

# **OSSIAM IRL ICAV**

## **Ossiam US Minimum Variance ESG NR UCITS ETF**

**17 April 2019**

(A sub-fund of Ossiam IRL ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C173953 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 21 March 2018 (the “Prospectus”) in relation to Ossiam IRL ICAV (the “ICAV”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the Ossiam US Minimum Variance ESG NR UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

**The Sub-Fund is an Index Tracking Sub-Fund.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.**

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

## KEY INFORMATION

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

<b>Base Currency</b>	USD.
<b>Dealing Deadline</b>	For cash subscriptions and redemptions 3:00 p.m. (Irish time) on each Dealing Day.
<b>Index</b>	US ESG Minimum Variance Index NR.
<b>Index Provider</b>	Solactive AG.
<b>Listing Stock Exchange</b>	London Stock Exchange, Deutsche Boerse, Euronext, SIX Swiss Exchange.
<b>Cash Creation Fee (ie, subscription fee)</b>	Maximum of 3.00% of the Net Asset Value per Share multiplied by the number of Shares being created.
<b>Cash Redemption Fee (ie, redemption fee)</b>	Maximum of 3.00% of the Net Asset Value per Share multiplied by the number of Shares being redeemed.
<b>Duties and Charges</b>	Maximum of 1.00% of the Net Asset Value per Share multiplied by the number of Shares being created or redeemed.
<b>Settlement Deadline</b>	Appropriate cleared subscription monies must be received by 2 Business Days after the relevant Dealing Day, or such later date as may be determined by the ICAV and notified to prospective investors from time to time.
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the “ <i>Determination of Net Asset Value</i> ” section of the Prospectus, using last traded prices for securities.
<b>Valuation Point</b>	The close of business on the market that closes last on the relevant Dealing Day in respect of listed equities and 4 pm (London time) for currencies.

The following Share Classes are available in the Sub-Fund:

<b>Share Class Name</b>	<b>Currency</b>	<b>Minimum Subscription Amount</b>	<b>Minimum Redemption Amount</b>	<b>TER</b>	<b>ISIN</b>
1A (USD)	USD	\$1,000,000	\$1,000,000	0.65%	IE00BHNGHW42
1A (EUR)	EUR	€1,000,000	€1,000,000	0.65%	IE00BHNGHX58
1D (USD)	USD	\$1,000,000	\$1,000,000	0.65%	IE00BHNGHY65

The ICAV currently has three other sub-funds, the Ossiam ESG Low Carbon Shiller Barclays CAPE® US Sector UCITS ETF, the Ossiam World ESG Machine Learning UCITS ETF, and the Ossiam US ESG Low Carbon Equity Factor UCITS ETF.

## INVESTMENT OBJECTIVE AND STRATEGY

### Investment Objective

The objective of the Sub-Fund is to replicate, before the Sub-Fund's fees and expenses, the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index).

For a detailed description of the Index, see the section entitled "Description of the Index" below.

### Investment Policy

The investment policy of the Sub-Fund is to replicate the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track, in accordance with the Prospectus) as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index. Any determination by the Directors that the Sub-Fund should replicate another index at any time shall be subject to the provision of reasonable notice to Shareholders to enable any Shareholders who wish to do so to redeem their Shares prior to implementation of this change and the Supplement will be updated accordingly.

In order to seek to achieve this investment objective, the Investment Manager will aim to replicate the Index by holding all or part of the Index Securities in a similar proportion to their weighting in the Index. The Sub-Fund may hold only part of the Index Securities where full replication of the Index is not reasonably practical (for example as a result of the non significant weight or the illiquidity of certain securities within the Index) or where it is not possible to comply with the constraints described below under "*Index Methodology*".

The securities in which the Sub-Fund invests will be primarily listed or traded on Recognised Markets globally in accordance with the limits set out in the UCITS Regulations. The Sub-Fund shall at all times invest at least 60% its Net Asset Value in equities or rights issued by companies having their registered office in OECD countries. The Sub-Fund may hold ancillary liquid assets (deposits, commercial paper and short term commercial paper) subject to the limits and restrictions of the UCITS Regulations.

The Base Currency of the Sub-Fund is the US Dollar.

The Sub-Fund will not use FDI and will not have any exposure to repurchase agreements, stock-lending transactions or total return swaps.

### Description of the Index

#### *General Description*

The US ESG Minimum Variance Index NR is a net total return index (net dividends reinvested) expressed in USD, calculated and published by Solactive AG, which is included on the ESMA register of administrators and benchmarks.

The Index reflects the performance of a dynamic selection of stocks that (a) satisfy ESG (Environment, Social and Governance) criteria and (b) are among the most liquid stocks in the Solactive US Large Cap Index (the "**Base Index**"). The Base Index tracks the performance of about

500 leading large capitalization companies (based on their free float market capitalizations) in major industries in the United States of America.

Constituents of the Index are weighted according to an optimization procedure performed by the Index Provider, as described below. As such, sector and company exposures in the Index will differ from those of the Base Index.

#### *Index Methodology*

The Index composition will be reconstituted on a monthly basis subject to certain provisions and composition restrictions. An ESG (Environment, Social, and Governance) filter is applied to selected stocks from the Base Index using ESG data provided by Sustainalytics ("**ESG Provider**") or its successor as detailed in the Index methodology. The ESG filter selects for each industrial sub-sector the 70% best ESG rated stocks (using an ESG Score for each stock) and discards stocks based on ESG exclusion criteria defined in the Index methodology. The ESG filter eliminates stocks which are part of:

- Controversy level 5 exclusions on a scale from 0 to 5 (as per ESG Provider data, as described below);
- Companies involved in controversial weapon business, as defined by the ESG Provider; and
- Companies flagged as non-compliant (as per ESG Provider data, as described below).

The ESG Provider provides to the Index Provider an ESG Score for each stock under its scope. The ESG score is obtained by monitoring a large number of indicators within the Environment, Social, and Governance framework. The ESG Providers rate the controversy levels described above by monitoring 10 specific indicators, namely:

- Operations Incidents
- Environmental Supply Chain Incidents
- Product & Service Incidents
- Business Ethics Incidents
- Governance Incidents
- Public Policy Incidents
- Employee Incidents
- Social Supply Chain Incidents
- Customer Incidents
- Society & Community Incidents

These indicators are rated from 0 (lowest) to 100 (highest). The controversy level score for each stock is given as the minimum value across these 10 indicators. A stock with one indicator at 0 is rated controversy level 5.

As for compliance status, it is related, but not exclusively, to ethical issues or corruption.

After going through the ESG filter, only the 90% most liquid remaining stocks (based on their recent average daily volumes) are eligible for inclusion in the Index.

The optimization procedure uses statistical inputs such as estimates of the historical volatility of eligible stocks and their degree of correlation and seeks to minimize the expected volatility of the Index. The resulting Index composition must comply with the following constraints (at the time of reconstitution):

- the Index must be fully invested,

- the maximum exposure to a single stock shall not exceed 4.5% of the current value of the Index,
- the maximum exposure to an industry sector shall not exceed 20% of the current value of the Index, and
- a diversification measure ensures that a significant number of stocks are included in the Index (with a minimum of 50 stocks).

No fees are charged at the Index level when changes are made to the composition of the Index. When changes are made to the composition of the Index, the Sub-Fund will incur transaction charges at normal commercial rates.

The Index will be calculated and published on a real time and end-of-day basis by the Index Provider using the latest available prices and number of units of each Index constituent. The Index Provider may adjust the number of units of each constituent due to corporate actions (such as stock splits, stock dividends, spin-offs and rights offerings) in accordance with its standard methodology for the Base Index.

A detailed description of the Index, as well as current components and weights comprising the Index, is publically available on Solactive's website ([www.solactive.com](http://www.solactive.com)).

**Tracking Error.** The anticipated level of tracking error in normal conditions is 0.50%, where the tracking error is defined as the standard deviation of the difference of weekly returns between the Sub-Fund and the Index over an annual period.

**Portfolio Holding Disclosure Policy.** On each Business Day, the Sub-Fund will disclose on [www.ossiam.com](http://www.ossiam.com) the identities and quantities of the Sub-Fund's portfolio holdings that form the basis for the Sub-Fund's calculation of the Net Asset Value in respect of the previous Dealing Day.

## INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the "*Risk Information*" section of the Prospectus and, in particular, the risk entitled "*Index Tracking Risk*". These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares. In addition, investors should be aware of the following risks:

**Index Risk:** The value of the Sub-Fund's Shares is linked to the Index, the value of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that the underlying methodology of the Index will indeed result in a return above any comparable investment strategy or that they will recover their initial investment.

**Geographical concentration Risk:** Sub-Funds that concentrate investments in certain geographic regions may suffer losses, particularly when the economies of those regions experience difficulties or when investing in those regions become less attractive. Moreover, the markets in which the Sub-Fund invests may be significantly affected by adverse political, economic or regulatory developments.

**Market Risk:** The value of the Sub-Fund's Shares is linked to equities, the value of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that the strategy of the Sub-Fund will indeed result in a return above any comparable investment strategy or that they will recover their initial investment.

**Currency Risk at Share Class level:** Share Classes which are denominated in currencies other than the Base Currency are unhedged. As such, the Net Asset Value per Share of such Share Classes will follow fluctuation in the exchange rate between the Share Class currency and the Base Currency, which can generate additional volatility at the Share Class level.

## INVESTOR PROFILE

The Sub-Fund is opened to all investors and may be suitable for investors looking to take a diversified exposure to US equities. The recommended investment horizon is 5 years.

## SUBSCRIPTIONS – PRIMARY MARKET

The Sub-Fund has been established for the purposes of receiving investors following a cross border merger of an existing UCITS domiciled in Luxembourg (the “**Existing UCITS**”). Shares will be available during the initial offer period, which will begin at 9 am (Irish time) on the Business Day following the date of this Supplement and will end at 3 pm (Irish time) on 17 October 2019 or such earlier or later date as the Directors may determine, in accordance with Central Bank requirements. The Directors intend to close the initial offer period on the date of the merger. As the Sub-Fund will only launch as a result of this merger, the initial offer price of the relevant Share will be set on the date of the merger to align with the net asset value of the equivalent shares in the Existing UCITS.

Following the merger, Shares will be issued on each Dealing Day at the appropriate Net Asset Value per Share with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Investors may subscribe for Shares for cash on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out below and in the “*Purchase and Sale Information*” section of the Prospectus. Consideration, in the form of cleared subscription monies, must be received by the applicable Settlement Deadline.

## REDEMPTIONS – PRIMARY MARKET

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Net Asset Value per Share, subject to an appropriate provision for Duties and Charges, provided that a valid redemption request from the Shareholder is received by the Management Company by the Dealing Deadline on the relevant Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. Settlement will normally take place within two Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline.

## FEES AND EXPENSES

The TER for each Class is set out in the table in the “Key Information” section above.

Further information in this respect is set out in the “*Fees and Expenses*” section of the Prospectus.

## DISTRIBUTIONS

Share Classes whose name contains “A” are Accumulating Share Classes and Share Classes whose name contains “D” are Distributing Share Classes. With respect to the Distributing Share Classes and under normal circumstances, the Directors intend that dividends shall be declared on an annual basis in or around January of each year and paid within one month of declaration or any such other Business Day that the Directors deem appropriate. However, Shareholders should note that the

Directors may, in their discretion, decide not to make such payment in respect of a Distributing Share Class or to make more frequent payments. Please refer to the "Distributions" section of the Prospectus for additional information.

## **LISTING**

Application will be made for the Shares to be admitted to trading on one or more of the Listing Stock Exchanges and such Shares are expected to be admitted to listing shortly on or after the initial issue of Shares.

The Indicative Net Asset Value of the Share Classes is calculated on a real time basis by Euronext Paris as described in the Prospectus. It can be accessed on [www.euronext.com](http://www.euronext.com).

## **TAX**

The Sub-Fund qualifies as an "equity fund" pursuant to German Investment Act" because it permanently invests a minimum of 80% of its value in equities as defined under German Investment Act.

## **INDEX DISCLAIMER**

The financial instrument is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the financial instrument. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instrument constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this financial instrument.