Resident Shareholder on the disposal of Shares, that Shareholder may be liable to capital gains tax in respect of any chargeable gain made on the disposal.

#### *Stamp Duty*

On the basis that the ICAV qualifies as an investment undertaking within the meaning of section 739B TCA, no Irish stamp duty will be payable on the subscription, transfer or repurchase of Shares. The stamp duty implications for subscriptions for Shares or transfer or repurchase of Shares in specie should be considered on a case by case basis.

### *Capital Acquisitions Tax*

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

- (i) at the date of the disposition the transferor of the Shares is neither domiciled nor ordinarily resident in Ireland, and, at the date of the gift or inheritance the transferee of the Shares is neither domiciled nor ordinarily resident in Ireland; and
- (ii) the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date.

### *Other Tax Matters*

The income and capital gains received by the ICAV from securities issued in countries other than Ireland or assets located in countries other than Ireland may be subject to taxes including withholding tax in the countries where such income and gains arise. The ICAV may not be able to benefit from reduced rates of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries. The Directors will have sole discretion as to whether the ICAV will apply for such benefits and may decide not to apply for such benefits if they determine that it may be administratively burdensome, cost prohibitive or otherwise impractical.

In the event that the ICAV receives any repayment of withholding tax suffered, the Net Asset Value of the ICAV will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of repayment.

### ***Automatic Exchange of Information***

The ICAV is obliged, pursuant to the IGA, Council Directive 2011/16/EU, section 891E, section 891F and section 891G of the TCA and regulations made pursuant to those sections, to collect certain information about its investors.

The ICAV will be required to provide certain information to the Revenue Commissioners in relation to the investors (including information in respect of the investor's tax residence status) and also in relation to accounts held by investors. For further information on FATCA or CRS please refer to the website of the Revenue Commissioners at [www.revenue.ie/en/business/aeoi/index.html](http://www.revenue.ie/en/business/aeoi/index.html).

Further detail in respect of FATCA and CRS is set out below.

### **FATCA Implementation in Ireland**

On 21 December 2012, the governments of Ireland and the U.S. signed the IGA.

The IGA significantly increases the amount of tax information automatically exchanged between Ireland and the U.S. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish Residents. The ICAV is subject to these rules. Complying with such requirements will require the ICAV to request and obtain certain information and documentation from its Shareholders, other account holders and (where applicable) the beneficial owners of its Shareholders and to provide any information and documentation indicating direct or indirect ownership by U.S. Persons to the competent authorities in Ireland. Shareholders and other account holders will be required to comply with these requirements, and non-complying Shareholders may be subject to compulsory redemption and/ or U.S. withholding tax of 30% on withholdable payments and/or other monetary penalties.

The IGA provides that Irish financial institutions will report to the Revenue Commissioners in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the IRS in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis.

The ICAV (and/or any of its duly appointed agents) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the ICAV may have as a result of the IGA or any legislation promulgated in connection with the IGA and Shareholders will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the ICAV or any other person to the relevant tax authorities.

### **OECD Common Reporting Standard**

Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the CRS Regulations.

CRS is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

Ireland and a number of other jurisdictions have entered or will enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. The ICAV is required to provide certain information to the Revenue Commissioners about investors resident or established in jurisdictions which are party to CRS arrangements.

The ICAV, or a person appointed by the ICAV, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where applicable) will request information in relation to the beneficial owners of any such account holders. The ICAV, or a person appointed by the ICAV, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions. Ireland introduced CRS Regulations in December 2015 and implementation of CRS among early adopting countries (including Ireland) occurred with effect from 1 January 2016.

#### *Certain Irish Tax Definitions*

##### *Residence – ICAV (which includes any body corporate, including an ICAV)*

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country. In certain limited circumstances, companies incorporated in Ireland but managed and controlled outside of a double taxation treaty territory may not be regarded as resident in Ireland. Specific rules may apply to companies incorporated prior to 1 January 2015.

##### *Residence – Individual*

The Irish tax year operates on a calendar year basis.

An individual will be regarded as being resident in Ireland for a tax year if that individual:

- (i) spends 183 days or more in Ireland in that tax year; or
- (ii) has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding tax year.

Presence in a tax year by an individual of not more than 30 days in Ireland, will not be reckoned for the purpose of applying the two year test. Presence in Ireland for a day means the personal presence of an individual at any point in time during the particular day in question.

##### *Ordinary Residence – Individual*

The term "ordinary residence" as distinct from "residence", relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which that individual is not resident in Ireland. Thus, an individual who is resident and ordinarily resident in Ireland in 2012 will remain ordinarily resident in Ireland until the end of the tax year 2015.

*Intermediary*

means a person who:-

- (i) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- (ii) holds shares in an investment undertaking on behalf of other persons.



## **GENERAL**

### **THE SHARE CAPITAL**

The minimum authorised share capital of the ICAV is €2.00 represented by two Subscriber Shares of no par value issued at €1.00 each. The maximum authorised share capital of the ICAV, as may be amended by the Directors from time to time and notified to Shareholders, is 500,000,300,002 Shares of no par value represented by two Subscriber Shares of no par value, 300,000 (three hundred thousand) Capitalisation Shares of no par value and 500,000,000,000 (five hundred billion) Shares of no par value, initially designated as unclassified Shares. The Directors are empowered to issue up to 500,000,000,000 Shares of no par value designated as Shares of any Class on such items as they think fit.

The Subscriber Shares and the Capitalisation Shares entitle the holders to attend and vote at general meetings of the ICAV but do not entitle the holders to participate in the profits or assets of the ICAV except for a return of capital on a winding-up. The Shares entitle the holders to attend and vote at general meetings of the ICAV and to participate in the profits and assets of the ICAV. There are no pre-emption rights attaching to the Shares.

### **VARIATION OF SHAREHOLDER RIGHTS**

The rights attached to each Class (and for these purposes, reference to any Class shall include reference to any Class) may, whether or not the ICAV is being wound up be varied with the consent in writing of the holders of three-fourths of the issued Shares of that Class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that Class. The provisions of the Instrument in relation to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such meeting shall be two persons holding or representing by proxy at least one third of the issued Shares of the Class in question or, at an adjourned meeting, one person holding Shares of the Class in question or his proxy. Any holder of Shares representing one tenth of the Shares in issue of the Class in question present in person or by proxy may demand a poll. The rights attaching to any Class shall not be deemed to be varied by the creation or issue of further Shares of that Class ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares.

### **VOTING RIGHTS**

The Instrument provides that on a show of hands at a general meeting of the ICAV every Shareholder, Subscriber Shareholder and Capitalisation Shareholder present in person or by proxy shall have one vote and on a poll at a general meeting every Shareholder, Subscriber Shareholder and Capitalisation Shareholder shall have one vote in respect of each Share, Subscriber Share or Capitalisation Share as the case may be, held by him; provided, however, that, in relation to a resolution which in the opinion of the Directors affects more than one Class or gives or may give rise to a conflict of interest between the shareholders of the respective Classes, such resolution shall be deemed to have been duly passed, only if, in lieu of being passed at a single meeting of the Shareholders of all of those Classes, such resolution shall have been passed at a separate meeting of the Shareholders of each such Class.

### **INSTRUMENT**

The sole object of the ICAV, as set out in the Instrument, is the collective investment of funds in property and giving members of the ICAV the benefit of the results of the management of its funds. The ICAV may take any measure and carry out any operations which it may deem useful or necessary to the accomplishment and development of its purpose to the fullest extent permitted by the Regulations.

All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Instrument of the ICAV, copies of which are available as described under the section entitled "General – Documents for Inspection".

## CONFLICTS OF INTEREST

The Investment Manager, SIL, SILP, the Sub-Investment Managers, Systematica Investments Services Limited, each of the Directors, the Administrator, the Depositary and/or their respective affiliates or any person connected with them may from time to time act as manager, investment manager, sub-investment manager, depositary, sub-custodian, registrar, broker, execution broker, director, administrator, investment adviser, dealer, service provider, distributor or sales agent in relation to, or be otherwise involved in, other investment funds and other vehicles (including Systematica Funds which may invest, either directly or indirectly, in any Fund) which may have similar or different objectives to those of any Fund. It is, therefore, possible that any of the foregoing may, in the course of business, have potential conflicts of interest with any Fund. Each will, at all times, have regard in such event to its obligations to the Funds, as the case may be, and will disclose any conflicts in accordance with internal procedures and applicable laws and will endeavour to ensure that such conflicts are resolved fairly. Each will at all times have regard in such event to its obligations under the Instrument and/or any agreements to which it is party or by which it is bound in relation to the ICAV and, in particular, but without limitation to their obligations to act in the best interests of the Shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly. Where deemed appropriate by the Directors and approved for such purpose by the Depositary, a valuation committee of the Investment Manager may be established to value unlisted securities. In the regard, the Directors may accept the valuation of the valuation committee and investors should be aware that in these circumstances, a possible conflict of interest may arise, as the higher estimated value of the unlisted securities the higher the fees payable to the Investment Manager.

The Investment Manager and the Sub-Investment Managers will act in a manner that they consider fair in allocating investment opportunities to the Funds in accordance with processes established by the Systematica Group, but otherwise have no specific obligations or requirements concerning the allocation of time effort or investment opportunities to any Fund or any restrictions on the nature or timing of investments for other accounts, vehicles or funds which the Investment Manager and the Sub-Investment Managers or their directors, employees, members, related parties, affiliates and connected persons (and their respective directors, members and employees) may manage or advise (collectively, "**Other Accounts**"). None of the Investment Manager and the Sub-Investment Managers or their directors, employees, members, related entities, affiliates or connected persons (and their respective directors, members and employees) is obligated to devote any specific amount of time to the affairs of a Fund, and none will be required to accord exclusivity or priority in respect of any Fund in the event of limited investment opportunities.

In addition, where provided for in the relevant Supplement, the ICAV has granted to the Investment Manager the discretionary authority to reduce or waive minimum initial and subsequent subscription amounts and minimum holding amounts, reduce or waive certain notice periods in respect of subscriptions and redemptions on its behalf, which may give rise to potential conflicts of interest. In such instances, the Investment Manager, having regard to its obligations to the relevant Fund, will disclose and report any conflicts which may arise in accordance with internal procedures and applicable laws, and the ICAV will regularly monitor the exercise of such discretionary authority granted to the Investment Manager.

There is no prohibition on dealing in the assets of a Fund by the Investment Manager, the Sub-Investment Managers, each of the Directors, Depositary, the delegates or sub-delegates of the ICAV (including the Investment Manager, the Sub-Investment Managers and the Administrator) or Depositary (excluding any non-group company sub-custodians appointed by the Depositary) and any associated or group company of the Depositary, Investment Manager, the Sub-Investment Managers, the Administrator or other delegate or sub-delegate ("**Connected Person**"). However, the ICAV shall ensure that any transaction between the ICAV and a Connected Person is conducted at arm's length and in the best interests of the Shareholders.

The ICAV may enter into a transaction, on behalf of a Fund, with a Connected Person only if at least one of the conditions in paragraphs (1), (2) or (3) is complied with:

1. The value of the transaction is certified by either:

- (i) a person who has been approved by the Depositary as independent and competent; or
  - (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary;
2. the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange;
  3. execution on terms which the Depositary (or, in the case of a transaction with the Depositary, the Directors) is satisfied conform with the requirement to be conducted at arm's length and in the best interests of the Shareholders.

The Depositary or the Directors, in case of transactions involving the Depositary must document how it complied with (1), (2) or (3) above. Where transactions are conducted in accordance with paragraph (3), the Depositary or the Directors in the case of transactions involving the Depositary, must document the rationale for being satisfied that the transaction conformed with the principles outlined here.

Subject to applicable law and the Central Bank's requirements, employees or officers of SIL, SILP, the Sub-Investment Managers, or their affiliates may directly or indirectly acquire Shares. Any acquisition or divestment of Shares by such individuals shall be on the terms applicable to all Shareholders and in satisfaction of professional requirements.

In selecting brokers to make purchases and sales for a Fund the Investment Manager will choose those brokers who provide best execution to that Fund. Best execution will be the best price available in the market, exclusive of any charges but taking account of any other exceptional circumstances such as counterparty risk, order size or client instructions. In determining what constitutes best execution, the Investment Manager may take into consideration the overall economic result to the Fund (price and commission plus other costs), the efficiency of the transaction, the brokers' ability to effect the transaction if a large block is involved, availability of the broker for difficult transactions in the future, other services provided by the broker such as research and the provision of statistical and other information, and the financial strength and stability of the broker. In managing the assets of the Fund, the Investment Manager may receive certain research and statistical and other information and assistance from brokers. The Investment Manager may allocate brokerage business to brokers who have provided such research and assistance to a Fund and/or Other Accounts for which the Investment Manager exercises investment discretion. The Investment Manager will also have regard to the rules and guidance of the Investment Manager's regulator.

The Investment Manager, the Sub-Investment Managers or any other member of the Systematica Group or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds, vehicles or accounts which invest in assets which may also be purchased or sold by the ICAV. None of the Investment Manager, the Sub-Investment Managers, any other member of the Systematica Group or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of (or share with the ICAV or inform the ICAV of) any such transaction or any benefit received by any of them from any such transaction. The ICAV and one or more clients of the Investment Manager, the Sub-Investment Manager and/or any affiliate therefore may engage in the same or a similar trading strategy. If the ICAV and one or more clients invests in the same assets, the allocation of investment opportunities will be made on a fair basis between the ICAV and such other clients in accordance with the processes established in the Systematica's Group Investment Policy. When trades are performed for several clients simultaneously, a model calculates the relevant position for each account and then amalgamates those trades into one order which is executed in the market. In accordance with Systematica's Group Investment Policy and taking into account the strategy and investment restrictions and other limitations applicable to each client (including, without limitation, the risk profile and any concentration limits), an allocation algorithm fills the client orders pro rata and executions for each price level are allocated to each client in proportion to the size of such client's desired order.

From time to time, the Investment Manager, the Sub-Investment Managers, any member of the Systematica Group and/or their affiliates may come into possession of non-public information concerning specific companies, although internal procedures are intended to prevent the receipt of such information. Under applicable securities laws, this may limit their flexibility to buy or sell portfolio securities issued by such companies. A Fund's investment flexibility may be constrained as a consequence of the Investment Manager's and the Sub-Investment Managers' inability to use such information for investment purposes.

The Systematica Group has an internal compliance policy which places restrictions on personal trades by employees, including that they disclose their personal holdings and transactions to the Investment Manager and the Sub-Investment Managers on a periodic basis, and requires that employees pre-clear certain types of personal transactions. Subject to internal compliance policies and approval procedures, partners and employees of the Systematica Group may engage, from time to time, in personal trading of securities, including securities in which a Fund may invest.

The members of the Systematica Group are ultimately majority-owned by the management of Systematica, including Leda Braga. BlueCrest Capital Management Limited, as general partner of BlueCrest Capital Management LP ("**BlueCrest**"), and two entities that are each wholly owned by Affiliated Managers Group, Inc. ("**AMG**") hold the remaining ownership interests in the Systematica Group. Each of BlueCrest and AMG are global asset management companies and may from time to time be involved with other investment funds and other vehicles which have similar or different objectives to those of the Funds. It is, therefore, possible that any of the foregoing may, in the course of business, have potential conflicts of interest with a Fund.

The potential fees payable to the Investment Manager or another member of the Systematica Group by other Systematica Funds might in certain circumstances exceed the potential fees payable by the ICAV. Members of the Systematica Group will allocate resources as they in their sole discretion consider appropriate in managing the Funds and any other Systematica Funds in accordance with their respective investment objectives and approaches.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Fund or in which a Fund is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein in addition to complying with the requirements of the Central Bank. Unless the Directors determine otherwise, a Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest. At the date of this Prospectus other than as disclosed below, no Director nor any connected person has any interest, beneficial or non-beneficial, in the share capital of the ICAV or any material interest in the ICAV or in any agreement or arrangement with the ICAV. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

At the date of this prospectus, the Directors have the following conflicts of interest with the ICAV:

Paul Rouse is a limited partner in SILP. As noted above, the Investment Manager receives an investment management fee and may receive a performance fee in respect of its services as Investment Manager. As a limited partner in SILP, Mr Rouse also has indirect interests in the Sub-Investment Managers, which may share in any investment management and performance fees. The Investment Manager may also receive fees from the ICAV for promoting the sale of Shares, which it may share with the Sub-Investment Managers. The Investment Manager and the Sub-Investment Managers may receive investment management, advisory and/or performance and other fees from other Systematica Funds which may invest in a Fund, either directly or indirectly.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in a Fund.

The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

By acquiring or continuing to hold Shares, each investor will be deemed to have acknowledged the existence of the actual or potential conflicts of interests described above and to have waived, to the fullest extent permitted by applicable law, any claim with respect to the existence of any such conflicts.

## REMUNERATION POLICY

The ICAV has remuneration policies and practices in place consistent with the requirements of the Regulations and will also comply with the requirements of ESMA Guidelines and any further clarifications as may be issued by ESMA, the European Commission of the European Parliament and Council, as required and when applicable. The ICAV will procure that any delegate to whom such requirements also apply pursuant to the ESMA Guidelines, including the Investment Manager, the Sub-Investment Managers, will have equivalent remuneration policies and practices in place as required and when applicable.

The remuneration policy reflects the ICAV's objective for good corporate governance, promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Funds or the Instrument. It is also aligned with the investment objectives of each Fund and includes measures to avoid conflicts of interest. In summary, under the ICAV's remuneration policy, no variable remuneration will be paid to any Director and the fees of any Director will be commercially negotiated. The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the ICAV, led by the independent non-executive chairman of the ICAV, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate for each Fund. This review will also ensure that the policy reflects best practice guidelines and regulatory requirements, as may be amended from time to time.

Details of the up-to-date remuneration policy of the ICAV including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if applicable), will be available by means of the following website <http://ucits.systematica.com> and a paper copy will be made available to Shareholders free of charge upon request.

## MEETINGS

All general meetings of the ICAV or any Fund shall be held in Ireland. At least fourteen calendar days' notice (or such shorter time as may be agreed with the Shareholders from time to time) shall be given to Shareholders. The notice shall specify the place, the day and the hour of the meeting, and the general nature of the business of the meeting. A proxy may attend on behalf of any Shareholder. The voting rights attached to the Shares are set out under the heading "General – Voting Rights".

## REPORTS AND ACCOUNTS

The ICAV shall cause to be prepared an annual report and audited annual accounts in relation to the ICAV or each Fund prepared in accordance with United States generally accepted accounting principles for the period ending 31 December in each year or such other accounting period end date with respect to a Fund as may be specified in the Supplement relating to such Fund. These are made available to Shareholders within four months of the end of the relevant accounting period end. In addition, the ICAV shall cause to have prepared and made available to Shareholders a half-yearly report, which shall include unaudited half-yearly accounts for the ICAV or each Fund. The half-yearly report is made up to 30 June in each year or such other semi-annual accounting period end date with respect to a Fund as may be specified in the Supplement relating to such Fund. Un-audited half-yearly reports are made available to Shareholders within two months of the end of the relevant accounting period.

The next audited annual report in respect of the ICAV will be prepared for the period ending 31 December 2018 and the next set of half yearly financial statements of the ICAV will be prepared for the period ending 30 June 2019.

## WINDING UP

The Instrument contains provisions to the following effect:

1. If the ICAV or a Fund shall be wound up the liquidator shall, subject to the provisions of Part 11 of the Companies Act 2014, apply the assets of the ICAV or Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.

2. The assets available for distribution among the Shareholders of the ICAV or Fund shall then be applied in the following priority:
  - (a) firstly, in the payment to the holders of the Shares of each Fund or Class of a sum in the currency in which that Fund or Class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such Fund or Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made;
  - (b) secondly, in the payment to the holders of the Subscriber Shares or Capitalisation Shares, sums up to the nominal amount paid thereon out of the assets of the ICAV not comprised within any Funds remaining after any recourse thereto under sub paragraph (a) above; and
  - (c) thirdly, in the payment to the holders of each Fund or Class of any balance then remaining, such payment being made in proportion to the number of Shares of that Fund or Class held.
3. If the ICAV shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a Special Resolution and any other sanction required by Part 11 of the Companies Act 2014, divide among the Shareholders in specie the whole or any part of the assets of the ICAV, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the member or different classes of Shareholders. If a Shareholder so requests, the liquidator shall procure the sale of assets to be distributed and shall distribute the proceeds to the Shareholders. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the ICAV may be closed and the ICAV dissolved, but so that no member shall be compelled to accept any assets in respect of which there is a liability.

## **TERMINATION OF A FUND OR CLASS**

The Instrument contains provisions to the following effect:

1. Any Fund or Class may be terminated by the Directors in their sole and absolute discretion, by notice in writing to the Shareholders in any of the following events and as specified by the terms of the Prospectus:
  - (a) if the ICAV shall cease to be authorised by the Central Bank under the Regulations or if the Directors reasonably believe that the ICAV is likely to cease to be authorised by the Central Bank having taken legal advice in that regard;
  - (b) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors, in consultation with the Investment Manager, impracticable or inadvisable to continue the ICAV or the Fund;
  - (c) all of the Shares of a Fund have been redeemed; or
  - (d) if the Directors in their discretion consider termination of a Fund appropriate.
2. The decision of the Directors in any of the events specified herein shall be final and binding on all the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund pursuant to this Section or otherwise.
3. The Directors shall give notice of a termination of a Fund to the Shareholders in the relevant Fund and by such notice affix the date at which such termination is to take effect, which date

shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine.

4. With effect on and from the date as at which any Fund is to terminate or such other date as the Directors may determine:
  - (a) no Shares of the relevant Fund may be issued or sold by the ICAV; and
  - (b) the Investment Manager shall, on the instructions of the Directors, realise all the Investments then compromised in the relevant Fund (which realisation shall be carried out and completed in such manner and within such period after the termination of the relevant Fund as the Directors think advisable); and
5. The Depositary shall, on the instructions of the Directors from time to time, distribute to the Shareholders of the relevant Fund in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of Investments of the relevant Fund and available for the purpose of such distribution, provided that the Depositary shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay €1 or its equivalent in the relevant currency in respect of each Share of the relevant Fund and provided also the Depositary shall be entitled to retain out of any monies in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Depositary or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.

## **MATERIAL CONTRACTS**

The following contracts, which are summarised in the Sections "The Investment Manager and Sub-Investment Managers", "The Administrator" and "The Depositary" and under "Fees and Expenses" above, have been entered into and are, or may be, material:

1. the amended and restated investment management agreement dated 22 February 2018 between the ICAV and the Investment Manager pursuant to which the Investment Manager was appointed to provide certain investment management and advisory services to the ICAV;
2. the amended and restated administration agreement dated 7 December 2015 as amended by amendment agreements on 8 August 2016 and 3 November 2017 between the ICAV and the Administrator, pursuant to which the Administrator was appointed by the ICAV to perform administrative services and act as registrar for the ICAV;
3. the depositary agreement dated 8 August 2016 between the ICAV and the Depositary pursuant to which the Depositary was appointed by the ICAV to perform the services of a depositary on behalf of the ICAV;
4. the amended and restated sub-investment management agreement dated 22 February 2018 between the Investment Manager and Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP pursuant to which Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP was appointed to provide certain investment management and advisory services to the Investment Manager and the ICAV;
6. the amended and restated sub-investment management agreement dated 22 February 2018 between the Investment Manager and Systematica Investments Singapore Pte. Ltd pursuant to which Systematica Investments Singapore Pte. Ltd was appointed to provide certain investment management and advisory services to the Investment Manager and the ICAV; and
7. the novated sub-investment management agreement dated 12 February 2019 between the Investment Manager and Systematica Investments UK LLP pursuant to which Systematica

Investments UK LLP was appointed to provide certain investment management and advisory services to the Investment Manager and the ICAV.

## DATA PROTECTION

Prospective investors should note that, by virtue of making an investment in the ICAV and the associated interactions with the ICAV and its affiliates and delegates (including completing the Application Form, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the ICAV with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the ICAV and its affiliates and delegates with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation. The ICAV shall act as a data controller in respect of this personal data and its affiliates and delegates, such as the Administrator, the Investment Manager and the Distributor, may act as data processors (or joint data controllers in some circumstances).

The ICAV has prepared a document outlining the ICAV's data protection obligations and the data protection rights of individuals under the Data Protection Legislation (the "**Privacy Notice**").

All new investors shall receive a copy of the Privacy Notice as part of the process to subscribe for Shares in the ICAV and a copy of the Privacy Notice will be sent to all existing investors in the ICAV that subscribed prior to the Data Protection Legislation coming into effect.

The Privacy Notice contains information on the following matters in relation to data protection:

- that investors will provide the ICAV with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation;
- a description of the purposes and legal bases for which the personal data may be used;
- details on the transmission of personal data, including (if applicable) to entities located outside the EEA;
- details of data protection measures taken by the ICAV;
- an outline of the various data protection rights of individuals as data subjects under the Data Protection Legislation;
- information on the ICAV's policy for retention of personal data;
- contact details for further information on data protection matters.

Given the specific purposes for which the ICAV and its affiliates and delegates envisage using personal data, under the provisions of the Data Protection Legislation, it is not anticipated that individual consent will be required for such use. However, as outlined in the Privacy Notice, individuals have the right to object to the processing of their data where the ICAV has considered this to be necessary for the purposes of its or a third party's legitimate interests.

## ELECTRONIC COMMUNICATION

The Directors have arranged for electronic communication by the ICAV or any other person on behalf of the ICAV as the case may be of:

1. notices of general meetings;
2. the appointment of a proxy;
3. balance sheet, profit and loss account and group accounts and the Directors' and Auditors' reports;



4. confirmations of subscriptions and redemptions; and
5. the Net Asset Value.

If the Shareholder elects for electronic communication, all communication of notices, accounts, confirmations and Net Asset Value by the ICAV or any other person on behalf of the ICAV will be by way of electronic communication.

Shareholders electing to receive electronic communications will be required to provide the ICAV with their e-mail address. Hard copies of these documents continue to be available.

The ICAV or the Administrator on behalf of the ICAV is required to deliver to the investors of the ICAV certain notices and documents from time to time, such as Net Asset Value statements, notices of meetings and annual audited financial statements. The ICAV, or the Administrator on behalf of the ICAV, may in the future elect to deliver such notices and documents by e-mail to the address in the ICAV's records or by posting them on a password protected website. When delivering documents by e-mail, the ICAV will generally distribute them as attachments to e-mails in Adobe's Portable Document Format (PDF) (Adobe Acrobat Reader software is available free of charge from Adobe's web site at [www.adobe.com](http://www.adobe.com) and the Reader software must correctly be installed on the investor's system before the investor will be able to view documents in PDF format). Investors who do not wish to receive such documents electronically, or who wish to change the method of notice, should elect to do so by notifying the Administrator in writing.

Members of the Systematica Group may record and retain telephone calls and other means of electronic communications with the Shareholders, prospective investors and third parties.

## **APPLICATION OF THE INVESTOR MONEY REGULATIONS**

Subscription, redemption and (where relevant) dividend payments ("**Investor Monies**") are held in a Collection Account on behalf of investors and are subject to the provisions of the Investor Money Regulations, which protect Investor Monies from the insolvency of the Administrator and the relevant Fund.

The Investor Money Regulations will only apply to, and the Collection Account will only hold, monies received in advance of the issue of Shares in the Fund and redemptions and dividend payments from the Fund following receipt into that account on the payment due date. The protections of the Investor Money Regulations do not extend to protect investors from the insolvency of the bank with which the account is held, and in such event investors beneficially entitled to the monies in the account will be unsecured creditors of the relevant bank.

## **MIFID II PRODUCT GOVERNANCE RULES – UCITS AS NON-COMPLEX FINANCIAL INSTRUMENTS**

Article 25 of MiFID II sets out requirements in relation to the assessment of suitability and appropriateness of financial instruments for clients. Article 25(4) contains rules relating to the selling of financial instruments by a MiFID-authorised firm to clients in an execution only manner. Provided the financial instruments are comprised from the list contained in Article 25(4)(a) (referred to broadly as non-complex financial instruments for these purposes), a MiFID-authorised firm selling the instruments will not be required to also conduct what is referred to as an "appropriateness test" on its clients. An appropriateness test would involve requesting information on the client's knowledge and experience on the type of investment offered and, on this basis, assessing whether the investment is appropriate for the client. If the financial instruments fall outside the list contained in Article 25(4)(a) (i.e. are categorised as complex financial instruments), the MiFID-authorised firm selling the instruments will be required to also conduct an appropriateness test on its clients.

UCITS (other than structured UCITS) are specifically referenced in the list in Article 25(4)(a). Accordingly, each Fund is deemed to be a non-complex financial instrument for these purposes.

## **DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected and obtained at the registered office of the ICAV at 2<sup>nd</sup> Floor, Block E Iveagh Court, Harcourt, Dublin 2, Ireland during normal business hours on any Business Day:-

1. the Instrument of the ICAV;
2. the Prospectus;
3. the Regulations; and
4. the half-yearly reports, annual reports and audited accounts (if issued).

Up-to-date versions of the KIIDs shall be made available for access in an electronic format at <https://ucits.systematica.com/> (or such other website as may be notified to Shareholders in advance from time to time).

## **PAST PERFORMANCE**

Information regarding the past performance of a Fund may be obtained from the Investment Manager.

## **TRADEMARK**

"Systematica" is a registered trade mark in Australia, the European Union (together with, to the extent applicable, the United Kingdom), Hong Kong, Japan, Qatar, Singapore, Switzerland, United Arab Emirates and the United States of America.

## **REGULATION OF THE INVESTMENT MANAGER AND THE SUB-INVESTMENT MANAGERS**

The Investment Manager is licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL. SIL is registered with the SEC as an investment adviser, is registered with the CFTC as a commodity pool operator and as a commodity trading advisor and is a member of the NFA. Systematica Investments GP Limited is licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL and is registered as an investment adviser with the SEC. Systematica Investments GP Limited as general partner of Systematica Investments Guernsey LP is licensed and regulated for the relevant classes of fund services business by the JFSC under the FSJL. The JFSC is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law. The JFSC does not accept any responsibility for the financial soundness of or any representations made in connection with the ICAV and/or any Fund.

Systematica Investments GP Limited has established a branch office in Geneva, Switzerland which is authorised by FINMA as a branch of a foreign asset manager of collective investment schemes and is registered as an investment adviser with the SEC.

Systematica Investments Singapore Pte. Ltd is regulated by the Monetary Authority of Singapore as a Capital Market Services licence holder for the regulated activity of fund management, dealing in securities, trading in futures contracts and leveraged foreign exchange trading and is registered as an investment adviser with the SEC.

Systematica Investments UK LLP is authorised and regulated by the FCA and is registered as an investment adviser with the SEC.

The contact details of the JFSC are as follows:

Jersey Financial Services Commission  
PO Box 267  
14-18 Castle Street  
St Helier  
Jersey  
JE4 8TP

The contact details of the SEC are as follows:

U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549  
USA

The contact details of the CFTC are as follows:

U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
USA

The contact details of the NFA are as follows:

National Futures Association  
300 S. Riverside Plaza, #1800  
Chicago, IL 60606-6615  
USA

The contact details of FINMA are as follows:

Swiss Financial Market Supervisory Authority FINMA

Laupenstrasse 27  
CH – 3003 Bern  
Switzerland

The contact details of the MAS are as follows:

Monetary Authority of Singapore  
10 Shenton Way  
MAS Building  
Singapore 079117

The contact details of the FCA are as follows:

Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN  
United Kingdom

## **APPENDIX I**

### **AUTHORITY GUIDELINES ON EFFICIENT PORTFOLIO MANAGEMENT**

#### **Use of FDI and Portfolio Management Techniques**

The ICAV will employ an investment risk management process, which enables it to accurately monitor, measure and manage the risks attached to financial derivative instrument ("**FDI**") positions. Each Fund may only employ the FDI techniques provided in the relevant Fund Supplement where full details are shown and described. The ICAV employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with FDI. Efficient portfolio management means investment decisions involving transactions that fulfil the following criteria:

1. they are economically appropriate in that they are realised in a cost-effective way;
2. they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the UCITS with a level of risk which is consistent with the risk profile of the UCITS and the risk diversification rules set out in the Central Bank UCITS Regulations;
3. their risks are adequately captured by the risk management process of the UCITS, and
4. they cannot result in a change to the UCITS declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the Fund but only direct and indirect operational costs/fees charged by third parties unrelated to the Investment Manager or the Sub-Investment Manager(s) will be deducted from any such revenues. Any such direct and indirect operational costs/fees charged by third parties do not include hidden revenue for the Investment Manager, the Sub-Investment Manager(s) or parties related to such parties, although fees may be payable to counterparties and/or the Investment Manager and/or the Depositary and/or entities related to them in relation to such techniques. The Fund will disclose in the financial statements the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicate if these are related parties to the ICAV, the Investment Manager or the Depositary. The ICAV shall ensure that all revenues arising from efficient portfolio management techniques and instruments, net of direct and indirect costs, are returned to the Fund.

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to any Fund is to adhere to the Central Bank requirements set out under the heading "Use of Repurchase/Reverse Repurchase and Stocklending Arrangements."

Only where and to the extent specified in the relevant Fund Supplement, each Fund may invest in FDI and/or utilise techniques and instruments for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks, subject to the conditions and within the limits laid down by the Central Bank. Any proposed investment in FDI is subject to a Risk Management Process document being submitted to, and approved by the Central Bank in advance.

The performance of swaps and contracts for difference which may be used for hedging and/or investment purposes and/or efficient portfolio management and/or to manage foreign exchange risks may be strongly influenced by movements in currency rates because a Fund may have exposure to a particular currency that is different to the currency in which the securities held by that Fund are denominated.

A description of some of the techniques and instruments that may be used for efficient portfolio management and/or investment purposes is set out below. This list is not exhaustive. Those FDI techniques which are being utilised by the Fund are set out in the relevant Fund Supplement and the RMP document being submitted to, and approved by the Central Bank in advance.

### **Contracts for Difference**

A contract for difference ("**CFD**") is an agreement to exchange the difference between the opening and closing price of the position under a contract for a financial instrument. CFD trading is a convenient instrument for trading shares and other instruments as it allows an exposure to a market, a sector or an individual security without buying into the underlying market, sector or security directly. The financial instrument underlying a CFD contract is not delivered to the purchaser of a CFD. CFDs do not usually have a defined maturity and are generally closed out at any time at the discretion of the position taker. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement whereby the party which is in profit on the closing day receives cash from the other party on the difference between the starting share price and the share price on the closing date of the contract. CFDs enable profits to be made from falling values of the underlying asset without actually selling short any assets. Therefore, CFDs can be used for hedging purposes as well as for gaining positive exposure to the underlying instruments.

### **Futures**

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

### **Forwards**

A forward contract locks in the price at which an asset may be purchased or sold on a future date. In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price (exchange rate) with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. The commercial purpose of a forward foreign exchange contract may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another. Forward foreign exchange contracts are specifically useful and may be used for the hedging in connection with hedged currency classes of shares. Forward contracts are similar to futures contract but are generally entered into as an over-the-counter contract rather than on exchange.

### **Swap Arrangements**

Where provided for in the relevant Supplement, a Fund may enter into interest rate, equity index, credit default, currency and Total Return Swap agreements, and swaptions (options on swaps). A Fund may enter into these swap transactions for hedging purposes or in an attempt to obtain a particular return when it is considered desirable to do so. A swap transaction involves an agreement between two parties to exchange different cash flows based on a specified or "notional" amount. The cash flows exchanged in a specific transaction may be, among other things, payments that are the equivalent of interest on a principal amount, payments that would compensate the purchaser for losses on a defaulted security or basket of securities, or payments reflecting the performance of one or more specified currencies, securities or indices.

If a Fund invests in Total Return Swaps or other FDI with the same characteristics, the underlying asset, index or portfolio may be comprised of equity or debt securities or other eligible investments which are consistent with the investment objective and policies of a Fund as set out in the "Investment Policies" section of the relevant Supplement. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions

or intermediaries. The risk of the counterparty defaulting on its obligations under the Total Return Swap and its effect on the relevant Fund are described in the sections of this Prospectus titled "Counterparty Risk", "Credit Risks" and "Derivative Securities Risk".

In addition, there may be potential conflicts of interests where the Investment Manager enters into securities lending arrangements that may incur a higher arranging fee which may not be in the best interests of the relevant Fund and its Shareholders or where the Investment Manager contracts with connected parties. Details of the ICAV's conflicts of interest policy is set out in the section "Conflicts of Interest".

It is not intended that the counterparties to Total Return Swaps entered into by a Fund assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDI, or that the approval of the counterparty is required in relation to any portfolio transactions by the relevant Fund.

### **Investment in Financial Indices through the use of Financial Derivative Instruments**

Where provided for in the relevant Supplement(s), a Fund may gain exposure to financial indices through the use of financial derivative instruments where considered appropriate to the investment objective and investment policies of the relevant Fund.

Such financial indices may or may not comprise of UCITS eligible assets. Where the composition of financial index does not meet with the UCITS criteria for financial indices but the index is composed of UCITS eligible assets, investment by a Fund in a financial derivative instrument giving exposure to such a financial index may be permitted and shall in such cases be regarded as a financial derivative instrument on a combination of UCITS eligible assets.

Where exposure is generated to financial indices which do not comprise of eligible assets or in circumstances where an index comprises of eligible assets but the relevant Fund cannot comply with the risk spreading rules set down in the Regulations taking into account both direct and indirect exposure of the Fund to the constituents of the relevant index, the Investment Manager shall only gain exposure to financial indices which comply with the Central Bank UCITS Regulations.

In this regard, any such financial indices will be rebalanced/adjusted on a periodic basis in accordance with the Central Bank UCITS Regulations e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a financial index will be impacted by the frequency with which the relevant financial index is rebalanced.

It may not be possible to comprehensively list the actual financial indices to which exposure may be taken as they have not, as of the date of this Prospectus, been selected and they may change from time to time. A list of the indices which a Fund takes exposure to will be included in the annual financial statements of the Fund. Details of any financial indices used by any Fund will also be provided to Shareholders of that Fund by the Investment Manager on request.

Where the weighting of a particular constituent in the financial index exceeds the investment restrictions set down in the Regulations the Investment Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the relevant Fund.

### **Permitted FDIs**

Where specified in a Fund supplement:-

1. Each Fund may invest in FDI provided that the relevant reference items or indices, consist of one or more of the following (noting that FDIs on commodities are excluded):
  - (a) instruments referred to in paragraphs 1.1 to 1.5 of the Investment Restrictions section of this Prospectus, deposits, financial indices, interest rates, foreign exchange rates or currencies;

- (b) the FDI do not expose a Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which a Fund cannot have a direct exposure),;
  - (c) the FDI do not cause a Fund to diverge from its investment objectives; and
  - (d) the reference to financial indices above shall be understood as a reference to indices which fulfil the criteria set out in the Central Bank UCITS Regulations and the Central Bank's guidance on "UCITS Financial Indices" and "UCITS Financial Derivative Instruments and Efficient Portfolio Management".
2. Credit derivatives as permitted in the circumstances outlined in the Central Bank's guidance on "UCITS Financial Derivative Instruments and Efficient Portfolio Management" only.
  3. FDI must be dealt in on a market which is regulated, operating regularly, recognised and open to the public in a Member State or non-Member State, and included at Appendix II hereto.
  4. Notwithstanding paragraph 3, each Fund may invest in FDI dealt in over-the-counter, "OTC derivatives" provided that:
    - (a) the counterparty is a credit institution listed in paragraph 2.6 of the Investment Restrictions section of this Prospectus or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive, in an EEA Member State or is an entity subject to regulation as a Consolidated Supervised Entity ("**CSE**") by the U.S. Securities and Exchange Commission;
    - (b) in the case of a counterparty which is not a credit institution, the counterparty has a minimum credit rating of A-2 or equivalent, or is deemed by a Fund to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where a Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent;
    - (c) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of:
      - (i) the entities set out in paragraph (a); or
      - (ii) a central counterparty (CCP) authorised, or recognised by ESMA, under Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
    - (d) risk exposure to the counterparty does not exceed the limits set out in paragraph 2.7 of the Investment Restrictions section of this Prospectus;
    - (e) a Fund is satisfied that the counterparty will value the transaction with reasonable accuracy and on a reliable basis and will close out the transaction at any time at the request of a Fund at fair value; and
    - (f) a Fund must subject its OTC derivatives to reliable and verifiable valuation on a daily basis and ensure that it has appropriate systems, controls and processes in place to achieve this. Reliable and verifiable valuation shall be understood as a reference to a valuation, by a Fund, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:



- (i) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate recognised methodology;
  - (ii) verification of the valuation is carried out by one of the following:
    - (A) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that a Fund is able to check it;
    - (B) a unit within a Fund which is independent from the department in charge of managing the assets and which is adequately equipped for the purpose.
- 5. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide a Fund with collateral in accordance with the requirements of the Central Bank as set out in the Central Bank UCITS Regulations. The Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits set out in the Regulations are not breached. Collateral received must at all times meet the requirements set out in the Central Bank UCITS Regulations. Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in UCITS Regulation 70(1)(c). Collateral passed may be taken into account on a net basis only if the UCTS is able to legally enforce netting arrangements with this counterparty.
- 6. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments or CIS, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.
- 7. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in UCITS Regulations and which contain a component which fulfils the following criteria:
  - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as a host contract can be modified according to a specific interest rate, financial instrument price, foreign exchange rate, index of prices or rate, credit rating or credit index, or other variable, and therefore vary in a way similar to a standalone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has significant impact on the risk profile and pricing of the transferable security or money market instrument.
- 8. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed a separate financial instrument.
- 9. The ICAV employs the commitment approach to measure its global exposure. The global exposure of any Fund will not exceed its total Net Asset Value at any time. The method used to calculate global exposure for each Fund is set out in the relevant Fund Supplement.

## Cover requirements

A Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

1. in the case of FDI which automatically, or at the discretion of a Fund, are cash settled a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.
2. in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by the relevant Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
  - (i) the underlying assets consists of highly liquid fixed income securities; and/or
  - (ii) a Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the Risk Management Process, which is described in paragraph 11 below, and details are provided in the Prospectus.

### **Risk Management**

1. Each Fund must employ a RMP to accurately monitor, measure and manage the risks attached to FDI positions.
2. Each Fund must provide the Central Bank with details of its proposed RMP with details of its FDI activity. The initial filing is required to include information in relation to:
  - (a) permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
  - (b) details of the underlying risks;
  - (c) relevant quantitative limits and how these will be monitored and enforced; and
  - (d) methods for estimating risks.
3. Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.
4. Each Fund must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must include information under the different categories identified in paragraph 11(ii) above, must be submitted with the annual report of the ICAV. A Fund must, at the request of the Central Bank, provide this report at any time.
5. The ICAV will, on request, provide supplementary information to shareholders relating to the risk management methods employed including the qualitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

### **Techniques and Instruments, including the use of Repurchase/Reverse Repurchase and Stocklending Agreements**

1. Where set out in the relevant Fund Supplement only, the Fund may enter into repurchase/reverse repurchase agreements, ("**Repo contracts**") and securities lending subject to and in accordance with the conditions and limits set out in the Central Bank UCITS Regulations for the purposes of Efficient Portfolio Management. Repo contracts are transactions in which a Fund sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price. The repurchase price is usually greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate. A reverse repurchase agreement is a transaction whereby a

Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

2. All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set out in the section entitled "COLLATERAL POLICY - Non-Cash Collateral" above.
3. Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
4. Cash collateral may not be invested other than as set out in the section entitled "COLLATERAL POLICY - Cash Collateral" above.
5. A Fund receiving collateral for at least 30% of assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
  - (a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - (b) empirical approach to impact assessment, including back testing of liquidity risk estimates;
  - (c) reporting frequency and limit/loss tolerance threshold/s; and
  - (d) mitigation actions to reduce loss including haircut policy and gap risk protection.
6. A clear haircut policy will be adapted for each class of assets received as collateral. When devising the haircut policy, the Fund will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph 7. This policy will be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.
7. The Fund is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
8. A Fund that enters into a reverse repurchase agreement will be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement will be used for the calculation of the Net Asset Value.
9. A Fund that enters into a repurchase agreement will ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.
10. Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of UCITS Regulation 103 and UCITS Regulation 111 respectively.
11. All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund.
12. The counterparty to a repurchase/reverse repurchase agreement or securities lending agreement must have a minimum credit rating of A-2 or equivalent, or must be deemed by the UCITS to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty

will be acceptable where the relevant Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has or maintains a rating of A-2 or equivalent.

## APPENDIX II MARKETS

The markets and exchanges are listed in accordance with the requirements of the Central Bank which does not issue a list of approved markets and exchanges. With the exception of permitted investments in unlisted securities, the ICAV will only invest in securities traded on a stock exchange or market which the Directors consider as meeting with the regulatory criteria (regulated, operate regularly, be recognised and open to the public) and which are listed in the Prospectus. The Central Bank does not issue a list of approved stock exchanges or markets. The stock exchange and/or markets will be drawn from the following list:

(i) any stock exchange which is:

(a) located in any Member State; or

(b) located in any of the following countries:-

Australia  
Canada  
Japan  
New Zealand  
Norway  
Switzerland  
United Kingdom  
United States of America; or

(ii) any stock exchange included in the following list:-

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Mercado Abierto Electronico S.A
Brazil	Bolsa De Valores De Sao Paulo
Chile	La Bolsa Electronica De Chile
Chile	Bolsa de Comercio de Santiago
Chile	Bolsa de Valparaiso
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Egypt	Egyptian Exchange
Hong Kong	Stock Exchange of Hong Kong Ltd
Hong Kong	Hong Kong Futures Exchange
India	National Stock Exchange of India
India	Bombay Stock Exchange
Indonesia	Indonesia Stock Exchange
Korea, Republic of	Korea Exchange
Malaysia	Bursa Malaysia Securities Berhad
Malaysia	Bursa Malaysia Derivatives Berhad
Mexico	Bolsa Mexicana De Valores (Mexican Stock Exchange)
Mexico	Mercado Mexicano de Derivados
Peru	Bolsa De Valores De Lima
Philippines	Philippines Stock Exchange, Inc.
Singapore	Singapore Exchange
Singapore	CATALIST
South Africa	JSE Securities Exchange
South Africa	South African Futures Exchange
Taiwan	GreTai Securities Market
Taiwan	Taiwan Stock Exchange
Taiwan	Futures Exchange
Thailand	Stock Exchange of Thailand
Thailand	Market for Alternative Investments
Thailand	Bond Electronic Exchange

Thailand	Thailand Futures Exchange
Turkey	Istanbul Stock Exchange
Turkey	Turkish Derivatives Exchange

(iii) any of the following:

the market organised by the International Capital Market Association;

the "listed money market institutions", as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" dated April 1988 (as amended from time to time);

a market comprising dealers which are regulated by the Federal Reserve Bank of New York and the United States Securities and Exchange Commission;

a market comprising dealers which are regulated by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission;

NASDAQ; and

The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

#### **Financial Derivative Instruments**

In the case of an investment in financial derivative instrument, in any derivative market approved in a member state of the European Economic Area and the following exchanges or markets:

American Stock Exchange, Chicago Mercantile Exchange, Chicago Board of Options Exchange, Chicago Board of Trade, Coffee, Sugar and Cocoa Exchange, Iowa Electronic Markets, Kansas City Board of Trade, Mid-American Commodity Exchange, Minneapolis Grain Exchange, New York Cotton Exchange, New York Mercantile Exchange, Twin Cities Board of Trade.

For the purposes only of determining the value of the assets of a Fund, the term "Recognised Market" shall be deemed to include, in relation to any derivatives contract used, any market or exchange on which such contract may be acquired or sold which is referred to in (i)(a) or (iii) hereof or which is in the European Economic Area, is regulated, recognised, operates regularly and is open to the public.

### APPENDIX III

#### LIST OF SUB-DELEGATES APPOINTED BY THE DEPOSITARY

The Depositary has appointed the following entities as sub-delegates in each of the markets set forth below. This list may be updated from time to time and is available upon request in writing from the Depositary.

**Country/Market: Sub-Custodian:**

Argentina	Citibank N.A., Argentina *
	* On March 27, 2015, the Comisión Nacional de Valores (CNV: National Securities Commission) has appointed the central securities depository Caja de Valores S.A. to replace the branch of Citibank N.A. Argentina for those activities performed within the capital markets and in its role as custodian.
Australia	National Australia Bank Limited
Australia	Citigroup Pty Limited
Austria	Citibank N.A. Milan
Bahrain	HSBC Bank Middle East Limited
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited
Belgium	Citibank International Limited
Bermuda	HSBC Bank Bermuda Limited
Botswana	Stanbic Bank Botswana Limited
Brazil	Citibank N.A., Brazil
Brazil	Itau Unibanco S.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch
Canada	CIBC Mellon Trust Company (CIBC Mellon)
Cayman Islands	The Bank of New York Mellon
Chile	Banco de Chile
Chile	Bancau Itau S.A. Chile
China	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna banka Zagreb d.d.
Cyprus	BNP Paribas Securities Services S.C.A., Athens
Czech Republic	Citibank Europe plc, organizacni slozka
Denmark	Skandinaviska Enskilda Banken AB (Publ)
Egypt	HSBC Bank Egypt S.A.E.
Estonia	SEB Pank AS
Finland	Finland Skandinaviska Enskilda Banken AB (Publ)
France	BNP Paribas Securities Services S.C.A.
France	Citibank International Limited (cash deposited with Citibank NA)
	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Germany	
Ghana	Stanbic Bank Ghana Limited
Greece	BNP Paribas Securities Services S.C.A., Athens
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited
Hong Kong	Deutsche Bank AG
Hungary	Citibank Europe plc. Hungarian Branch Office
Iceland	Landsbankinn hf.
India	Deutsche Bank AG
India	HSBC Ltd

Indonesia	Deutsche Bank AG
Ireland	The Bank of New York Mellon
Israel	Bank Hapoalim B.M.
Italy	Citibank N.A. Milan
Italy	Intesa Sanpaolo S.p.A.
Japan	Mizuho Bank, Ltd.
Japan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jordan	Standard Chartered Bank
Kazakhstan	Joint-Stock Company Citibank Kazakhstan
Kenya	CfC Stanbic Bank Limited
Kuwait	HSBC Bank Middle East Limited, Kuwait
Latvia	AS SEB banka
Lebanon	HSBC Bank Middle East Limited – Beirut Branch
Lithuania	AB SEB bankas
Luxembourg	Euroclear Bank
Malaysia	Deutsche Bank (Malaysia) Berhad
Malaysia	HSBC Bank Malaysia Berhad
Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	The Bank of New York Mellon SA/NV
New Zealand	National Australia Bank Limited
Nigeria	Stanbic IBTC Bank Plc
Norway	Skandinaviska Enskilda Banken AB (Publ)
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Deutsche Bank AG
Peru	Citibank del Peru S.A.
Philippines	Deutsche Bank AG
Poland	Bank Polska Kasa Opieki S.A.
Portugal	Citibank International Limited, Sucursal em Portugal
Qatar	HSBC Bank Middle East Limited, Doha
Romania	Citibank Europe plc, Romania Branch
Russia	Deutsche Bank Ltd
Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Limited
Serbia	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd
Singapore	United Overseas Bank Ltd
Slovak Republic	Citibank Europe plc, pobočka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	The Standard Bank of South Africa Limited
South Korea	The Hongkong and Shanghai Banking Corporation Limited
South Korea	Deutsche Bank AG
Spain	Banco Bilbao Vizcaya Argentaria, S.A.
Spain	Santander Securities Services S.A.U.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited



Swaziland	Standard Bank Swaziland Limited
Sweden	Skandinaviska Enskilda Banken AB (Publ)
Switzerland	Credit Suisse AG
Switzerland	UBS Switzerland AG
Taiwan	HSBC Bank (Taiwan) Limited
Taiwan	Standard Chartered Bank (Taiwan) Ltd.
Thailand	The Hongkong and Shanghai Banking Corporation Limited
Tunisia	Banque Internationale Arabe de Tunisie
Turkey	Deutsche Bank A.S.
Uganda	Stanbic Bank Uganda Limited
Ukraine	Public Joint Stock Company "Citibank"
U.A.E.	HSBC Bank Middle East Limited, Dubai
U.K.	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
U.K.	The Bank of New York Mellon
U.S.A.	The Bank of New York Mellon
Uruguay	Banco Itaú Uruguay S.A.
Venezuela	Citibank N.A., Sucursal Venezuela
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Stanbic Bank Zambia Limited
Zimbabwe	Stanbic Bank Zimbabwe Limited

## SFDR ANNEX

This Annex has been prepared in accordance with the requirements of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**"). Prospective investors should review the Supplement for the relevant Fund for information pertaining to the investment objective, investment policies, investment restrictions as well as the investment risks pertaining to an investment in the relevant Fund.

This Annex (the "**SFDR Annex**") contains additional information pertaining to SFDR. The SFDR Annex forms part of and should be read in conjunction with the Prospectus and the Supplement for the relevant Fund. In the event of any inconsistency between the terms of this SFDR Annex in relation to SFDR and the terms of the relevant Supplement, this SFDR Annex shall prevail.

SFDR seeks to establish a pan-European framework to facilitate Sustainable Investment<sup>1</sup>, by providing for a harmonised approach in respect of sustainability-related disclosures to investors within the European Union's financial services sector. In the absence of such harmonisation, individual EU Member States would be free to adopt divergent disclosure standards or develop different approaches, resulting in an uneven playing field and/or creating barriers to entry for asset managers looking to make available financial products within the internal market of the European Union. The scope of SFDR is extremely broad, covering a very wide range of *financial products* (e.g. UCITS funds, AIFs, pension schemes etc.) and financial market participants (e.g. E.U. authorised investment managers and advisers). It seeks to achieve more transparency regarding how financial market participants integrate Sustainability Risks<sup>2</sup> into their investment decisions and the consideration of adverse sustainability impacts into the investment process. The objectives of SFDR are to (i) strengthen protection for investors of financial products, (ii) improve the disclosures made available to investors from financial market participants and (iii) improve the disclosures made available to investors regarding the financial products, to amongst other things, enable investors make informed investment decisions.

For the purposes of SFDR, each Fund of the ICAV qualifies as a financial product.

Accordingly, SFDR compliant disclosures in respect of each Fund are set out below under the heading "*Sustainability Related Disclosures*", including confirmation on whether the relevant Fund (i) promotes environmental or social characteristics, or a combination of these (an "**Article 8 Fund**"), or (ii) has Sustainable Investment as its investment objective (an "**Article 9 Fund**").

For further details on how a Fund complies with the requirements of SFDR please see below the relevant Fund disclosure set out.

## RESPONSIBLE INVESTMENT

The Investment Manager recognises that a sustainable and responsible investment strategy is key for long-term value creation for all stakeholders. Accordingly, The Investment Manager is committed to incorporating environmental, social and governance ("**ESG**") considerations into its investment decision-making processes. As a scientific and data-driven group, the Investment Manager is committed to exploring the best methodologies and practices for doing so with respect to its various strategies. The Investment Manager is also a signatory to the United Nation's Principles for Responsible Investment ("**UN PRI**") and the Standards Board for Alternative Investments ("**SBAI**"). The Investment Manager is committed to conducting its business in a responsible and ethical manner for the benefit of investors, employees and shareholders.

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<sup>1</sup> "**Sustainable Investment**" means (1) an investment in an economic activity that contributes to an environmental objective, as measured by key resource efficiency indicators on (i) the use of energy, (ii) renewable energy, (iii) raw materials, (iv) water and land, (v) on the production of waste, (vi) greenhouse gas emissions, or (vii) its impact on biodiversity and the circular economy, or (2) an investment in an economic activity that contributes to a social objective (in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations), or (3) an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices.

<sup>2</sup> "**Sustainability Risks**" means, environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, including but not limited to, risks stemming from climate change, natural resource depletion, environmental degradation, human rights abuses, bribery, corruption and social and employee matters.

The Investment Manager's responsible investment policy (the "**Responsible Investment Policy**") intends to provide a broad framework for the group's approach to ESG integration. This Responsible Investment Policy is guideline for formalising and focusing the Investment Manager's responsible investment efforts, with the recognition that environmental, social and governance issues have a meaningful impact on delivering investment results for investors. In managing each Fund, the Investment Manager and the relevant Sub-Investment Managers have regard to the terms of the Responsible Investment Policy when determining what investments to make for that Fund. In doing so, the Investment Manager or the relevant Sub-Investment Manager integrate ESG factors (including the consideration of Sustainability Risks) into the investment decision-making process.

The exclusion and restriction of certain types of investments is a key part of the Investment Manager's commitment towards sustainable and responsible investment. Accordingly, the Investment Manager has implemented measures specifically aimed at restricting the investment in issuers involved in certain activities (as detailed in its exclusion list, which is appended to the Responsible Investment Policy). The Investment Manager's exclusion list is derived from industry-recognised sources and applied at the investment decision-making model level. Post-trade controls are also in place to ensure appropriate monitoring.

The Responsible Investment Policy is available on the Investment Manager's website and is also available upon request.

### **ASSESSMENT OF THE IMPACT ON LIKELY RETURNS**

For those Funds that are categorised as either Article 8 or Article 9, the Investment Manager and the relevant Sub-Investment Managers will apply the Responsible Investment Policy. In applying these policies, the Investment Manager and the relevant Sub-Investment Managers may deliberately forego opportunities for a Fund to gain exposure to certain companies, industries, sectors or countries and it may choose to sell a security when it might otherwise be disadvantageous to do so. Such Funds may focus on investments in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social and good governance practices. Accordingly, as the universe of investments for these Funds is smaller than that of other funds, the Investment Manager and the relevant Sub-Investment Manager have determined that such Funds may underperform the market as a whole if such investments underperform the market, which may negatively impact on returns. Notwithstanding the foregoing, while there is no statistically significant impact of sustainability considerations on the Investment Manager's automated investment process (based on a back-test of the strategy over the last 20 years), a pick-up in performance over 2018 and 2019 has been observed.

The Responsible Investment Policy seeks to formalise and focus the Investment Manager's responsible investment efforts, with the recognition that material ESG characteristics can be an important driver of long-term investment returns, but can also support better-functioning capital markets and have a positive impact for people and the planet.

### **CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS**

The Investment Manager currently does not consider all the adverse impacts of investment decisions on sustainability factors<sup>3</sup> in accordance with the specific requirements of Article 4 of SFDR.

The rationale for not considering all such adverse impacts is based primarily on the fact that, as outlined above, the RTS which will set out the content, methodology and information required in the PAI statement remain in draft form and have been delayed. The Investment Manager intends to consider all the principal adverse impacts of investment decisions on sustainability factors once the RTS come into effect which is expected to occur on 1 January 2022.

The Investment Manager is committed to further developing its approach to sustainable investing, including to measuring the principal adverse impacts of its investment decisions on new sustainability

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<sup>3</sup> "Sustainability factors" means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

factors in addition to those it already considers in its ESG integration process such as the carbon intensity of our investment portfolios.

SUSTAINABILITY RELATED DISCLOSURES

For the purposes of SFDR, the following Funds are classified as an Article 8 Fund:

- Systematica Alternative Risk Premia Fund

For the purposes of SFDR, the following Funds are classified as an Article 9 Fund:

- None.

SYSTEMATICA RISK PREMIA FUND

This Fund meets the classification of an Article 8 Fund as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

*Capitalised terms that are not defined herein shall have the same meaning as set out in the Prospectus and Supplement.*

Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Fund invests globally in a diversified portfolio of equities, U.S. treasuries and FDIs (as listed in the Supplement), including those giving exposure to equities and U.S. treasuries. The equities and U.S. treasuries in which the Fund invests are listed or traded on Recognised Markets.

The Investment Manager and the relevant Sub-Investment Managers will manage the Fund in accordance with the Responsible Investment Policy on a continuous basis. The Investment Manager and the relevant Sub-Investment Manager have fully integrated the Responsible Investment Policy into the overall investment process, in particular, the portfolio construction process. A summary of the Responsible Investment Policy is detailed above in this SFDR Annex and it is available on the Investment Manager's website and is also available on request.

The Investment Manager looks at a wide array of ESG factors ("ESG Factors") that seek to capture immediate developments and long-term trends. ESG Factors are integral to the Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Investment Manager's researchers. The criterion of sustainability is also defined by exclusion criteria whereby the Investment Manager will exclude the issuers of a security if the issuer produces, distributes or maintains outlawed weapons, such as landmines and cluster munition. The Investment Manager's exclusion list is derived from industry recognised sources and applied at the investment decision making model level.

These ESG Factors form part of a proprietary ESG scoring system utilised by the Investment Manager and the relevant Sub-Investment Managers. This ESG scoring is completed for all investee company / corporate issuers in the Fund and ESG weightings are customised based on specific industry criteria identified by the research analysts. These ESG weightings are automatically integrated into the investment process meaning that the Fund will be "overweighted" in companies that score highly and "underweighted" in companies that have a low score. The

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ESG scoring system is an important component of the investment process.

As noted in the Supplement for the Fund, the Fund seeks to achieve its investment objective primarily through the implementation of a systematic trading model comprised of a portfolio of systematic trading models, which are computer-based models which select investments based on mathematical algorithms. The mathematical algorithm incorporates the ESG Factors as an input into the overall systematic trading model.

The Investment Manager's research and investment team has formalised a systematic approach to the task of identifying companies that are "best in class" and "worst offenders" per industry at incorporating ESG Factors into their governance and management. The focus is on selecting a small set of material measures in each industry, and ranking each company on their level and improvements along these dimensions. The Investment Manager licenses and applies the SASB Materiality Map® General Issue Categories in its investment approach.

All issuers of equities are subject to sustainability analysis before their securities are purchased or shorted. The type of ESG Factors that are assessed as part of the investment process for the Fund include:

- **Environmental factors** including climate change: emissions reduction and tax, energy and water consumption.
- **Social factors** including employee training, injuries and casualties.
- **Governance factors** including policies, committees and board independence.

The Investment Manager makes assessments on these ESG Factors on a regular basis, and may expand upon these factors from time to time.

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**Benchmark Index**

Non-applicable. The Fund does not have a benchmark index.

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