# OSSIAM IRL ICAV

# Ossiam Bloomberg USA PAB UCITS ETF

## 10 June 2022

**(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 Bloomberg USA PAB 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.

| | |
|---|---|
| **Base Currency** | USD. |
| **Dealing Deadline** | Cash subscriptions and redemptions 2:00 p.m. (Irish time) on each Dealing Day. |
| **Index** | Bloomberg PAB US Large & Mid Cap Net Return Index |
| **Parent Index** | Bloomberg US Large & Mid Cap Index |
| **Index Provider** | Bloomberg |
| **Listing Stock Exchange** | Deutsche Börse Xetra, Euronext, London Stock Exchange |
| **Cash Creation Fee (ie, subscription fee)** | Maximum of 3.00% of the Net Asset Value per Share multiplied by the number of Shares being created. |
| **Cash Redemption Fee (ie, redemption fee)** | Maximum of 3.00% of the Net Asset Value per Share multiplied by the number of Shares being redeemed. |
| **Duties and Charges** | Maximum of 1.00% of the Net Asset Value per Share multiplied by the number of Shares being created or redeemed. |
| **Settlement Deadline** | 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. |
| **Valuation** | The Net Asset Value per Share is calculated in accordance with the "*Determination of Net Asset Value*" section of the Prospectus, using last traded prices for securities. |
| **Valuation Point** | 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, with those Share Classes whose name contains the word "HEDGED" being Currency Hedged Share Classes:

| **Share Class Name** | **Currency** | **Initial Issue Price** | **Minimum Subscription Amount** | **Minimum Redemption Amount** | **TER** | **ISIN** |
|---|---|---|---|---|---|---|
| 1A (USD) | USD | $100 | $1,000,000 | $1,000,000 | 0.12% | IE000IF5WTI9 |
| 1A (EUR) | EUR | €100 | €1,000,000 | €1,000,000 | 0.12% | IE000IIED424 |
| 1A (EUR HEDGED) | EUR | €100 | €1,000,000 | €1,000,000 | 0.15% | IE000JCGTOP1 |
| 1A (JPY) | JPY | ¥10,000 | ¥125,000,000 | ¥125,000,000 | 0.12% | IE0002IHXT68 |
| 1A (GBP) | GBP | £100 | £1,000,000 | £1,000,000 | 0.12% | IE000OFGU8D0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1A (GBP HEDGED) | GBP | £100 | £1,000,000 | £1,000,000 | 0.15% | IE000J52RQ32 |

The ICAV currently has nine other sub-funds, the Ossiam ESG Low Carbon Shiller Barclays CAPE® US Sector UCITS ETF, the Ossiam World ESG Machine Learning UCITS ETF, the Ossiam US ESG Low Carbon Equity Factor UCITS ETF, the Ossiam US Minimum Variance ESG NR UCITS ETF, the Ossiam Global Sustainable Income UCITS ETF, the Ossiam Food for Biodiversity UCITS ETF, the Ossiam ESG Shiller Barclays CAPE® Europe Sector UCITS ETF, the Ossiam Bloomberg Canada PAB UCITS ETF and the Ossiam Bloomberg World PAB UCITS ETF.

## INVESTMENT OBJECTIVE AND STRATEGY

### Investment Objective

The investment objective of the Sub-Fund is to replicate, before the Sub-Fund's fees and expenses, the performance of the Index.

The Sub-Fund is a financial product that pursuant to Article 9(3) of the 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 (the "**SFDR Regulation**") aims at reducing carbon emissions through the replication of the Index.

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

### Investment Policy

In order to achieve its investment objective, the Sub-Fund will primarily invest, through physical replication, in all or part of the equity securities comprised in the Index and in substantially the same weights as 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 Sub-Fund will replicate the performance of the Index as closely as possible, regardless of whether the Index level rises or falls, while seeking to maintain under 1.00% the level of the tracking error between the Sub-Fund's performance and that of the Index.

Although the Index is generally well diversified, because of the market it reflects it may, depending on market conditions, contain constituents issued by the same body that may represent more than 10% of the Index. In order for the Sub-Fund to track the Index accurately, the Sub-Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Sub-Fund to hold positions in individual constituents of the Index issued by the same body of up to 20% of the Sub-Fund's Net Asset Value.

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

### Instruments / Asset Classes

The equity securities in which the Sub-Fund invests are as described above and 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 the United States.

With respect to the Currency Hedged Share Classes, the Sub-Fund performs currency hedging using the NAV Hedge method described in the Prospectus. For this purpose, the Sub-Fund may use futures, forward foreign exchange contracts each as described in the Prospectus. As described in the Prospectus, where the Sub-Fund uses FDI it will submit a risk management process to the Central Bank.

In addition, the Sub-Fund may hold ancillary liquid assets (deposits, certificates of deposit, commercial paper and fixed rate bonds issued by governments which are rated investment grade) in accordance with the UCITS Regulations. The Sub-Fund will not have any exposure to repurchase agreements, stock-lending transactions or total return swaps.

**Description of the Index**

*General Description*

The Index is a Bloomberg Global Equity Paris-Aligned Index. The Bloomberg Global Equities Paris-Aligned Indices aim to provide long term return by investing in an equity portfolio seeking the following objectives:

- at least a 50% greenhouse gases (GHG) Intensity reduction compared to their corresponding Parent Index in any given year, and
- at least 7% reduction on average per annum relative to the Index itself.

The Indices use the reference 1.5 °C temperature scenario, with no or limited overshoot, as referred to in the Special Report on Global Warming of 1.5 °C from the Intergovernmental Panel on Climate Change. The constituents of the Index will be selected, weighted or excluded with the aim that the resulting benchmark portfolio's carbon emissions will be aligned with the objectives of the Paris agreement adopted under the United Nations Framework Convention on Climate Change, approved by the European Union on 5 October 2016 (the "**Paris Agreement**").

The Index aims to comply with the minimum technical requirements as set out by the European Commission's delegated regulation dated 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks and will be labelled as an EU Paris Aligned Benchmark (the "**EU PAB Technical Requirements**"). Full details of the EU PAB Technical Requirements are available at the following link: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-climate-benchmarks-and-benchmarks-esg-disclosures_en.

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 Parent Index.

*Index Methodology*

- **Investable universe:** The eligible securities for the Index include all the existing constituents of the Parent Index derived from the Bloomberg Global Equity Indices, which provides the investable universe for the Index (the "**Investable Universe**"). This will ensure comparability against an underlying investible benchmark to achieve the stated objectives for designation as an EU Paris Aligned Benchmark. The Parent Index is a float market-cap-weighted equity benchmark that covers 85% of the market capitalisation of US listed companies.

- **Selection**: From that Investable Universe, companies will be excluded from the Index if they meet any of the exclusion criteria set out in the EU PAB Technical Requirements and the Index Provider's methodology, such as:

  - issuers involved with controversial weapons, as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation.
  - issuers involved with the cultivation and production of tobacco;
  - issuers that violate global norms, as indicated by violations of the United Nations Global Compact principles or the OECD Guidelines for Multinational Enterprises;
  - issuers that derive more than 50% of revenue from fossil fuel activities or engage in activities that significantly obstruct the United Nations Sustainable Development Goals that correspond to the EU's six environmental objectives;
  - and issuers that derive significant revenue from the following activities (revenue percentages are shown in parentheses): exploration, mining, extraction, distribution or refining of hard coal and lignite (≥ 1%); exploration, extraction, distribution or refining of oil fuels (≥ 10%); exploration, extraction, manufacturing or distribution of gaseous fuels (≥ 50%); and electricity generation with a greenhouse gas (GHG) intensity of more than 100g $CO_2e$/kWh (≥ 50%).

  The exclusions will be re-assessed at each rebalancing to adhere to the requirements as set out in article 12 of the EU PAB Technical Requirements.

- **Optimisation process**: The remaining eligible companies will be weighted following an optimisation process applied at each rebalancing. The process seeks to minimize the ex-ante tracking error relative to the Parent Index, while at the same time complying with the EU PAB Technical Requirements, under constraints such as:
  - decarbonisation trajectory in line with PAB regulation (ie, the carbon emissions of Index constituents will be compliant with the limits described in the EU PAB Technical Requirements),
  - minimum aggregate exposure to high impact sectors (e.g. manufacturing, construction) as described in the Index methodology (ie, the Index's exposure to high impact sectors will be no lower than that of the Parent Index), and
  - minimum investment in companies which have set science-based emissions reduction targets.

The Index is rebalanced on a semi-annual basis.

The Index will be calculated and published on an 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 more information on the process, please refer to the "Bloomberg Global Equity Paris Aligned" methodology available on section "Equity indices fact sheets and Publications" of the Index Provider's website: https://www.bloomberg.com/professional/product/indices/esg-and-climate-indices-resources/. The Index constituents are available here: https://assets.bbhub.io/professional/sites/10/Bloomberg-PAB-US-Select-Constituents.pdf

No fees are charged at the Index level when changes are made to the composition of the Index.

**SFDR / Taxonomy Regulation Disclosures**

The SFDR Regulation and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "**Taxonomy Regulation**") require the Management Company to include in this Supplement certain disclosures, which are set out below.

*Sustainability risks*

SFDR defines sustainability risk as an 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 of the Sub-Fund. The Management Company recognises that the securities in which the Sub-Fund invests may be exposed to sustainability risks from time to time. In order to reduce the potential impact such risks may have on the Sub-Fund, the Management Company took such risks into account in the investment strategy as described above. The Management Company considers that, even though sustainability risks are inevitable and could have a negative impact on the Sub-Fund, the investment strategy (and in particular the ESG characteristics of the Index) contributes to reducing them.

*Sustainable investment*

The Sub-Fund has a sustainable investment objective and seeks to contribute to reduce greenhouse gases (GHG) intensity by at least 50% compared to the Parent Index and at least 7% reduction on average per annum relative to the Index itself. The Sub-Fund aims to achieve this objective by investing in all or part of the equity securities comprised in the Index, which is an EU Paris Aligned Benchmark.

*No significant harm*

The Index Methodology seeks to ensure that the Index Securities do not significantly harm sustainable objectives pursuant to the SFDR Regulation in the manner described below.

First, as described above, companies will be excluded from the Index if they meet any of the exclusion criteria set out in the EU PAB Technical Requirements and the Index Methodology. This excludes companies that are likely to cause significant harm to environmental or social objectives (e.g., companies which do not comply with the UN Global Compact principles, or which have significant operations in controversial industries such as the tobacco industry).

Second, the Index Methodology assesses, using data available from third party providers and possible direct engagement with investee companies, the principal adverse impacts on sustainability of investee companies as described in the Index Methodology.

Third, the Management Company will disclose, in the ICAV's annual report, whether or not the Sub-Fund's investments are aligned with the minimum safeguards set out in Article 18 of the Taxonomy Regulation, i.e., whether they are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights).

*Good governance*

The Index Methodology seeks to ensure that companies in the Index follow good governance principles as follows:

- The Index contains only equities which are listed and traded on regulated financial markets;
- Companies must not be subject to severe controversy (which includes principles regarding management structure, employee relations, remuneration of staff and tax compliance);
- Companies must comply with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises; and
- Companies must not be incorporated in a country identified by a national and/or international organisation (such as FATF) as having strategic AML/CFT deficiencies and therefore being high risk or worthy of increased monitoring.

*SFDR reference benchmark*

The Sub-Fund does track the Index and as such, the Index is a reference index within the meaning of SFDR. As described above, the Sub-Fund's investment objective is to replicate the performance of the Index and therefore the Index is, by definition, consistent with that objective. The Index differs from a broad market index (and in particular, the Parent Index) in that it excludes companies which meet any of the exclusion criteria set out in the EU PAB Technical Requirements.

*Taxonomy Regulation*

The Taxonomy Regulation requires disclosure regarding how and to what extent the Sub-Fund's investments are in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. In order for an investment to qualify as environmentally sustainable (ie, to be "**Taxonomy-aligned**"), it must meet a number of different technical screening criteria and it must not significantly harm any of the environmental objectives set out in the Taxonomy Regulation.

In line with its sustainable investment objective, the Sub-Fund invests in sustainable investments. However, the Sub-Fund does not commit to any minimum level of Taxonomy-aligned investment; as such, 0% of the Net Asset Value of the Sub-Fund shall be invested in such investments.

**Tracking Error.** The anticipated level of tracking error in normal conditions is 1.00%, 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 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**: The Sub-Fund concentrates its investments in certain geographic regions (ie, the United States), and consequently 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.

**Currency Risk at Share Class level**: Share Classes which are denominated in currencies other than the Base Currency and whose name does not contain "Hedged" 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.

**ESG Investments Risk**: The Management Company's focus on securities of issuers which maintain sustainable characteristics may affect the Sub-Fund's investment performance and may result in a return that at times compares unfavourably to similar funds without such focus or with the broad market. Sustainable characteristics used in a Sub-Fund's investment policy may result in such Sub-Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their sustainable characteristics when it might be disadvantaged to do so.

**EU PAB risk:** The Index has been selected because its methodology is designed to comply with the EU PAB Technical Requirements. The Index Provider is in charge of ensuring the Index meets the EU PAB Technical Requirements. However, as the Index is impacted by market movements and long-term carbon emissions of issuers, there is a risk that the Index fail to fulfil the minimum standards of set out in the EU PAB Technical Requirements.

## INVESTOR PROFILE

The Sub-Fund is open 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 Shares will be available from 9:00 am (Irish time) on the Business Day following the date of this Supplement and will end at 3:00 pm (Irish time) on 9 December 2022 or such earlier or later date as the Directors may determine (the "Offer Period"), in accordance with Central Bank requirements.

Following the end of the Offer Period, 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, as at the date of this Supplement, all Share Classes are Accumulating Share Classes.

## 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.

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