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**This Supplement contains information relating to the Fund which is a separate fund of the Company. This Supplement forms part of and should be read in the context of, and together with, the Prospectus for the Company dated 4 January 2016, and any amending Supplements and Addenda to the Prospectus (the "Prospectus").**

**If you are in any doubt about the action to be taken or the contents of this Supplement please consult your stockbroker, bank manager, lawyer, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 immediately.**

**Upon issue, the Shares will be admitted to trading on the main market of the LSE. The Shares are already listed on the Official List of the UKLA.**

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

**Supplement relating to**  
**iShares Sustainable MSCI Emerging Markets SRI UCITS ETF**  
**MANAGER**

**BlackRock Asset Management Ireland Limited**

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

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

The Directors of the Company whose names appear both on the Company's directorship register and under the heading "Management of the Company" in the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

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

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

It is expected that dealings in the Shares will commence on or about 4 November 2016.

The date of this Supplement No. 5 is 5 May 2016.

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

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## DEFINITIONS

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

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

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

*"Benchmark Index"*, the Fund's benchmark index, the MSCI EM SRI Index.

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

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

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

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

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

*"Company"*, iShares IV plc.

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

*"Directive"*, Directive No. 2009/65/EC of the Council of the European Parliament of 13 July 2009 as amended by Directive No. 2014/91/EU of the Council of the European Parliament of 23 July 2014 as may be amended or replaced.

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

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

*"FDI"*, financial derivative instruments.

*"FPI"*, Foreign Portfolio Investor.

*"Fund"*, iShares Sustainable MSCI Emerging Markets SRI UCITS ETF.

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

*"LSE"*, the London Stock Exchange.

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

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

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

*"Paying Agency Agreement"*, the agreement between the Company and the Paying Agent as may be amended from time to time in accordance with the requirements of the Central Bank.

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

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

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

"*SEBI*", Securities and Exchange Board of India.

"*SEBI Regulations*", Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations 2014 (as amended or supplemented from time to time).

"*SEHK*", the Stock Exchange of Hong Kong.

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

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

"*UKLA*", the United Kingdom Listing Authority.

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

## INTRODUCTION

The Company is an open-ended investment company with variable capital and having segregated liability between its funds organised under the laws of Ireland. The Company was authorised by the Central Bank as a UCITS for the purposes of the Regulations on 13 November 2009, to offer pooled investment. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares with one or more classes representing a separate fund of the Company. Each fund may have more than one share class.

The Articles provide that the Company may offer separate classes of shares, each representing interests in a fund comprising a distinct portfolio of investments. In addition, each fund may be further divided into a number of different classes within the fund. Details of the other funds of the Company are set out in Appendix I to this Supplement.

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

The Prospectus sets out information that applies to each and every fund of the Company. This includes risk factors that apply to investing in funds that seek to track a benchmark index, the management and administration of the funds by the Company, fund valuations, procedures for subscriptions, redemptions and transfers of shares in the funds, details of fees and expenses payable by the funds and taxation of shares in the funds. The Prospectus also contains information from the Company's Articles of Association.

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

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

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

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

### Profile of a Typical Investor

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

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

## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

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

### Investment Policy

In order to achieve this investment objective, the investment policy of the Fund is to invest in a portfolio of equity securities that as far as possible and practicable consists of the component securities of the MSCI EM SRI Index, the Fund's Benchmark Index. The Fund intends to replicate the constituents of the Benchmark Index by holding all of the securities comprising the Benchmark Index in a similar proportion to their weightings in the Benchmark Index. **In order to replicate its Benchmark Index, this Fund may invest up to 20% of its Net Asset Value in shares issued by the same body. This limit may be raised to 35% for a single issuer when exceptional market conditions apply (as set out in section 4 of Schedule III of the Prospectus).**

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

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

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

The Fund's Investments will be limited to investments permitted by the Regulations which are described in more detail in Schedule III of the Prospectus. The Fund's Investments, other than its Investments in open-ended collective investment undertakings, will normally be listed or traded on Regulated Markets set out in Schedule I of

the Prospectus. Potential investors in the Fund may obtain a breakdown of the constituents of the Fund from the official iShares website ([www.iShares.com](http://www.iShares.com)) or from the Investment Manager.

## THE BENCHMARK INDEX AND INVESTMENT TECHNIQUES

The MSCI EM SRI Index aims to reflect the performance characteristics of a subset of equity securities within the MSCI EM Index (the "Parent Index") which are issued by companies with higher environmental, social and governance ("ESG") ratings than other sector peers within the Parent Index, based on a series of exclusionary and ratings based criteria.

Firstly, companies which are identified by the index provider, Morgan Stanley Capital International Inc. ("MSCI"), as manufacturers or producers of controversial weapons, civilian firearms, nuclear power, or tobacco or which derive revenue from genetic modification of plants (except purely for research and development) are excluded. Companies which are identified by MSCI as engaging in the following activities are excluded if their revenues from such activities exceed the business involvement thresholds set by MSCI: alcohol producers, gambling operations or support, tobacco distributors, retailers and suppliers, civilian firearm retailers, suppliers to the nuclear industry and adult entertainment producers. This value based exclusion is reviewed on a quarterly basis.

The remaining companies are rated by the index provider based on their ability to manage their ESG risks and opportunities and are given a MSCI ESG Intangible Value Assessment (IVA) rating which determines their eligibility for inclusion. Companies which are identified by MSCI as being involved in very serious controversies that have an ESG impact on their operations and/or products and services are excluded based on an impact monitor scoring system. Companies must have a minimum IVA rating and ESG Impact Monitor score set by MSCI to be considered eligible for inclusion as new constituents in the Benchmark Index at each rebalancing. Companies are also required to maintain a minimum IVA rating and ESG Impact Monitor score (which are lower than the requirements for inclusion) to remain in the Benchmark Index at each rebalance. Companies whose IVA ratings drop below the minimum eligibility criteria required to remain in the Benchmark Index will be excluded from the Benchmark Index at the next rebalance. When ESG-related ratings of companies in the Benchmark Index are downgraded below the minimum eligibility criteria, the Fund may hold such securities until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. The minimum IVA ratings and ESG Impact Monitor scores set by the index provider can be found at the index provider's website set out below.

The Benchmark Index targets 25% cumulative coverage of the free float adjusted market capitalisation for each Global Industry Classification Standard ("GICS") sector within the Parent Index. This is achieved for each sector by ranking the eligible companies in each sector by each company's ESG IVA rating and then in order of their free float market capitalisation (both from highest to lowest). Eligible companies from each sector are then included in the Benchmark Index in the order of such rankings and weighted based on their free float adjusted market capitalisation, until either the 25% target cumulative sector coverage has been met or there are no more eligible companies to include from that sector. In the event that there are insufficient eligible companies within a sector, the cumulative target sector coverage for that sector will not be met. Eligible companies may continue to be retained in the Benchmark Index to preserve index stability and reduce turnover even if this results in a cumulative sector coverage that is higher than the 25% target.

The Parent Index measures the performance of large and mid capitalisation stocks across the emerging markets which comply with MSCI's size, liquidity and free-float criteria. Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the ESG criteria being applied to the Parent Index to determine eligibility for inclusion in the Benchmark Index, the Benchmark Index will comprise a smaller number of securities compared to the Parent Index and such securities are likely to have different GICS sector weightings and factor weightings compared to the Parent Index. The Benchmark Index will therefore have a different performance and risk profile to the Parent Index.

The Fund may invest directly in securities listed or traded on the Regulated Markets of Russia in accordance with the weighting attributed to such securities in the Benchmark Index. As at 1 March 2016, 1.03% of the Benchmark Index comprised such securities. Investment in Russian listed or traded securities shall be limited to those securities which are listed or traded on the Moscow Exchange MICEX-RTS.

The Benchmark Index rebalances on a quarterly basis to take into account changes to the Parent Index in addition to applying the ratings described above. The companies are however assessed for excluded activities and ESG ratings on an annual basis. Further details regarding the Benchmark Index (including its constituents) and the ESG screening criteria are available on the index provider's website at <http://www.msci.com/products/indices/licensing/constituents.html>.

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

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

- (i) the Fund is subject to the Regulations which include, inter alia, certain restrictions on the proportion of the Fund's value which may be held in individual securities. Depending on the concentration of the Benchmark Index, the Fund may be restricted from investing to the full concentration level of the

Benchmark Index. In addition, the Fund may hold synthetic securities within the limits set out in the Prospectus, provided that the synthetic securities are securities which are correlated to, or the return on which is based on securities which form part of the Benchmark Index;

- (ii) the constituent securities of the Benchmark Index change from time to time (a “rebalancing”). The Investment Manager may adopt a variety of strategies when investing the assets of the Fund to bring it in line with the rebalanced Benchmark Index. For example, where a security which forms part of the Benchmark Index is not available or is not available for the required value or a market for such security does not exist or is restricted, the Fund may instead hold depository receipts relating to such securities (e.g. ADRs and GDRs);
- (iii) from time to time, securities in the Benchmark Index may be subject to corporate actions. The Investment Manager may manage these events in its discretion;
- (iv) the Fund may hold ancillary liquid assets and will normally have dividends receivable. The Investment Manager may purchase FDI (as outlined above), for direct investment purposes, to produce a return similar to the return on the Benchmark Index;
- (v) securities included in the Benchmark Index may, from time to time, become unavailable, illiquid or unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities which are not constituents of the Benchmark Index, whose returns, individually or collectively, are considered by the Investment Manager to be well-correlated to the constituents of the Benchmark Index; and
- (vi) the Investment Manager will have regard to the costs of any proposed portfolio transaction. It may not necessarily be efficient to execute transactions which bring the Fund perfectly in line with the Benchmark Index at all times.

The Fund is a replicating index fund and seeks to replicate as closely as possible the constituents of the Benchmark Index by holding all the securities comprising the Benchmark Index in similar proportion to their weightings in the Benchmark Index and, in doing so, is permitted to avail of the higher investment limits set out in section 4 of Schedule III of the Prospectus for replicating index funds. It may not, however, always be possible or practicable to purchase each and every constituent of the Benchmark Index in accordance with the weightings of the Benchmark Index, or doing so may be detrimental to Shareholders (for example, where there are considerable costs or practical difficulties involved in compiling a portfolio of securities in order to replicate the Benchmark Index, or in circumstances where a security in the Benchmark Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions that apply to the Fund but not to the Benchmark Index).

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

In addition, the Fund may also engage in transactions in FDI including options and futures transactions, swaps, forward contracts, non-deliverable forwards, credit derivatives (such as single name credit default swaps and credit default swap indices), spot foreign exchange transactions, caps and floors, contracts for difference or other derivative transactions for direct investment, to assist in achieving its investment objective and for reasons such as generating efficiencies in gaining exposure to the constituents of the Benchmark Index or to the Benchmark Index itself, to produce a return similar to the return on the Benchmark Index, to reduce transaction costs or taxes or to allow exposure in the case of illiquid securities or securities which are unavailable for market or regulatory reasons or to minimise tracking errors or for such other reasons as the Directors deem of benefit to the Fund. The maximum proportion of the Net Asset Value of the Fund that can be subject to total return swaps is 100%. The expected proportion of the Net Asset Value of the Fund that will be subject to total return swaps is 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

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

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

## **Risk Management Process**

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

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

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

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

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

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

## **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in Schedule III of the Prospectus.

## **ANTICIPATED TRACKING ERROR**

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

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

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

Anticipated tracking error is based on the expected volatility of differences between the returns of the relevant fund and the returns of its benchmark index. For a physically replicating ETF, one of the primary drivers of tracking error is the difference between fund holdings and index constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between the ETF and the benchmark index. The impact can be either positive or negative depending on the underlying circumstances.

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

The anticipated tracking error of the Fund is not a guide to future performance. At the date of this Supplement the anticipated tracking error for the Fund, in normal market conditions, is up to 0.50%.

## **RISK FACTORS**

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



## **General Investment Risks**

### ***Investment Risks***

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

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

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

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

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

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

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

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

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

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

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

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

### ***Suspension risk on local markets***

In certain markets (including, without limitation, Taiwan), trading on the local exchange may be carried out by one or a small number of local market account holders. If such account holder(s) fail(s) to deliver securities or monies in relation to a trade, there is a risk of suspension in relation to all Funds which effect their trading on the local market through such account holder(s). Suspension in either case may increase the costs of the Fund.

## **Counterparty and trading risks**

### ***Counterparty Risk***

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

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

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

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

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

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

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

The Custodian shall also be liable to the Company and its shareholders for all other losses suffered by the Company and/or its shareholders as a result of the Custodian's negligent or intentional failure to fully fulfil its obligations pursuant to the Directive.

The liability of the Custodian is not affected by the fact that it has entrusted the custody of the Company's assets to a third party. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation.

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

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

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

### ***ESG Screening of Fund's Benchmark Index***

While the Benchmark Index of the Fund excludes all companies engaging in certain activities that do not meet ESG-related criteria, for certain other activities that do not meet ESG-related criteria, the Benchmark Index excludes only companies engaging in such activities if their revenue exceeds the business involvement thresholds set by the index provider. Investors should therefore make a personal ethical assessment of the extent of ESG-related screening undertaken by the Benchmark Index prior to investing in the Fund.

Due to the ESG criteria being applied to the Parent Index to determine eligibility for inclusion in the Benchmark Index, the Benchmark Index will comprise a narrower universe of securities compared to the Parent Index and securities of the Benchmark Index are also likely to have different GICS sector weightings and factor weightings compared to the Parent Index. The Benchmark Index will therefore have a different performance and risk profile to the Parent Index. This narrower universe of securities will not necessarily perform as well as those securities that do not meet the ESG screening criteria and this may adversely affect the performance of the Fund relative to funds which track the Parent Index. Furthermore, investor sentiment towards companies which are perceived as being ESG conscious or attitudes towards ESG concepts generally may change over time which may affect the demand for ESG based investments such as the Fund and may also affect its performance.

Companies which have previously met the screening criteria of the Benchmark Index, and have therefore been included in the Benchmark Index and the Fund, may unexpectedly or suddenly be impacted by an event of serious controversy which negatively impacts their price and, hence, the performance of the Fund. This could occur when activities or practices of companies which have previously been hidden suddenly come to light and the resulting negative investor sentiment could drive down their price. Where these companies are existing constituents of the Benchmark Index, they will remain in the Benchmark Index and therefore continue to be held by the Fund until the next scheduled quarterly rebalancing. At the time that the Benchmark Index excludes the affected securities, the price of the securities may have already dropped and not yet recovered, and the Fund could therefore be selling the affected securities at a relatively low price point.

Screening of companies for inclusion within the Benchmark Index is carried out by the index provider based on the index provider's ESG-related ratings and screening criteria. None of the Fund, the Manager nor the Investment Manager makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the index provider's ESG-related ratings, screening criteria or the way they are implemented. In the event that the status of a company previously deemed eligible for inclusion in the Benchmark Index should change, none of the Fund, the Manager nor the Investment Manager accepts liability in relation to such change. For the avoidance of doubt, none of the Fund, the Manager nor the Investment Manager will monitor the companies that comprise the Fund's Benchmark Index against the screening criteria applied by the index provider or assess the validity of the ESG-related ratings given by the index provider to each company.

### **Concentration Risk**

The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund more than the market as a whole, as the Benchmark Index of the Fund concentrates in a particular group of countries. The Fund may be more adversely affected by the underperformance of those securities, may experience increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting those securities than a fund that does not concentrate its investments.

The Fund is a replicating index fund per the Regulations and it may invest more than 10% and up to 20% of its Net Asset Value in shares issued by the same body in order to replicate the Benchmark Index. This limit may be raised to 35% for a single issuer, where this is justified by exceptional market conditions, for example, market dominance. Market dominance exists where a particular constituent of the Benchmark Index has a dominant position in the particular market sector in which it operates and as such accounts for a large proportion of the Benchmark Index. This means that the Fund may have a high concentration of investment in one company, or a relatively small number of companies, and may therefore be more susceptible to any single economic, market, political or regulatory occurrence affecting that company or those companies.

### **Emerging Markets - General**

The countries in which the Fund currently invests, are Brazil, Chile, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, South Africa, Taiwan, Thailand, the People's Republic of China (PRC) (by investing in PRC securities listed on the SEHK), Poland, Russia, Turkey and the United Arab Emirates. These countries are considered to be emerging markets and are subject to special risks associated with investment in an emerging market. The material risks include: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange control; lack of available currency hedging instruments; abrupt imposition of restrictions on foreign investment; imposition of restrictions on the repatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; risk of expropriation, nationalisation or confiscation of assets or property; higher inflation; social, economic and political instability and uncertainties; the risk of expropriation of assets and the risk of war. In the absence of the Custodian's negligent or intentional failure to fully fulfil its obligations pursuant to the Directive, the Custodian is not liable to the Company or its shareholders for the loss of an asset of the Fund which is not capable of being registered or held in a securities account in the name of the Custodian or a sub-custodian or being physically delivered to the Custodian. Accordingly, while the liability of the Custodian is not affected by the fact that it has entrusted the custody of the Company's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, the Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Custodian will have no liability. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation.

As a result of the above risks, the Fund's investments can be adversely affected and the value of your investments may go up or down.

### ***Investment in India***

Potential investors should also consider the following risk warnings which are specific to investing in or exposure to India:

- India is located in a part of the world that has historically been prone to natural disasters such as earthquakes, volcanoes and tsunamis and India is economically sensitive to environmental events. In addition, the agricultural sector is an important component of the Indian economy and adverse weather may have a significant negative effect on the Indian economy.
- India has experienced a process of privatisation of certain entities and industries. If the newly privatised companies are unable to adjust quickly to a competitive environment or to changing regulatory and legal standards, investors in such newly privatised entities could suffer losses and this could adversely affect the performance of the Indian market.
- The Indian economy is dependent on commodity prices, which can be volatile and this poses risk of macro-economic instability. The Indian economy is also dependent on the economies of Asia, mainly Japan and China, and the United States as key trading partners. Reduction in spending on Indian products and services by any of these trading partners or a slowdown or recession in any of these economies could adversely affect the Indian economy.
- India has experienced acts of terrorism and has strained international relations with Pakistan, Bangladesh, China, Sri Lanka and other neighbours due to territorial disputes, historical animosities, terrorism and other defence concerns. These situations may cause uncertainty in the Indian market and may adversely affect performance of the Indian economy.
- Disparities of wealth, the pace of economic liberalisation and ethnic, religious and racial disaffection may lead to social turmoil, violence and labour unrest in India. In addition, India continues to experience religious and border disputes as well as separatist movements in certain Indian states. Unanticipated political or social developments may result in investment losses.
- The Indian government has experienced chronic structural public sector deficits. High amounts of debt and public spending may stifle Indian economic growth, cause prolonged periods of recession or lower India's sovereign debt rating.
- Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD (Organisation for Economic Co-operation and Development) countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries. The difficulty in obtaining such information may mean that the Fund experiences difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which the Fund has directly or indirectly invested. Indian accounting standards and requirements also differ in significant respects from those applicable to companies in many OECD countries.
- The Fund, the market price and the liquidity of the Shares may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, taxation, social and religious instability and other political, economic or other developments in or affecting India.
- Although the Indian primary and secondary equity markets have grown rapidly and the clearing, settlement and registration systems available to effect trades on the Indian stock markets have significantly improved with mandatory dematerialization of shares, these processes may still not be on a par with those in more mature markets. Problems of settlement in India may impact on the Net Asset Value and the liquidity of the Fund.
- SEBI was created under the resolution of the Government of India in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of shareholders as well as matters connected therewith and incidental thereto". The Securities and Exchange Board of India Act of 1992 has entrusted the SEBI with much wider powers and duties, which inter alia, include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the Net Asset Value of the Fund. In addition, in the event of occurrence of any of the above events, or in the event of SEBI having reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements, which could adversely impact the liquidity of the Fund.
- A disproportionately large percentage of market capitalisation and trading value in the Indian stock exchanges is represented by a relatively small number of issuers. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants as compared to certain OECD markets. It may, therefore, be difficult to invest the Fund's assets so as to obtain a representative portfolio or to realise the Subsidiary's and/or Fund's investments at the places and times that it would wish to do so.

### ***Indian Foreign Portfolio Investors Regulations***

In order for the Fund to invest directly in India, it must seek to register as a Foreign Portfolio Investor under the SEBI Regulations or any equivalent applicable regulations at the time.

In January 2014, the SEBI put in place regulations that impact portfolio investments made by FPIs. These include foreign institutional investors, non-resident Indians and other foreign investors. Under the FPI rules, investors cannot transact in securities as FPIs unless they have been granted registration by depository participants acting on behalf of the SEBI. To be eligible for FPI status, applicants must meet certain criteria related to their residence, the status of their securities market regulator, the Financial Action Task Force, and other factors. Once granted, registration is permanent unless suspended by the SEBI or surrendered by the FPI. Any change to the FPI regime generally, including the possibility of the Fund losing its FPI status, may affect the Fund's ability to invest in securities in India. To the extent that the Fund loses its FPI status or laws and regulations change such that the FPI regime is no longer available to it, it will be more difficult for the Fund to achieve its investment objective. Accordingly, there is a greater risk of tracking error, which may result in a negative or positive performance impact to the Fund and holders of its Shares.

#### *General investment restrictions*

Investment by FPIs is restricted to primary and secondary market securities (including shares, debentures and warrants of companies), listed and unlisted domestic mutual funds and collective investment schemes, derivatives, treasury bills, government securities, commercial papers, various types of debt instruments and units in debt funds, depository receipts and other instruments specified by the SEBI. Securities lending is also allowed as per the SEBI Regulations. Further requirements exist in respect of transactions in the secondary market.

There are certain investment conditions and restrictions that an FPI would need to comply with including investment in company shares not exceeding 10% of the company's issued capital per single FPI or investor group. The SEBI may introduce further limitations or restrictions on the foreign ownership of securities in India, which may have adverse effects on the liquidity and the performance of the Fund. Such limitations and restrictions may restrict the Fund's ability to acquire the securities of one or more constituents of its Benchmark Index in accordance with the relevant weightings of the Benchmark Index and therefore may impact on the Fund's ability to closely track the performance of the Benchmark Index.

#### *Broad based fund regime*

In order to be registered as an FPI, under the SEBI Regulations, the Fund will be required to demonstrate that the Fund is an appropriately regulated broad based fund. The Indian broad based fund regime applies to funds established or incorporated outside India, which are eligible on the basis of the fund or its manager(s) being regulated in their respective foreign jurisdiction. The Fund must satisfy the broad based criteria, which include internal review and accessibility of information about underlying investors. These types of funds shall have a minimum of 20 investors including, both, direct investors and underlying investors in pooling vehicles. No investor shall hold over 49% of the fund (by unit/share number or value), and no underlying beneficial owner shall hold over 25% of the fund. Institutional investors who hold over 49% of the fund must themselves comply with requirements applicable to broad based funds. Underlying beneficial owners who hold over 25% of the fund are required to provide their consent to the FPI registration, and to that end have their client information disclosed to the depository participant/SEBI. To the extent that the Fund might have underlying beneficial owners who fall into this category, it may not be possible for the Fund to fulfil its investment objective if such consent is required and not provided.

#### **Investment in the PRC**

As the Fund invests in the PRC, potential investors should also consider the following risk warnings which are specific to investing in or exposure to the PRC:

The PRC is one of the world's largest global emerging markets. The economy in the PRC, which has been in a state of transition from a planned economy to a more market orientated economy, differs from the economies of most developed countries and investing in the PRC may be subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of market shut down, greater control of foreign exchange and more limitations on foreign investment policy than those typically found in a developed market. There may be substantial government intervention in the PRC economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. The PRC government and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, which may affect the trading of Chinese securities. The companies in which the Fund invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies in more developed markets. In addition, some of the securities held by the Fund may be subject to higher transaction and other costs, foreign ownership limits, the imposition of withholding or other taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may have an unpredictable impact on the Fund's investments and increase the volatility and hence the risk of a loss to the value of an investment in the Fund. Furthermore, market interventions may have a negative impact on market sentiment which may in turn affect the performance of the Benchmark Index and, by extension, the performance of the Fund.

The PRC economy has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC and therefore on the performance of the Fund.

These factors may increase the volatility of the Fund (depending on its degree of investment in the PRC) and hence the risk of loss to the value of your investment.

### ***Investment in Russia***

As the Fund invests in Russia, potential investors should also consider the following risk warnings which are specific to investing in or exposure to Russia:

- The United States and the European Union have instituted additional sanctions against certain Russian issuers which include prohibitions on transacting in or dealing in new debt of longer than 30 days maturity or new equity of such issuers. Securities held by the Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of the Fund to buy, sell, hold, receive or deliver the affected securities or other securities of such issuers. If it becomes impracticable or unlawful for the Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, "affected securities"), or if deemed appropriate by the Fund's Investment Manager, subscriptions in kind and directed cash subscriptions may not be available for the Fund in respect of the affected securities.

Also, if an affected security is included in the Benchmark Index, the Fund may, where practicable and permissible, seek to eliminate its holdings of the affected security by using optimisation techniques to seek to track the investment returns of the Benchmark Index. The use of (or increased use of) optimisation techniques may increase the Fund's tracking error risk. If the affected securities constitute a significant percentage of the Benchmark Index, the Fund may not be able to effectively implement optimisation techniques, which may result in significant tracking error between the Fund's performance and the performance of the Benchmark Index.

Sanctions may now, or in the future, result in retaliatory measures by Russia, including the immediate freeze of Russian assets held by the Fund. In the event of such a freeze of the Fund's assets, the Fund may not be able to pay out redemption proceeds in respect of the assets which are frozen or may need to liquidate non-restricted assets in order to satisfy redemption orders. The liquidation of the Fund's assets during this time may also result in the Fund receiving substantially lower prices for its securities.

These sanctions may also lead to changes in the Benchmark Index. An index provider may remove securities from the Benchmark Index or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. In such an event, it is expected that the Fund will rebalance its portfolio to bring it in line with the Benchmark Index as a result of any such changes, which may result in transaction costs and increased tracking error.

If any of the events above were to occur, the Directors may (at their discretion) take such action as they consider to be in the interests of investors in the Fund, including (if necessary) suspending trading in the Fund (see the section entitled "Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching" for more details) and/or taking such action as described in the section entitled "Benchmark Indices".

- The laws relating to securities investments and regulations in Russia have been created on an ad-hoc basis and do not tend to keep pace with market developments leading to ambiguities in interpretation and inconsistent and arbitrary application. Monitoring and enforcement of applicable regulations is rudimentary.
- Rules regulating corporate governance either do not exist or are underdeveloped and offer little protection to minority shareholders.
- There are also counterparty risks in connection with the maintenance of portfolio securities and cash with local sub-custodians and securities depositories in Russia.

These factors may increase the volatility of the Fund (depending on its degree of investment in Russia) and hence the risk of loss to the value of your investment.

### ***Equity Securities***

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

### ***Investment in Mid Capitalisation Companies***

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

Investment in mid capitalisation companies may involve relatively higher investment costs and accordingly investment in the Fund should be viewed as a long-term investment. The Fund may however dispose of an investment made by it within a relatively short period of time, for example, to meet requests for redemption of Shares.

As a result of the above risks, the Fund's investments can be adversely affected which may increase the risk of loss to the value of your investment.

### ***Depository Receipts***

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

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

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

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

### ***Currency Risk***

Because the Fund's NAV is determined on the basis of the US Dollar, investors may lose money if the currency of a non-US market in which the Fund invests depreciates against the US Dollar or if there are delays or limits on repatriation of the local currency or if there are delays or limits on repatriation of the local currency, even if the local currency value of the Fund's holdings in that market increases. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning, which could have a significant negative impact on the Fund.

### ***Asian Economic Risk***

Many Asian economies have experienced rapid growth and industrialization in recent years, but there is no assurance that this growth rate will be maintained. Other Asian economies, however, have experienced high inflation, high unemployment, currency devaluations and restrictions, and over-extension of credit. During the global recession that began in 2007, many of the export-driven Asian economies experienced the effects of the economic slowdown in the United States and Europe, and certain Asian governments implemented stimulus plans, low-interest rate monetary policies and currency devaluations. Economic events in any one Asian country may have a significant economic effect on the entire Asian region, as well as on major trading partners outside Asia. Any adverse event in the Asian markets may have a significant adverse effect on some or all of the economies of the countries in which the Fund invests. Many Asian countries are subject to political risk, including corruption and regional conflict with neighbouring countries. In addition, many Asian countries are subject to social and labour risks associated with demands for improved political, economic and social conditions. These risks, among others, may adversely affect the value of the Fund's investments.

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

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

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Manager cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on the Fund, the European or global economy and the global securities markets. The Investment Manager is monitoring the situation. Instability in the global financial markets or government intervention may increase the volatility of the Fund and hence the risk of loss to the value of your investment.

### ***Issuer Risk***

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

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

The Company, with a view to mitigating credit exposure to depositaries, may arrange for cash holdings of the Company to be placed into money market collective investment schemes, including other funds of the BlackRock Group. A money market collective investment scheme which invests a significant amount of its assets in money market instruments may be considered as an alternative to investing in a regular deposit account. However, a holding in such a scheme is subject to the risks associated with investing in a collective investment scheme and,

while a money market collective investment scheme is designed to be a relatively low risk investment, it is not entirely free of risk. Despite the short maturities and high credit quality of investments of such schemes, increases in interest rates and deteriorations in the credit quality can reduce the scheme's yield and the scheme is still subject to the risk that the value of such scheme's investment can be eroded and the principal sum invested will not be returned in full.

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

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

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

#### ***Payments***

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

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

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

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

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

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

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



## **Other general risks**

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

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

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

The Fund levies Duties and Charges in order to defray the costs associated with the purchase and sale of Investments. The level of Duties and Charges may be determined by the Manager in advance of the actual purchase or sale of Investments or execution of associated foreign exchange. It may be estimated based on historic information concerning the costs incurred in trading the relevant securities in the relevant markets. This figure is reviewed periodically and adjusted as necessary. If the Fund levies Duties and Charges which are insufficient to discharge all of the costs incurred in the purchase or sale of Investments, the difference will be paid out of the assets of the Fund, which, pending the reimbursement of the shortfall by an Authorised Participant, will result in a reduction in the value of the Fund (and a corresponding reduction in the value of each Share).

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

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

### ***Taxation Risks***

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

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

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

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

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

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

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

### ***FATCA***

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

### ***Dealing Day Risk***

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

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

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

and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of Shares or the redemption amount to be received.

#### **Trading Currency Exposure**

Shares may be traded in various currencies on various stock exchanges. In addition, subscriptions and redemptions of Shares in the Fund will ordinarily be made in the Base Currency of the Fund and may in some cases be permitted in other currencies. The currencies in which the underlying investments of the Fund are denominated may also differ from the Base Currency of the Fund (which follows the base currency of the Fund's Benchmark Index). Depending on the currency in which an investor invests in the Fund, foreign exchange fluctuations between the currency of investment and the Base Currency of the Fund and/or the currencies in which the Fund's underlying investments are denominated, will have an impact on, and may adversely affect, the value of such investor's investments.

#### **Temporary Suspension**

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

#### **Valuation Risk**

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

### **DEALINGS IN THE FUND**

The Fund is an exchange traded fund which means that the Shares of the Fund are listed on one or more stock exchanges. Certain market makers and brokers are authorised by the Company to deal in Shares of the Fund in the Primary Market and they are referred to as "Authorised Participants". Such Authorised Participants have the capability to ensure delivery of the Shares of the Fund within the International Central Securities Depository relevant to the stock exchanges on which the Shares are listed. Authorised Participants usually sell the Shares they acquire on one or more stock exchanges, the Secondary Market, where such Shares become freely tradable. Potential investors who are not Authorised Participants can purchase and sell Shares of the Fund on the Secondary Market through a broker/dealer on a recognised stock exchange or OTC. For further details of such brokers please contact the Investment Manager.

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

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

The Primary Market is the market on which Shares of the Fund are issued by the Company or redeemed by the Company at the request of Authorised Participants. Only Authorised Participants are able to effect subscriptions and redemptions of Shares on the Primary Market.

Applicants wishing to deal on the Primary Market in respect of the Fund have to satisfy certain eligibility criteria and be registered with the Company, to become Authorised Participants. In addition, all applicants applying to become Authorised Participants must first complete the Company's Account Opening Form which may be obtained from the Administrator and satisfy certain anti-money laundering checks. The signed original Account Opening Form should be sent to the Administrator. Applicants wishing to become Authorised Participants should contact the Investment Manager for further details. The Company has absolute discretion to accept or reject any Account Opening Form and to revoke any authorisation to act as an Authorised Participant. The Common Depositary's Nominee, acting as the registered holder of Shares in the Fund, may not apply to become an Authorised Participant.

For the purpose of this Fund, Authorised Participants may submit dealing requests for subscriptions or redemptions of Shares by the Electronic Order Entry Facility. The use of the Electronic Order Entry Facility is subject to the prior consent of the Investment Manager and the Administrator and must be in accordance with and comply with the requirements of the Central Bank. Requests for subscriptions and redemptions placed electronically are subject to the dealing request cut off times stated in the Primary Market dealing timetable. Alternative dealing methods are available with the consent of the Investment Manager and in accordance with the requirements of the Central Bank.

All dealing applications are at the Authorised Participant's own risk. Dealing requests, once submitted, shall (save as determined by the Investment Manager at its discretion) be irrevocable. The Company, the Investment Manager and the Administrator shall not be responsible for any losses arising in the transmission of Account Opening Forms or for any losses arising in the transmission of any dealing request through the Electronic Order Entry Facility or any alternative dealing method approved by the Investment Manager. Amendments to registration details and payment instructions will only be effected upon receipt by the Company of the original documentation.

Authorised Participants are responsible for ensuring that they are able to satisfy settlement obligations when submitting dealing requests on the Primary Market. Authorised Participants instructing redemption requests must first ensure that they have a sufficient holding of Shares available for redemption (which holding in the required number of Shares must be delivered to the Administrator for settlement in the relevant International Central Securities Depository by the relevant settlement date). Redemption requests will be processed only where the payment is to be made to the Authorised Participant's account of record.

### **Portfolio Composition File**

The Company publishes a Portfolio Composition File for this Fund providing an indication of the Investments of the Fund. In addition, the Portfolio Composition File also sets out the Cash Component to be delivered (a) by Authorised Participants to the Company in the case of subscriptions; or (b) by the Company to the Authorised Participants in the case of redemptions.

The Portfolio Composition File for the Fund for each Dealing Day may be requested by Authorised Participants from the Investment Manager.

### **Dealings in Kind, in Cash and Directed Cash Dealings**

Shares of the Fund may be applied for by Authorised Participants on each Dealing Day.

The Company has absolute discretion to accept or reject in whole or in part any application for Shares without assigning any reason therefor. The Company also has absolute discretion (but shall not be obliged) to reject or cancel in whole or in part any application for Shares prior to the issue of Shares to an applicant (notwithstanding the application having been accepted) and the registration of same in the name of the Common Depository's Nominee in the event that any of the following occurs to the Authorised Participant (or its parent company or ultimate parent company): an Insolvency Event; a downgrading of credit rating; being placed on a watchlist (with negative implications) by a credit rating agency; or where the Company (or its Manager or Investment Manager) has reasonable grounds to conclude that the relevant Authorised Participant may be unable to honour its settlement obligations or that the Authorised Participant poses a credit risk to the Fund. In addition, the Company may impose such restrictions as it believes necessary to ensure that no Shares are acquired by persons who are not Qualified Holders.

The Company may accept subscriptions and pay redemptions either in kind or in cash or in a combination of both. The Company may determine whether to accept applications for Shares in the Fund in kind and/or in cash at its absolute discretion. The Company has the right to determine whether it will only accept redemptions in kind and/or in cash on a case by case basis in the event that any of the following occurs to the Authorised Participant (or its parent company or ultimate parent company): an Insolvency Event; a downgrading of credit rating; being placed on a watchlist (with negative implications) by a credit rating agency; or where the Company (or its Manager or Investment Manager) has reasonable grounds to conclude that the relevant Authorised Participant may be unable to honour its settlement obligations or that the Authorised Participant poses a credit risk.

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

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

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

minimum holding requirement for the Fund as at the date of this Supplement.

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

If a redeeming Authorised Participant requests redemption of a number of Shares representing 5% or more of the Net Asset Value of the Fund, the Directors may, in their sole discretion, redeem the Shares by way of a redemption in kind and in such circumstances the Directors will, if requested by the redeeming Authorised Participant, sell the Investments on behalf of the Authorised Participant. (The cost of the sale can be charged to the Authorised Participant).

If redemption requests on any Dealing Day represent 10% or more of the Shares in issue in respect of the Fund, the Manager may, in its discretion, refuse to redeem any Shares in excess of 10% (at any time including after the cut-off time on the Dealing Day). Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all Shares to which the original request related have been redeemed.

Settlement for redemptions will normally be made within fourteen days of the Dealing Day. Payment of redemption proceeds to the account instructed by the Authorised Participant requesting the redemption will be in full discharge of the Company's obligations and liability.

The Investment Manager will carry out the underlying trades for any dealing request at its absolute discretion and may vary the underlying trades (for example, by staggering the timing of the trades) to take into account (amongst other things) the impact on other Shares in the Fund and on the underlying market, as well as acceptable industry practices.

#### *Dealings in Kind*

Shares in the Fund may be subscribed for and/or redeemed in exchange for in kind assets. Authorised Participants wishing to deal in kind should contact the Investment Manager.

Subscriptions by Authorised Participants for Shares in exchange for in kind assets would need to deliver a basket of underlying securities and a cash component (both as determined by the Investment Manager based on the underlying portfolio held, and to be held, by the Fund) to the Fund as part of its settlement obligations.

In the event that an Authorised Participant fails to deliver, or delays in delivering, one or more of the specified underlying securities by the relevant settlement date, the Company may (but shall not be obliged to) require the Authorised Participant to pay to it a sum equal to the value of such underlying securities plus any Duties and Charges associated with the purchase by the Company of such underlying securities, including any foreign exchange costs and other fees, and/or costs incurred as a result of the delay.

Redemptions by Authorised Participants in exchange for in kind assets would receive their redemption proceeds in the form of underlying securities and, if relevant, a cash component, as determined by the Investment Manager based on the Fund's underlying portfolio.

#### *Directed Cash Dealings*

If any request is made by an Authorised Participant to execute underlying security trades and/or foreign exchange in a way that is different than normal and customary convention, the Investment Manager will use reasonable endeavours to satisfy such request if possible but the Investment Manager will not accept any responsibility or liability if the execution request is not achieved in the way requested for any reason whatsoever.

If any Authorised Participant initiating a cash dealing wishes to have the underlying securities traded with a particular designated broker (i.e., a directed cash subscription or redemption), the Authorised Participant would need to specify such instructions in its dealing request. The Investment Manager may at its sole discretion (but shall not be obliged to) transact for the underlying securities with the designated broker. Authorised Participants that wish to select a designated broker are required, prior to the Investment Manager transacting the underlying securities, to contact the relevant portfolio trading desk of the designated broker to arrange the trade.

If an application resulting in a creation is accepted as a directed cash dealing, as part of the Authorised Participant's settlement obligations, the Authorised Participant would be responsible for (i) ensuring that the designated broker transfers to the Fund (via the Custodian) the relevant underlying securities, and (ii) paying the fees and costs charged by the designated broker for selling the relevant underlying securities to the Fund plus any associated Duties and Charges, including foreign exchange costs, to reflect the cost of execution.

If a dealing request resulting in a redemption is accepted as a directed cash dealing, the Authorised Participant is

responsible for ensuring that the designated broker purchases the relevant underlying securities from the Fund. The Authorised Participant will receive the price paid by the designated broker for purchasing the relevant underlying securities from the Fund, less any associated Duties and Charges, including foreign exchange costs, to reflect the cost of execution.

The Investment Manager will not be responsible, and shall have no liability, if the execution of the underlying securities with a designated broker and, by extension, an Authorised Participant's dealing order, is not carried out due to an omission, error, failed or delayed trade or settlement on the part of the Authorised Participant or the designated broker. Should an Authorised Participant or the designated broker to which the Authorised Participant directed the underlying securities transaction default on, delay settlement of, or change the terms of, any part of the underlying securities transaction, the Authorised Participant shall bear all associated risks and costs, including costs incurred by the Company, the Manager and/or the Investment Manager as a result of the delay to the underlying securities transaction. In such circumstances, the Company and the Investment Manager have the right to transact with another broker and to amend the terms of the Authorised Participant's dealing request, including the dealing creation price and/or redemption proceeds, to take into account the default, delay and/or the change to the terms.

#### *Clearing and Settlement*

Authorised Participants' title and rights relating to Shares in the Fund will be determined by the clearance system through which they settle and/or clear their holdings. This Fund will settle through the relevant International Central Securities Depositories and the Common Depositary's Nominee will act as the registered holder of all such Shares. For further details, see the section "Global Clearing and Settlement" below.

#### **Failure to Deliver**

In the event that (i) in respect of a directed in kind dealing resulting in a creation, an Authorised Participant fails to deliver the required Investments and Cash Component, or (ii) in relation to a cash creation, an Authorised Participant fails to deliver the required cash, or (iii) in respect of a directed cash dealing resulting in a creation, an Authorised Participant fails to deliver the required cash or its designated broker fails to deliver the underlying Investments, within the stated settlement times for the Fund (available on the Electronic Order Entry Facility) the Company and/or Investment Manager reserves the right (but shall not be obliged) to cancel the relevant subscription order. The Authorised Participant shall indemnify the Company for any loss suffered by the Company as a result of a failure or delay by the Authorised Participant to deliver the required Investments and Cash Component or cash and, for directed cash dealings resulting in creations, any loss suffered by the Company as a result of a failure by the designated broker to deliver the required underlying Investments, within the stated settlement times, including (but not limited to) any market exposure, interest charges and other costs suffered by the Fund. The Company reserves the right to cancel the provisional allocation of the relevant interests in Shares in those circumstances.

The Directors may, in their sole discretion where they believe it is in the best interests of the Fund, decide not to cancel a subscription and provisional allotment of Shares where an Authorised Participant has failed to deliver the required Investment and Cash Component or cash and/or, for directed cash subscriptions, the designated broker has failed to deliver the required underlying Investments, within the stated settlement times. The Company may temporarily borrow an amount equal to the subscription and invest the amount borrowed in accordance with the investment objective and policies of the Fund. Once the required Investments and Cash Component or cash has been received, the Company will use this to repay the borrowings. The Company reserves the right to charge the relevant Authorised Participant for any interest or other costs incurred by the Company as a result of this borrowing. Where a designated broker under a directed cash subscription fails or delays in delivering the required underlying securities, the Company and its Investment Manager has a right to transact with a different broker and to charge the relevant Authorised Participant for any interest or other costs incurred by the Company relating to the failed and new transactions. If the Authorised Participant fails to reimburse the Company for those charges, the Company and/or Investment Manager will have the right to sell all or part of the applicant's holdings of Shares in the Fund or any other fund of the Company in order to meet those charges.

A redemption request by an Authorised Participant will only be valid if the Authorised Participant satisfies its settlement obligation to deliver holdings in the required number of Shares in the Fund to the Administrator for settlement in the relevant International Central Securities Depositary by the relevant settlement date. In the event an Authorised Participant fails to deliver the required Shares of the Fund in relation to a redemption within the stated settlement times for the Fund (available on the Electronic Order Entry Facility), the Company and/or Investment Manager reserves the right (but shall not be obliged) to treat this as a settlement failure by the Authorised Participant and to cancel the relevant redemption order, and the Authorised Participant shall indemnify the Company for any loss suffered by the Company as a result of a failure by the Authorised Participant to deliver the required Shares in a timely fashion, including (but not limited to) any market exposure and costs suffered by the Fund.

In the event that an Authorised Participant is liable to reimburse the Fund in respect of Duties and Charges (e.g. for any shortfall in the sum paid to the Fund on a subscription or any excess redemption proceeds received from the Fund on a redemption), the Company reserves the right to charge the relevant Authorised Participant for any interest or other costs incurred by the Company as a result of the Authorised Participant's failure to reimburse the Fund in a timely manner after receiving notice of the sum payable.

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

Shares may be purchased or sold on the Secondary Market by all investors through a relevant recognised stock exchange on which the Shares are admitted to trading, or OTC.

It is expected that the Shares of the Fund will be listed on one or more recognised stock exchanges. The purpose of the listing of the Shares on recognised stock exchanges is to enable investors to purchase and sell Shares on the Secondary Market, normally via a broker/dealer, in any quantity over a minimum of one Share. In accordance with the requirements of the relevant recognised stock exchange, market-makers (which may or may not be an Authorised Participant) are expected to provide liquidity and bid and offer prices to facilitate the Secondary Market trading of the Shares.

All investors wishing to purchase or sell Shares of the Fund on the Secondary Market should place their orders via their broker. Orders to purchase Shares in the Secondary Market through the recognised stock exchanges, or OTC, may incur brokerage and/or other costs which are not charged by the Company and over which the Company and the Manager has no control. Such charges are publicly available on the recognised stock exchanges on which the Shares are listed or can be obtained from stock brokers.

Investors may redeem their Shares through an Authorised Participant by selling Shares to the Authorised Participant (directly or through a broker).

The price of any Shares traded on the Secondary Market will be determined by the market and prevailing economic conditions which may affect the value of the underlying assets. The market price of a Share listed or traded on a stock exchange may not reflect the Net Asset Value per Share of the Fund.

The Secondary Market dealing timetable depends upon the rules of the exchange upon which the Shares are dealt or the terms of the OTC trade. Please contact your professional advisor or broker for details of the relevant dealing timetable.

### **Secondary Market Redemptions**

As a UCITS ETF, the Fund's Shares purchased on the secondary market cannot usually be sold directly back to the Fund by investors who are not Authorised Participants. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value when buying shares and may receive less than the current Net Asset Value when selling them.

An investor (that is not an Authorised Participant) shall have the right, subject to compliance with relevant laws and regulations, to request that the Manager buys back its Shares in respect of the Fund in circumstances where the Manager has determined in its sole discretion that the Net Asset Value per Share of the Fund differs significantly to the value of a Share of the Fund traded on the secondary market, for example, where no Authorised Participants are acting, or willing to act, in such capacity in respect of the Fund (a "Secondary Market Disruption Event").

If, in the view of the Manager, a Secondary Market Disruption Event exists, the Manager will issue a "Non-AP Buy-Back Notice" and stock exchange announcement(s) containing the terms of acceptance, minimum redemption amount and contact details for the buy-back of Shares.

The Manager's agreement to buy back any Shares is conditional on the Shares being delivered back into the account of the transfer agent at the relevant International Central Securities Depository (or transfer agent at the relevant Central Securities Depository (CSD) depending on the settlement model for the relevant Shares) and relevant confirmations given by the Common Depository. The redemption request will be accepted only on delivery of the Shares.

Shares bought back from an investor who is not an Authorised Participant will be redeemed in cash. Payment is subject to the investor having first completed any required identification and anti-money laundering checks. In kind redemptions may be available at an investor's request at the Manager's absolute discretion.

Redemption orders will be processed on the Dealing Day on which the Shares are received back into the account of the transfer agent by the dealing cut-off time less any applicable Duties and Charges and other reasonable administration costs, provided that the completed buy-back request has also been received.

The Manager may at its complete discretion determine that the Secondary Market Disruption Event is of a long term nature and is unable to be remedied. In that case the Manager may resolve to compulsorily redeem investors and may subsequently terminate the Fund.

Any investor requesting a buyback of its shares in case of a Secondary Market Disruption Event may be subject to taxes as applicable, including any capital gains taxes or transaction taxes. Therefore, it is recommended that prior to making such a request, the investor seeks professional tax advice in relation to the implications of the buyback under the laws of the jurisdiction in which they may be subject to tax.

### **General Information**

#### *(a) Initial Offer of Shares*

Shares will initially be offered between 9.00a.m. (Irish time) on 6 May 2016 and 12.00 noon (Irish time) on 4 November 2016 (which period may be shortened, extended, changed to an earlier date, or changed to a later date by the Directors and notified to the Central Bank) and at a price per Share equal to a multiplier of the Benchmark Index which is calculated as at close of business in the relevant underlying markets. The price per Share is expected to be approximately US\$5. However, the actual initial price per Share may vary from this estimated

price depending on movements in the value of the Benchmark Index between the date of this Supplement and the date that the initial offer closes. Details of the actual initial price per Share will be available from the Administrator and the Investment Manager.

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

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

The Shares are already listed on the Official List of the UKLA. It is expected that trading in the Shares will commence on or about 4 November 2016, and the Shares will be admitted to trading upon issue.

*(b) Title to Shares*

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

*(c) Anti-money laundering identification*

The Administrator and/or Company reserves the right to request further details from an Authorised Participant and the Common Depositary's Nominee in order to verify their respective identities. Any such party must notify the Administrator of any change in their details and furnish the Company with whatever additional documents relating to such change as it may request. Failure to provide requested information or notify the Administrator or Company of any change in details may result in a request for subscription or redemption of Shares by such party not being accepted or processed until such time as satisfactory verification of identity is received.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Company. This obligation arises unless (i) the application is being made through a recognised financial intermediary; or (ii) payment is made through a banking institution, which in either case is in a country with money laundering regulations equivalent to those in Ireland.

The Company will specify what proof of identity is required, including but not limited to a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence, together with evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), by-laws, memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners.

It is further acknowledged that the Company, the Manager, the Investment Manager and the Administrator shall be indemnified by an Authorised Participant applicant against any loss arising as a result of a failure to process the subscription if information that has been requested by the Company has not been provided by the applicant.

*(d) Switching*

Switching of Shares from one Fund to another Fund is not available to investors trading on the Secondary Market. Authorised Participants wishing to switch from one Fund to another Fund on the Primary Market would generally need to redeem or sell their Shares in the first Fund and subscribe or purchase Shares in the second Fund.

Where permitted by the Articles, and subject to the prior approval of the Manager, switching may be made available between share classes within the same Fund in accordance with the Articles in the event that multiple share classes are launched within a Fund. In such case, no switches will be made during any period in which the rights of holders of Shares to deal in the Shares of the Fund are suspended.

*(e) Confirmations*

A written confirmation of trade will be sent to the Authorised Participant following the Dealing Day. Shares will not normally be issued until such time as the Company is satisfied with all the information and documentation required to identify the Authorised Participant and is satisfied that the relevant Investments and Cash Component for in kind subscriptions or cash for cash subscriptions (including directed cash subscriptions) have been received by it.

*(f) Mandatory Redemption of Shares*

Investors are required to notify the Company immediately in the event that they cease to be Qualified Holders.

Shares or interests in Shares may not be held directly or indirectly by a non Qualified Holder. Investors who cease to be Qualified Holders will be required to transfer their Shares to Qualified Holders on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares. The Company reserves the right to redeem or require the transfer of any Shares which are or become owned, directly or indirectly, by a non Qualified Holder. If any investor or beneficial owner of any Shares fails to disclose information requested by the Company regarding such investor or beneficial owner and, due to such non-disclosure or inadequate disclosure, the Directors believe that there is an issue regarding such person being a non-Qualified Holder, the Company shall have the right to redeem or require the transfer (in accordance with the provisions of the Articles) of the Shares held by or for the benefit of such person.

If the Company becomes aware that any Shares are or might be held by a person who is not a Qualified Holder it may redeem such Shares on notice in writing to the investor concerned. The Investments which would otherwise have been transferred to the investor will be liquidated and the investor will receive the proceeds less any costs incurred. In addition, the Company may impose a penalty to compensate or indemnify the Company, the Manager and the Investment Manager for any loss the Company has suffered (or may suffer) in respect of the holding of Shares by or on behalf of such non-Qualified Holder. The Company and/ or the Manager shall also have the right to require any person breaching the provisions of the Prospectus to indemnify the Company, the Manager and the Investment Manager from any losses or claims suffered or incurred by any of them in connection with such breach. Such amount may be deducted from the redemption proceeds.

In circumstances where the Fund is unable to replicate the relevant Benchmark Index and unable to substitute another index for the Benchmark Index, the Directors may resolve to compulsorily redeem investors and may subsequently terminate the Fund.

In circumstances where it is or becomes impossible or impractical, for example from a cost, risk or operational perspective, to enter into, continue with or maintain FDI relating to the Benchmark Index for the Fund or to invest in securities comprised within the particular Benchmark Index, the Directors may resolve to compulsorily redeem investors and may subsequently terminate the Fund.

In circumstances where the Directors consider compulsory redemption to be in the interests of the Company, the Fund or the investors of the Fund, the Directors may resolve to compulsorily redeem investors and may subsequently terminate the Fund.

The Company shall have the right to redeem, without the imposition of any penalty on the Company, Shares of a particular class:

- (i) where the holders of Shares approve of the redemption of the Shares of the relevant class by way of written resolution or where not less than 75% of the votes cast approve of the redemption of the Shares at a general meeting of the relevant class, of which not more than twelve and not less than four weeks notice has been given;
- (ii) at the discretion of the Directors, after the first anniversary of the first issue of Shares of the relevant class if the Net Asset Value of the relevant class falls below Stg£100,000,000;
- (iii) at the discretion of the Directors, if the Fund ceases to be listed on a stock exchange;
- (iv) at the discretion of the Directors provided that Shareholder notice of not less than four and not more than six weeks has been given that all of the Shares in the Fund shall be redeemed by the Company.

If within 90 days from the date of the Custodian serving notice of termination of the Custody Agreement another custodian acceptable to the Company and the Central Bank has not been appointed to act as custodian, the Company shall serve notice on all holders of its intention to redeem all Shares then in issue on the date specified in such notice, which date shall not be less than one month nor more than three months after the date of service of such notice.

*(g) Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching*

The Company may temporarily suspend the determination of the Net Asset Value and the issue, switching and/or redemption of Shares in the Company or the Fund during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any of the principal markets on which any significant portion of the Investments of the Fund from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any relevant futures exchange or market is restricted or suspended;
- (ii) any period when circumstances exist as a result of which any disposal or valuation of Investments of the Company or the Fund is not reasonably practicable without this being seriously detrimental to the interests of the holders of Shares of the Fund or if, in the opinion of the Directors, the Net Asset Value cannot fairly be calculated or such disposal would be materially prejudicial to the Shareholders in general or the holders of Shares of the Fund;
- (iii) any period when there is any breakdown in the means of communication normally employed in determining the price of any of the Company's or the Fund's Investments or when for any other reason the value of any of the Investments or other assets of the Fund cannot be reasonably, promptly or accurately ascertained;
- (iv) any period during which the Company is unable to repatriate funds required for the purpose of making redemption payments due or when such payments or the acquisition or realisation of Investments 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 the transfer of monies or assets required for subscriptions, redemptions or trading;



- (v) any period when the proceeds of the sale or redemption of Shares cannot be transmitted to or from the Company or the Fund's account;
- (vi) upon the publication of a notice convening a general meeting of the Company for the purposes of resolving to wind up the Company;
- (vii) any period when it is or becomes impossible or impractical, for example from a cost, risk or operational perspective to enter into, continue with or maintain FDI relating to the Benchmark Index for the Fund or to invest in securities comprised within the particular Benchmark Index;
- (viii) any period in which a counterparty with which the Company has entered into a swap transaction is unable to make any payment due or owing under the swap, including where it is unable to repatriate or exchange at a reasonable rate the proceeds of its underlying hedge;
- (ix) any period when the Directors, in their discretion, consider suspension to be in the interests of the Company, the Fund or the holders of Shares of the Fund; or
- (x) any period during which the Directors, in their discretion, consider suspension to be required for the purposes of effecting a merger, amalgamation or restructuring of the Fund or of the Company.

Any such suspension shall be published by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby, and shall be notified immediately (and in any event during the Business Day on which the suspension took place) to the Central Bank and to the competent authorities in the Member States in which the Shares are marketed. Where practicable, the Company shall take all reasonable steps to bring such a suspension to an end as soon as possible.

No Shares of the Fund will be issued or allotted during a period when the determination of the Net Asset Value of the Fund is suspended.

#### **GLOBAL CLEARING AND SETTLEMENT**

The Directors have resolved that Shares in the Fund will not currently be issued in dematerialised (or uncertificated) form and no temporary documents of title or share certificates will be issued, other than the Global Share Certificate required for the International Central Securities Depositories (being the Recognised Clearing Systems through which the Fund's Shares will be settled). The Fund will apply for admission for clearing and settlement through the applicable International Central Securities Depository. The International Central Securities Depositories for the Fund currently are Euroclear and Clearstream and the applicable International Central Securities Depository for an investor is dependent on the market in which the Shares are traded. All Shares in this Fund will ultimately settle in an International Central Securities Depository but interests could be held through Central Securities Depositories. A Global Share Certificate in respect of the Fund or, if applicable, each Share class thereof will be deposited with the Common Depository (being the entity nominated by the International Central Securities Depositories to hold the Global Share Certificate) and registered in the name of the Common Depository's Nominee (being the registered holder of the Shares of the Fund, as nominated by the Common Depository) on behalf of Euroclear and Clearstream and accepted for clearing through Euroclear and Clearstream. Interests in the Shares represented by the Global Share Certificate will be transferable in accordance with applicable laws and any rules and procedures issued by the International Central Securities Depositories. Legal title to the Shares of the Fund will be held by the Common Depository's Nominee.

A purchaser of interests in Shares will not be a registered Shareholder in the Company, but will hold an indirect beneficial interest in such Shares and the rights of such investors, where they are Participants shall be governed by their agreement with their International Central Securities Depository or, where they are not Participants, shall be governed by their arrangement with their respective nominee, broker or Central Securities Depository (as appropriate) which may be a Participant or have an arrangement with a Participant. All references herein to actions by holders of the Global Share Certificate will refer to actions taken by the Common Depository's Nominee as registered Shareholder following instructions from the applicable International Central Securities Depository upon receipt of instructions from its Participants. All references herein to distributions, notices, reports, and statements to such Shareholder, shall be distributed to the Participants in accordance with such applicable International Central Securities Depository's procedures.

#### **International Central Securities Depositories**

All Shares in issue in the Fund or, if applicable, each Share class thereof, are represented by a Global Share Certificate and the Global Share Certificate is held by the Common Depository and registered in the name of the Common Depository's Nominee on behalf of an International Central Securities Depository. Beneficial interests in such Shares will only be transferable in accordance with the rules and procedures for the time being of the relevant International Central Securities Depository.

Each Participant must look solely to its International Central Securities Depository for documentary evidence as to the amount of its interests in any Shares. Any certificate or other document issued by the relevant International Central Securities Depository, as to the amount of interests in such Shares standing to the account of any person shall be conclusive and binding as accurately representing such records.

Each Participant must look solely to its International Central Securities Depository for such Participant's share of each payment or distribution made by the Company to or on the instructions of the Common Depository's Nominee and in relation to all other rights arising under the Global Share Certificate. The extent to which, and the manner in which, Participants may exercise any rights arising under the Global Share Certificate will be determined by the respective rules and procedures of their International Central Securities Depository. Participants shall have no claim directly against the Company, the Paying Agent or any other person (other than their International Central Securities Depository) in respect of payments or distributions due under the Global Share Certificate which are made by the Company to or on the instructions of the Common Depository's Nominee and such obligations of

the Company shall be discharged thereby. The International Central Securities Depository shall have no claim directly against the Company, Paying Agent or any other person (other than the Common Depository).

The Company or its duly authorised agent may from time to time require investors to provide them with information relating to: (a) the capacity in which they hold an interest in Shares; (b) the identity of any other person or persons then or previously interested in such Shares; (c) the nature of any such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Company with applicable laws or the constitutional documents of the Company.

The Company or its duly authorised agent may from time to time request the applicable International Central Securities Depository to provide the Company with certain details in relation to Participants that hold interests in Shares in the Fund including (but not limited to): ISIN, ICSD Participant name, ICSD Participant type – e.g. fund/bank/individual, residence of ICSD Participants, number of ETF and holdings of the Participant within Euroclear and Clearstream, as appropriate, including which Funds, types of Shares and the number of interests in the Shares held by each such Participant and details of any voting instructions given by each such Participant. Euroclear and Clearstream Participants which are holders of interests in Shares or intermediaries acting on behalf of such holders agree to Euroclear and Clearstream, pursuant to the respective rules and procedures of Euroclear and Clearstream, disclosing such information to the Company or its duly authorised agent. Similarly, the Company or its duly authorised agent may from time to time request any Central Securities Depository to provide the Company with details in relation to Shares in the Fund or interests in Shares in the Fund held in each Central Securities Depository and details in relation to the holders of those Shares or interests in Shares, including (without limitation) holder types, residence, number and types of holdings and voting instructions given by the holders. Holders of Shares and interests in Shares in a Central Securities Depository or intermediaries acting on behalf of such holders agree to the Central Securities Depository (including Euroclear UK & Ireland (the CREST system), SIS SegaInterSettle AG and Monte Titoli), pursuant to the respective rules and procedures of the relevant Central Securities Depository, disclosing such information to the Company or its duly authorised agent.

Investors may be required to provide promptly any information as required and requested by the Company or its duly authorised agent, and agree to the applicable International Central Securities Depository providing the identity of such Participant or investor to the Company or its duly authorised agent upon request.

Notices of general meetings and associated documentation will be issued by the Company to the registered holder of the Global Share Certificate, the Common Depository's Nominee. Each Participant must look solely to its International Central Securities Depository and the rules and procedures for the time being of the relevant International Central Securities Depository governing delivery of such notices and exercising voting rights. For investors, other than Participants, delivery of notices and exercising voting rights shall be governed by the arrangements with a Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate).

### **Exercise of Voting Rights through the International Central Securities Depositories**

The Common Depository's Nominee has a contractual obligation to promptly notify the Common Depository of any Shareholder meetings of the Company and to relay any associated documentation issued by the Company to the Common Depository, which, in turn, has a contractual obligation to relay any such notices and documentation to the relevant International Central Securities Depository. Each International Central Securities Depository will, in turn, relay notices received from the Common Depository to its Participants in accordance with its rules and procedures. The Directors understand that, in accordance with their respective rules and procedures, each International Central Securities Depository is contractually bound to collate and transfer all votes received from its Participants to the Common Depository and the Common Depository is, in turn, contractually bound to collate and transfer all votes received from each International Central Securities Depository to the Common Depository's Nominee, which is obligated to vote in accordance with the Common Depository's voting instructions. Investors who are not Participants in a relevant International Central Securities Depository would need to rely on their broker, nominee, custodian bank or other intermediary which is a Participant, or which has an arrangement with a Participant, in a relevant International Central Securities Depository to receive any notices of Shareholder meetings of the Company and to relay their voting instructions to the relevant International Central Securities Depository.

## **MANAGEMENT OF THE FUND**

### **Paying Agent**

The Company has appointed a Paying Agent for Shares represented by the Global Share Certificate. In such capacity, the Paying Agent will be responsible for, among other things, ensuring that payments received by the Paying Agent from the Company are duly paid; maintaining independent records of securities, dividend payment amounts; and communicating information to the relevant International Central Securities Depository. Payment in respect of the Shares will be made through the relevant International Central Securities Depository in accordance with the standard practices of the applicable International Central Securities Depository. The Company may vary or terminate the appointment of the Paying Agent or appoint additional or other registrars or paying agents or approve any change in the office through which any registrar or paying agent acts. Citibank N.A., London Branch is currently appointed by the Company as Paying Agent.

### **Registrar**

The current Registrar for the Fund is State Street Fund Services (Ireland) Limited. The Registrar will be responsible for maintaining and updating the Company's Register of Members as it relates to the Fund.

### DEALING TIMETABLE

<b>Fund Name</b>	<b>Fund Valuation Point on DD*</b>	<b>Valuation Point applicable to assets listed or traded on Non-Significant Markets when those markets are closed on the DD</b>	<b>Dealing request cut off on DD (Cash/Market Trade dealings and In Kind FOP/OTC DVP dealings)</b> (or, in exceptional circumstances, such later time as approved by the Manager in its absolute discretion)**  Authorised Participants should refer to the Electronic Order Entry Facility for further details.
iShares Sustainable MSCI Emerging Markets SRI UCITS ETF	11.00pm	11.00pm on BD prior to DD	4.00 am***

\*"DD" means Dealing Day

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

\*\*\*Dealing requests for this Fund submitted to the Electronic Order Entry Facility for the Authorised Participants may be accepted (at the discretion of the Manager) after this cut off time, provided always that the application is received before the Fund Valuation Point on the relevant Dealing Day. Applications received after the Fund Valuation Point on the relevant Dealing Day will be treated as applications for the next Dealing Day.

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

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

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

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

## VALUATION

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

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

## INDICATIVE NET ASSET VALUE

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

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

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

## DIVIDEND POLICY

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

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

## FUND EXPENSES

The Company employs an "all in one" fee structure for its funds, with each fund paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses of the Company allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). Expenses paid out of the TER include, but are not limited to, fees and expenses paid to the Manager, regulators and auditors and certain legal expenses of the Company, but exclude transaction costs and extraordinary legal costs. The Total Expense Ratio of the Fund is 0.35% of the Net Asset Value of the Fund. The Total Expense Ratio is calculated and accrued daily from the current Net Asset Value of the Fund and shall be payable monthly in arrears.

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

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

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

## **TAXATION**

### **General**

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

In addition to the United Kingdom taxation considerations detailed on pages 100 to 103 of the Prospectus, the following taxation considerations apply specifically to the Fund.

### **United Kingdom Taxation**

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

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

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

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

## **INSPECTION OF DOCUMENTS**

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

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

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

## **DISCLAIMERS**

### **Disclaimer for Benchmark Index**

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

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

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

### **iNAV disclaimer**

#### **Deutsche Börse Group**

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

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

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

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

#### **Reuters**

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

### **Benchmark Index Disclaimer**

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## APPENDIX I

### Funds of the Company

There are currently 30 other funds of the Company.

As at the date of this Supplement, the Funds are listed and traded as follows (for current listings please refer to [www.ishares.com](http://www.ishares.com)):

	Main Market of the LSE	Borsa Italiana	NYSE Euronext Amsterdam	Frankfurt Stock Exchange (XTF Exchange Traded Fund platform)	SIX Swiss Exchange
iShares \$ Short Duration Corporate Bond UCITS ETF	✓		✓	✓	✓
iShares \$ Short Duration High Yield Corporate Bond UCITS ETF	✓	✓	✓	✓	✓
iShares \$ Ultrashort Bond UCITS ETF	✓		✓	✓	✓
iShares £ Ultrashort Bond UCITS ETF	✓				
iShares Euro Ultrashort Bond UCITS ETF	✓	✓	✓	✓	✓
iShares MSCI EMU Large Cap UCITS ETF	✓	✓		✓	✓
iShares MSCI EMU Mid Cap UCITS ETF	✓	✓		✓	✓
iShares MSCI France UCITS ETF	✓			✓	✓
iShares MSCI World Quality Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI World Momentum Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI World Size Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI World Value Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI Europe Quality Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI Europe Momentum Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI Europe Size Factor UCITS ETF	✓	✓		✓	✓
iShares MSCI Europe Value Factor UCITS ETF	✓	✓		✓	✓
iShares US Equity Buyback Achievers UCITS ETF	✓			✓	✓
iShares \$ Treasury Bond 20+yr UCITS ETF	✓			✓	✓
iShares Euro Government Bond 20yr Target Duration UCITS ETF	✓			✓	✓
iShares iBonds Sep 2018 USD Corporate UCITS ETF	✓				
iShares MSCI China A UCITS ETF	✓			✓	✓
iShares China Government Bond 1-10yr UCITS ETF					
iShares FactorSelect MSCI Europe UCITS ETF	✓			✓	✓
iShares FactorSelect MSCI World UCITS ETF	✓			✓	✓
iShares FactorSelect MSCI USA UCITS ETF	✓			✓	✓
iShares TA-25 Israel UCITS ETF					
iShares Sustainable MSCI Japan SRI UCITS ETF					
iShares Sustainable MSCI USA SRI UCITS ETF					
iShares US Mortgage Backed Securities UCITS ETF					
iShares Fallen Angels High Yield Corporate Bond UCITS ETF					

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



## APPENDIX II

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

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