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The directors of MGI Funds plc (the “**Directors**”) listed in this Prospectus under the heading “THE COMPANY”, accept responsibility for the information contained in this Prospectus and the Supplements hereto. 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 Prospectus and the Supplements is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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# **MGI FUNDS PLC**

**(An umbrella fund constituted as an investment company with variable capital under the laws of Ireland with segregated liability between Sub-Funds and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011)**

## **PROSPECTUS**

**DATED 12 FEBRUARY 2014**

## **MANAGER**

**MERCER GLOBAL INVESTMENTS  
MANAGEMENT LIMITED**

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## DIRECTORY

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**MGI FUNDS PLC**  
**70 Sir John Rogerson's Quay**  
**Dublin 2**  
**Ireland**

**Directors:**

Tom Finlay  
Paul Sullivan  
Michael Dempsey  
Tom Geraghty

**Distributor:**

Mercer Global Investments Europe Limited  
25/28 Adelaide Road  
Dublin 2  
Ireland

**Manager:**

Mercer Global Investments Management  
Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Custodian:**

State Street Custodial Services (Ireland)  
Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Promoter and Investment Manager:**

Mercer Global Investments Europe Limited  
25/28 Adelaide Road  
Dublin 2  
Ireland

**Administrator:**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Sponsoring Listing Agent:**

Investec Capital & Investments (Ireland) Ltd  
The Harcourt Building  
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Dublin 2  
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**Auditors:**

KPMG  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**Secretary:**

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Legal Advisers:**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Facilities Agent:**

Mercer Limited  
1 Tower Place West  
Tower Place  
London EC3R 5 BU  
UK

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## IMPORTANT INFORMATION

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Capitalised words and expressions are defined in the body of this Prospectus and/or under the heading “DEFINITIONS” below.

### **THIS PROSPECTUS**

This Prospectus describes MGI Funds plc (the “Company”), an investment company with variable capital incorporated in Ireland as a public limited company with segregated liability between sub-funds. The Company is constituted as an umbrella fund insofar as the share capital of the Company will be divided into different Series of Shares with each Series of Shares representing a portfolio of assets which will comprise a separate Sub-Fund. Shares of any particular Series may be divided into different Classes to accommodate different subscription and/or redemption charges and/or charges and/or dividend and/or fee arrangements. A separate pool of assets is not being maintained for each Class.

The portfolio of assets maintained for each Series of Shares and comprising a separate Sub-Fund will be invested in accordance with the investment objectives and policies applicable to such Sub-Fund as specified in the Relevant Supplement. Each Supplement forms part of and should be read in conjunction with, and construed as, one document with this Prospectus. For the purposes of this Prospectus, where the context so admits or requires, the term “Sub-Fund” shall also be deemed to mean the Directors or their delegate acting for the account of the relevant Sub-Fund. As the Company is availing of the provisions of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, it is intended that the Company will not be liable as a whole to third parties for the liabilities for each Sub-Fund. However, investors should note the risk factor under the heading “SPECIAL CONSIDERATIONS AND RISK FACTORS — Umbrella Structure of the Company” below.

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

### **INVESTOR RESPONSIBILITY**

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

### **CENTRAL BANK AUTHORISATION - UCITS**

**The Company is authorised and regulated by the Central Bank as a UCITS pursuant to the UCITS Regulations and has been established as an umbrella fund with segregated liability between Sub-Funds and will comply with the UCITS Notices. Authorisation by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. Authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus.**

## **DISTRIBUTION AND SELLING RESTRICTIONS**

The distribution of this Prospectus, any Supplement and the offering or purchase of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or any Supplement in any such jurisdiction may treat this Prospectus or any Supplement as constituting an invitation to them to subscribe for Shares unless in the relevant jurisdiction such an invitation could lawfully be made to them without compliance with any registration or other legal requirements.

The Company qualifies as a UCITS and may apply for recognition by other EU Member States or elsewhere.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any of the States of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States of America, its territories or possessions or in any State or the District of Columbia (the "United States") or to or for the account or benefit of any U.S. Person as defined under the heading "DEFINITIONS" below. Any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law. Applicants for Shares will be required to certify that they are not "U.S. Persons". The Company will not be registered under the U.S. Investment Company Act 1940, as amended.

## **INFORMATION FOR INVESTORS IN THE UNITED KINGDOM**

This Prospectus has been approved for issue for the purposes of Section 21 FSMA by Mercer Limited. Mercer Limited is authorised and regulated in the conduct of its investment business in the United Kingdom by the Financial Conduct Authority under firm reference number 121935. It should be noted that the Company has been established as a UCITS fund in Ireland and that it has been approved by the Financial Conduct Authority in the United Kingdom as a recognised collective investment scheme for the purposes of Section 264 FSMA. Accordingly, the Company has the status in the UK of an "authorised fund" and can be marketed to the general public in the United Kingdom. Investors in the United Kingdom should refer to the County Supplement for Investors in the United Kingdom for further important information.

## **RELIANCE ON THIS PROSPECTUS**

Shares in the Company are offered only on the basis of the information contained in this Prospectus, the Relevant Supplement, the most recent annual report and, if subsequently published, the semi-annual report of the Company. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares in the Company other than those contained in the Simplified Prospectus, this Prospectus, the Relevant Supplement, the most recent annual report and, if subsequently published, the semi-annual report of the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Directors, the Manager, the Investment Manager, the Sub-Investment Managers, the Administrator, the Custodian or the Distributor. Statements in this Prospectus and the Relevant Supplement are based on the law and practice currently in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus or the Relevant Supplement nor the issue of Shares shall, under any circumstances, create any implication or constitute any representation that the affairs of the Company have not changed since the date hereof.

## **INVESTMENT RISKS**

**Investment in the Company carries with it a degree of risk. The value of Shares and the income from them may go down as well as up, and investors may not get back the amount invested. Past performance is no indicator of future performance and is no guarantee for future returns. Investment risks from market and currency losses cannot be excluded. Investors should note that an investment in those Sub-Funds which may invest in emerging markets should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investment risk factors for an investor to consider are set out under the heading "SPECIAL CONSIDERATIONS AND RISK FACTORS" below.**

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## SUMMARY

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The following summary is qualified in its entirety by the more detailed information included elsewhere in this Prospectus and the Supplements.

### THE COMPANY

The Company is an investment company with variable capital incorporated in Ireland on 2 June 2006 under registration number 421179 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. The object of the Company, as set out in Clause 2 of its Memorandum and Articles of Association, is the collective investment of capital raised from the public in transferable securities and/or in other liquid financial assets in accordance with the UCITS Regulations operating on the principle of risk spreading. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Association of Company, copies of which are available as described in the "GENERAL - Documents for Inspection" section of this Prospectus.

The Company has been structured as an umbrella fund in that the Directors may from time to time, with the prior approval of the Central Bank, issue different Series of Shares representing separate portfolios of assets.

### THE SUB-FUNDS

#### PURCHASE, REDEMPTION AND EXCHANGE OF SHARES

Purchase orders and redemption requests for Shares may be made on any Dealing Day. In the case of the Sub-Funds this means that purchase orders and redemption requests may generally be made on any day on which banks in Ireland or the United Kingdom are open for normal business or as otherwise disclosed in the Relevant Supplement. In addition, requests may be made on any Dealing Day for exchange of any Class of Shares in any Sub-Fund for Shares of the same Class of any other Sub-Fund.

#### STOCK EXCHANGE LISTING

Application has been made or it is intended that application will be made to the Irish Stock Exchange for the Shares identified in each relevant Sub-Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. In this regard, the Administrator or a Distributor should be contacted for an up to date list of those Shares which have, at any particular time, been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

The Directors do not anticipate that an active secondary market will develop in any listed Shares. Neither the admission of the Shares to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Listing Particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any party connected with the Company, the adequacy of information contained in the Listing Particulars or the suitability of the Company for investment purposes.

The Directors reserve the right to cause the de-listing of any class of Shares in any Sub-Fund from the Official List and from trading on the Main Securities Market of the Irish Stock Exchange or from any other stock exchange on which they may from time to time be listed. In the event that the Directors elect to de-list a Class of Shares in a Sub-Fund from the Official List and to trading on the Main Securities Market of the Irish Stock Exchange, or from any other stock exchange on which they may from time to time be listed, the Company will endeavour to provide holders of the relevant Shares sufficient notice to allow them to redeem their Shares prior to such de-listing.

The launch and listing of various Classes of Shares within the Funds may occur at different times and therefore, at the time of the launch of a Class of Shares, the pool of assets to which such Class relates may have commenced trading. For further information in this regard, the most recent interim and annual reports of the Company will be made available to potential investors and shareholders upon request.

Investors should contact the Administrator or a Distributor to determine which Classes in each Sub-Fund are available for subscription and/or have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange at any particular time.

## **ORGANISATION**

The Company has been organised to provide an efficient vehicle for investment. The Manager is a member of the Investments business of Mercer, which is a major global provider of consulting services that employs more than 20,000 professionals with operations in over 140 countries. Mercer's Investments business provides multi-manager investment solutions to institutional and individual investors. Marsh & McLennan Companies, Inc., the ultimate parent of the Manager, is a global professional services firm with annual revenues of c.\$12 billion in 2012 and is quoted on the NYSE under ticker symbol "MMC". Marsh & McLennan companies employ over 53,000 employees worldwide to provide analysis, advice, and transactional capabilities to clients in more than 100 countries.

## **MANAGEMENT, ADMINISTRATION AND DISTRIBUTION**

The Directors have appointed Mercer Global Investments Management Limited (the "Manager") as manager of each Sub-Fund. The Manager has delegated investment management responsibilities to Mercer Global Investments Europe Limited (the "Investment Manager"). The Investment Manager has, in turn, appointed Sub-Investment Managers in respect of each of the Sub-Funds. The Sub-Investment Managers have responsibility for investing and managing the assets of the relevant Sub-Funds according to their investment objectives. Details of the Sub-Investment Managers are available on request from the Investment Manager and will be contained in the periodic reports issued in relation to each Sub-Fund. The fees of the Sub-Investment Managers will be paid out of the fees of the Investment Manager.

The Manager has retained State Street Fund Services (Ireland) Limited (the "Administrator") to prepare and maintain the books and records of the Company and each Sub-Fund and to provide related administration and accounting services. The Directors have appointed State Street Custodial Services (Ireland) Limited ("the Custodian") as custodian of the Company with responsibility for the safe-keeping of the assets of each Sub-Fund and the settlement of transactions for each Sub-Fund. The Custodian may employ a global sub-custodian or various sub-custodians outside Ireland. The Manager has appointed Mercer Global Investments Europe Limited as distributor of each Class of Shares in the Sub-Funds. See "THE COMPANY – The Distributor".

## **FEES AND EXPENSES**

The assets of each of the Sub-Funds are subject to fees and expenses including, management, custody and administration and advisory fees as well as organisational expenses. These fees will be reflected in the Net Asset Value of each Sub-Fund. See "FEES AND EXPENSES" below and additional information regarding fees and expenses of each Sub-Fund contained in the Relevant Supplement.

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## INVESTMENT OBJECTIVES AND POLICIES

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The Company and its Sub-Funds have been established for the purpose of investing in transferable securities, money market instruments, deposits with credit institutions (as prescribed in the UCITS Notices) and financial derivative instruments (as prescribed in the UCITS Notices). The Sub-Funds may also invest, to the limited extent specified in the Relevant Supplement, in units/shares of other investment funds, all in accordance with the investment restrictions described in Appendix IV "INVESTMENT RESTRICTIONS" below and subject to the market limits specified in the Articles. The investment objective and policies for each Sub-Fund will be formulated by the Directors at the time of creation of such Sub-Fund and will be set out in the Relevant Supplement.

In addition, and to the extent only that the relevant Sub-Investment Managers deem consistent with the investment policies of the Sub-Funds, the Sub-Funds may utilise for the purposes of efficient portfolio management, the investment techniques and instruments described in Appendix II. Such investment techniques and instruments may include financial derivative instruments. To the extent only that the relevant Sub-Investment Managers deem consistent with the investment policies of the Sub-Funds, and in accordance with the requirements of the Central Bank, the Sub-Funds may also utilise financial derivative instruments for investment purposes. The expected effect of utilising financial derivative instruments for the purposes of efficient portfolio management is a reduction in the volatility of the Sub-Funds' Net Asset Values.

Each Sub-Fund may invest in other open ended collective investment schemes. The Investment Manager will only invest in closed ended collective investment schemes where it believes that such investment will not prohibit the Sub-Fund from providing the level of liquidity to Shareholders referred to in this Prospectus and the Relevant Supplements. The closed ended collective investment schemes in which the Sub-Funds may invest shall include, without limitation, closed ended collective investment schemes listed or traded on the New York Stock Exchange, the Irish Stock Exchange and the London Stock Exchange. Where it is appropriate to its investment objective and policies a Sub-Fund may also invest in other Sub-Funds of this Company. A Sub-Fund may only invest in another Sub-Fund of this Company if the Sub-Fund in which it is investing does not itself hold Shares in any other Sub-Fund of this Company. Any commission received by the Manager or Investment Manager in respect of such investment will be paid into the assets of the Sub-Fund. Any Sub-Fund that is invested in another Sub-Fund of this Company or any other fund to which the Manager or the Investment Manager has been appointed will be invested in a share class for which no management or investment management fee is charged. No subscription, conversion or redemption fees will be charged on any such cross investments by a Sub-Fund.

### **Changes in Investment Objective and Policies**

It is intended that the principal investment objective and policies of a Sub-Fund will be adhered to and will not be materially altered for at least three years following the admission of the Shares of that Sub-Fund to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. Any alteration to the principal investment objective and policy of a Sub-Fund within the initial three years may be made in exceptional circumstances and then only with the approval of an Ordinary Resolution of that Sub-Fund. The investment objective of a Sub-Fund will not at any time be altered without the approval of an Ordinary Resolution of that Sub-Fund or without the prior written approval of all Shareholders of the Sub-Fund. Changes to investment policies which are material in nature may only be made with the approval of an Ordinary Resolution of the relevant Sub-Fund or with the prior written approval of all Shareholders of the Sub-Fund. In the event of a change of investment objective and/or investment policy on the basis of an Ordinary Resolution, a reasonable notification period will be provided by the Company, and the Company will provide facilities to enable Shareholders in the relevant Sub-Fund to redeem their Shares prior to implementation of these changes.



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## **SPECIAL CONSIDERATIONS AND RISK FACTORS**

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Investment in the Sub-Funds carries with it a degree of risk including, but not limited to, the risks referred to below. While there are some risks that may be common to a number or all of the Sub-Funds, there may also be specific risk considerations which apply to particular Sub-Funds in which case such risks will be specified in the Relevant Supplement for that Sub-Fund. Thus the investment risks described below are not purported to be exhaustive and potential investors should review this Prospectus and the Relevant Supplement(s) in their entirety, and consult with their professional advisers, before purchasing Shares. The levels and bases of, and reliefs from, taxation to which both the Company and Shareholders may be subject, may change. Potential investors' attention is drawn to the section headed "TAXATION". There can be no assurance that any Sub-Fund will achieve its investment objective. The Net Asset Value of a Sub-Fund, and the income therefrom, may go down as well as up and investors may not get back the amount invested or any return on their investment.

### **MARKET RISK**

The investments of a Sub-Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation or preservation will occur.

### **INTERNATIONAL INVESTING**

Investing in securities issued by companies and governments in different countries involves considerations and possible risks not associated with investing in issuers of one's own country. The values of investments denominated in currencies other than the Base Currency of a Sub-Fund are affected by changes in currency rates. Investing in multiple jurisdictions involves consideration of different exchange control regulations, tax law, including withholding taxes, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. Currency rates may fluctuate significantly over short periods of time causing a Sub-Fund's Net Asset Value to fluctuate as well. Costs are incurred in connection with conversions between various currencies. In addition, brokerage commissions, custody fees and other costs of investing are higher in certain countries and less developed markets may be less liquid, more volatile and less subject to governmental supervision than elsewhere. Investments in some issuers could be affected by factors such as expropriation, confiscatory taxation, lack of uniform accounting and auditing standards and potential difficulties in enforcing contractual obligations. Securities transactions in some countries are subject to settlement delays or risk of loss.

### **CREDIT RISK AND COUNTERPARTY RISK**

A Sub-Fund will have a credit risk on the issuer of debt securities in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Not all of the securities in which a Sub-Fund may invest that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of the relevant government. Any failure by any such government to meet the obligations of any such political subdivisions, agencies or instrumentalities will have adverse consequences for a Sub-Fund and will adversely affect the Net Asset Value per Share in a Sub-Fund.

A Sub-Fund will also have a credit risk on the parties with which it trades including for example, counterparties to repurchase agreements or securities lending contracts. In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, a Sub-Fund may experience both delays in liquidating the underlying securities and losses, including the possible decline in the value of securities, during the period while it seeks to enforce its rights thereto, possible sub-normal level of income, lack of access to income during the period and expenses in enforcing its rights. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

A Sub-Fund's foreign exchange, futures, forwards, options, options on futures, swaps, swaptions, warrants, credit default swaps, structured notes, hybrid securities, transferable securities with embedded derivatives and other similar transactions also involve counterparty credit risk and will expose the Sub-

Fund to unanticipated losses to the extent that counterparties are unable or unwilling to fulfil their contractual obligations. With respect to futures contracts and options on futures, the risk is more complex in that it involves the potential default of the clearing house or the clearing broker.

The Sub-Investment Managers will have contractual remedies upon any default pursuant to the agreements related to the transactions. Such remedies could be inadequate, however, to the extent that the collateral or other assets available are insufficient.

S&P and Moody's ratings and ratings of other recognised rating agencies are relative and subjective and are not absolute standards of quality. Although these ratings are initial criteria for selection of investments, the Sub-Investment Managers also make their own evaluation of these securities. Among the factors that are considered are the long-term ability of the issuers to pay principal and interest and general economic trends.

## **SHARE CURRENCY DESIGNATION RISK**

A Class of Shares of a Sub-Fund may be designated in a currency other than the Base Currency of that Sub-Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. A Sub-Fund's Sub-Investment Manager may or may not try to mitigate this risk by using any of the efficient portfolio management techniques and instruments, including currency options and forward currency exchange contracts described in Appendix II and within the conditions and limits imposed by the Central Bank. A Class of Shares may not be leveraged as a result of the use of such techniques and instruments, the use of which may be up to but may not exceed 100% of the Net Asset Value attributable to the relevant Class of Shares. While not the intention, over-hedged or under-hedged positions may arise due to factors outside the control of the Company. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class of Shares from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of a Sub-Fund are denominated. In such circumstances, Shareholders of the Class of Shares of a Sub-Fund may be exposed to fluctuations in the Net Asset Value per Shares reflecting the gains/loss on and the costs of the relevant financial instruments. In the case of an unhedged Class of Shares, a currency conversion will take place on subscriptions, redemptions, exchanges and distributions at prevailing exchange rates.

Although hedging strategies may not necessarily be used in relation to each Class of Shares within a Sub-Fund, the financial instruments used to implement such strategies shall be assets/liabilities of the Sub-Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Sub-Fund. Any currency exposure of this Class of Shares may not be combined with or offset with that of any other Class of Shares of the Sub-Fund. The currency exposures of the assets of the Sub-Fund will not be allocated to separate Classes of Shares.

## **UMBRELLA STRUCTURE OF THE COMPANY**

As the Company is availing of the provisions of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, it is intended that each Sub-Fund will have segregated liability from the other Sub-Funds and accordingly, pursuant to Irish law, that the Company should not be liable as a whole to third parties and there should not be the potential for cross contamination of liabilities between different Sub-Funds for the liabilities of each Sub-Fund. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Sub-Funds will necessarily be upheld. Accordingly, it is not free from doubt that the assets of any Sub-Fund may not be exposed to the liabilities of other Sub-Funds. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Sub-Fund.

## **LOAN PARTICIPATIONS**

Participations typically will result in a Sub-Fund having a contractual relationship only with the lender, not with the borrower. A Sub-Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing participations, a Sub-Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and a Sub-Fund may not directly benefit from any collateral

supporting the loan in which it has purchased the participation. As a result, a Sub-Fund will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, a Sub-Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

A Sub-Fund may have difficulty disposing of participations. The liquidity of such instruments is limited, and they may be sold only to a limited number of institutional investors. The lack of a liquid secondary market could have an adverse impact on the value of such securities and on a Sub-Fund's ability to dispose of particular participations when necessary to meet its liquidity needs or in response to a specific economic event, such as a deterioration in the creditworthiness of the borrower. The lack of a liquid secondary market for participations also may make it more difficult to assign a value to those securities for the purposes of valuing a Sub-Fund's portfolio and calculating its Net Asset Value.

#### **NON-PUBLICLY TRADED AND RULE 144A SECURITIES**

Non-publicly traded and Rule 144A Securities may involve a high degree of business and financial risk and may result in substantial losses. These securities may be less liquid than publicly traded securities, and a Sub-Fund may take longer to liquidate these positions than would be the case for publicly traded securities.

Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by a Sub-Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. A Sub-Fund's investment in illiquid securities is subject to the risk that should the Sub-Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the Net Asset Value of the Sub-Fund could be adversely affected.

#### **WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES**

Subject to the investment restrictions, each Sub-Fund may purchase securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management or for investment purposes. Purchase of securities on such basis may expose a Sub-Fund to risk because the securities may experience fluctuations in value prior to their actual delivery. Income is not accrued for a Sub-Fund with respect to a when-issued or delayed-delivery security prior to its stated delivery date. Purchasing securities on a when-issued or delayed-delivery basis can involve the additional risk that the yield available in the market when the delivery takes place may be higher than that obtained in the transaction itself. There is also a risk that the securities may not be delivered and that the Sub-Fund may incur a loss.

#### **FOREIGN EXCHANGE RISK**

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

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

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

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

## **DERIVATIVE INSTRUMENTS**

Derivative instruments (which are instruments that derive their value from another instrument, security, index, interest rate, money market instrument or currency) may be purchased or sold to enhance return (which may be considered speculative), to hedge against fluctuations in securities prices, market conditions or currency exchange rates, or as a substitute for the purchase or sale of securities or currencies, either for efficient portfolio management or investment purposes. Such transactions may include the purchase or sale of over the counter and exchange traded futures, forwards, options (including interest rate, currency, credit, index or total return swaps), swaptions, credit default swaps, structured notes, hybrid securities, transferable securities with embedded derivatives (including convertible bonds and structured notes) securities lending when-issued, delayed delivery, warrants and forward commitment transactions. Transactions in derivative instruments involve a risk of loss or depreciation due to: unanticipated adverse changes in securities prices, interest rates, indices, the other financial instruments' prices or currency exchange rates; the inability to close out a position; default by the counterparty; imperfect correlation between a position and the desired hedge; tax constraints on closing out positions; risks relating to settlement default; legal risk; and portfolio management constraints on securities subject to such transactions. The loss on derivative instruments (other than purchased options) may substantially exceed an investment in these instruments. In addition, the entire premium paid for purchased options may be lost before they can be profitably exercised. Transaction costs are incurred in opening and closing positions. Derivative instruments may sometimes increase or leverage exposure to a particular market risk, thereby increasing price volatility of derivative instruments the Company holds. The Company's success in using derivative instruments to hedge portfolio assets depends on the degree of price correlation between the derivative instruments and the hedged asset. Imperfect correlation may be caused by several factors, including temporary price disparities among the trading markets for the derivative instrument, the assets underlying the derivative instrument and the Company's assets.

OTC derivative instruments involve an enhanced risk that the issuer or counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument, which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures contract or futures option can vary from the previous day's settlement price. Once the daily limit is reached, no trades may be made that day at a price beyond the limit. This may prevent the closing out of positions to limit losses. The ability to terminate OTC derivative instruments may depend on the cooperation of the counterparties to such contracts. For thinly traded derivative instruments, the only source of price quotations may be the selling dealer or counterparty. The use of derivatives are highly specialised activities that involve skills different from conducting ordinary portfolio securities transactions. There can be no assurance that a Sub-Investment Manager's use of derivative instruments will be advantageous to the Company.

## **FUTURES AND OPTIONS CONTRACTS**

A Sub-Fund or Underlying Fund may use futures and options and swaps for efficient portfolio management purposes which includes hedging against market movements, currency exchange or interest rate risks or otherwise, and for investment purposes. An Investment Manager or Sub-Investment Manager's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) dependence on an Investment Manager or Sub-Investment Manager's ability to predict movements in the price of securities and movements in interest rates; (ii) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the relevant Sub-Fund or Underlying Fund; (iii) the absence of a liquid market for any particular instrument at any particular time; (iv) while a Sub-Fund or Underlying Fund will not be materially leveraged or geared in any way through the use of derivatives, the degree of leverage inherent in futures trading, i.e., the low margin deposits normally required in futures trading means that futures trading may be highly leveraged, accordingly, a relatively

small price movement in a futures contract may result in an immediate and substantial loss to a Sub-Fund or Underlying Fund; and (v) possible impediments to effective portfolio management or the ability to meet redemption requests or other short-term obligations because of the percentage of a Sub-Fund or Underlying Fund's assets segregated to cover its obligations.

For derivative instruments other than purchased options, any loss suffered may exceed the amount of the initial investment made or the premium received by a Sub-Fund or Underlying Fund. Over-the-counter ("OTC") derivative instruments involve an enhanced risk that the counterparty will fail to perform its contractual obligations. Some derivative instruments are not readily marketable or may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in an exchange-traded derivative instrument which may make the contract temporarily illiquid and difficult to price. Commodity exchanges may also establish daily limits on the amount that the price of a futures option or futures contract can vary from the previous day's settlement price. Once the daily limit is exceeded, no trades may be made that day at a price beyond the limit. This may prevent a Sub-Fund or Underlying Fund from closing out positions and limiting its losses.

### **DOLLAR ROLL TRANSACTIONS**

If the counterparty to whom the Company sells the security underlying a dollar roll transaction becomes insolvent, the Company's right to purchase or repurchase the security may be restricted; the value of the security may change adversely over the term of the dollar roll; the security which the Company is required to repurchase may be worth less than a security which the Company originally held; and the return earned by the Company with the proceeds of a dollar roll may not exceed transaction costs.

Dollar rolls are similar to reverse repurchase agreements because they involve the sale of a security coupled with an agreement to repurchase. Like all borrowings, a dollar roll involves costs to the Company.

For example, while the Company receives a fee as consideration for agreeing to repurchase the security, the Company may forgo the right to receive all principal and interest payments while the counterparty holds the security. These payments to the counterparty may exceed the fee received by the Company, thereby effectively charging the Company interest on its borrowing. Further, although the Company can estimate the amount of expected principal prepayment over the term of the dollar roll, a variation in the actual amount of prepayment could increase or decrease the cost of the Company's borrowing.

### **PORTFOLIO TURNOVER**

When circumstances warrant, securities may be sold without regard to the length of time held. Active trading increases a Sub-Fund's rate of turnover, which may increase brokerage commissions paid and certain other transaction expenses.

### **NO INVESTMENT GUARANTEE EQUIVALENT TO DEPOSIT PROTECTION**

An investment in the Company is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

### **CONVERTIBLE SECURITIES**

A Sub-Fund may from time to time invest in debt securities and preferred stocks which are convertible into, or carry the right to purchase, common stock or other equity securities. Convertible securities may be purchased where a Sub-Investment Manager believes that they have appreciation potential on the basis that the relevant Sub-Investment Manager is of the opinion that they yield more than the underlying securities at the time of purchase or considers them to present less risk of principal loss than the underlying securities. Generally speaking, the interest or dividend yield of a convertible security is somewhat less than that of a non-convertible security of similar quality issued by the same Company.

### **INVESTMENTS IN OTHER COLLECTIVE INVESTMENT SCHEMES**

A Sub-Fund may purchase shares of other collective investment schemes to the extent that such purchases are consistent with such Sub-Fund's investment objective and restrictions. As a shareholder of another collective investment scheme, a Sub-Fund would bear, along with other shareholders, its pro rata

portion of the other collective investment scheme's expenses, including management fees. These expenses would be in addition to the expenses that a Sub-Fund would bear in connection with its own operations.

## **UNDERLYING FUNDS**

The identification of collective investment schemes in which a Sub-Fund may invest ("Underlying Funds") and the ability of such Underlying Funds to find attractive investment opportunities is difficult and involves a high degree of uncertainty. The Sub-Funds may be subject to those risks common to Underlying Funds investing in publicly traded securities, including market volatility. Also, although intended to protect capital and enhance returns in varying market conditions, certain trading and hedging techniques which may be employed by Underlying Funds such as leverage, short selling and investments in options or commodity or financial futures could increase the adverse impact to which Underlying Funds may be subject.

There can be no assurance that the Sub-Investment Managers can successfully select suitable Underlying Funds or that the managers of the Underlying Funds selected will be successful in their investment strategies.

## **EXCHANGE-TRADED INDEX SECURITIES**

Subject to the limitations on investment in collective investment schemes and a Sub-Fund's own investment objective, each Sub-Fund may invest in exchange-traded index securities that are currently operational and that may be developed in the future. Exchange-traded index securities generally trade on Recognised Market and are subject to the risks of an investment in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of the Sub-Fund's investment. These securities generally bear certain operational expenses. To the extent that a Sub-Fund invests in these securities, the Sub-Fund must bear these expenses in addition to the expenses of its own operation.

## **CUSTODIAL RISK**

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Custodian will have no liability.

## **PROVISIONAL ALLOTMENTS**

As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription monies for those Shares the Company may suffer losses as a result of the non-payment of such subscription monies.

## **FOREIGN TAXES**

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of the Company will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

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## **BORROWING POLICY**

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Under the Articles, the Directors are empowered to exercise all of the borrowing powers of the Company, subject to any limitations under the UCITS Regulations, and to charge the assets of the Company as security for any such borrowings.

Under the UCITS Regulations, a Sub-Fund, may not grant loans or act as guarantor on behalf of third parties, borrow money except for temporary borrowings in an amount not exceeding 10% of its net assets and except as otherwise permitted under the UCITS Regulations. A Sub-Fund may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions under the UCITS Regulations provided that the offsetting deposit (i) is denominated in the Base Currency of the Sub-Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding.

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## THE COMPANY

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### THE DIRECTORS AND SECRETARY

The Directors are responsible for managing the business affairs of the Company. The Directors have delegated certain of their powers, duties, discretions and/or functions to the Manager, which will in turn delegate the management of the assets and investments of each Sub-Fund to the Investment Manager. The Investment Manager may further delegate the management of the assets to such Sub-Investment Manager or Sub-Investment Managers as shall be specified in the Relevant Supplement. The Manager has delegated the day-to-day administration of the Company's affairs, including the calculation of the Net Asset Value and the Net Asset Value per Share, shareholder registration and transfer agency duties to the Administrator. The Manager has also delegated the marketing, distribution and sale of Shares to the Distributor.

The Directors are listed below with their principal occupations. None of the Directors has entered into an employment or service contract with the Company nor is any such contract proposed. Consequently, the Directors are all non-executive Directors. The Company has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the Company. The Articles do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The address of the Directors is the registered office of the Company. Save for the information outlined herein, no further information is required to be given in respect of the Directors pursuant to the listing requirements of the Irish Stock Exchange.

**Tom Finlay** (Irish) is a barrister by profession who worked for 26 years (February 1975 to May 2001) for Bank of Ireland Asset Management (the Fund Management division of the Bank of Ireland Group). His most recent role was head of their Irish Business. In the early 1990s, Mr. Finlay had a direct involvement in the setting up of the Bank of Ireland Group's fund administration and custodial services to international clients. In 2001, he set up his own consultancy business which to date has concentrated on providing strategic advice in the areas of client service and relationship management. He has also been appointed as a non-executive director to a number of companies operating out of Dublin's IFSC (International Financial Services Centre). He is a past Chairman of the Irish Association of Pension Funds and in 2001 was appointed to the Irish Pension Board (the statutory body responsible for regulating Occupational Pension Schemes in Ireland) where he served a full five year term and chaired the Board's Policy Committee.

**Paul Sullivan** (Irish) is a non-executive director of a number of Irish based UCITS and professional investor investment funds as well as an independent financial adviser specialising in treasury, financial risk management and the management of sovereign debt. Paul has over thirty years international and domestic professional experience in finance. Prior to becoming a non-executive director and an independent adviser in 2002, he spent over ten years as an executive director of the Irish sovereign debt management office, the National Treasury Management Agency ("NTMA"), which he helped to establish in 1991. Paul's responsibilities as a director at NTMA included strategy, risk management and financial management. Before joining NTMA in 1991, he was for over ten years a vice president at Chase Manhattan Bank, primarily in London and New York; during this period he held a number of senior positions in the management of the bank's treasury, asset-liability and capital markets businesses in Europe. Since becoming an independent adviser, he has carried out several international sovereign debt management assignments, frequently as part of World Bank related financial sector reform projects; countries covered include Sri Lanka, Mexico, Mauritius, Slovakia, Lithuania, Russia and Ukraine. He is an economist by professional background, with post-graduate degrees in both economics and in finance.

**Tom Geraghty** is Mercer's Market Leader and CEO in Ireland and Country Corporate Officer of Mercer's parent company, Marsh & McLennan Companies in Ireland. Mr. Geraghty, who joined Mercer in 2000, headed Mercer's Investments business in Europe prior to his appointment as Market Leader and CEO in Ireland. Prior to that, he was the head of Mercer's Investment Consulting business in Ireland. In his roles with Mercer, he was responsible for helping Mercer achieve sustained industry leadership as the largest investment advisor in the region as well as building Mercer's Fiduciary Management business. He has advised indigenous and multinational institutional pension funds, both defined contribution as well as



defined benefit, on all aspects of their investment arrangements. Mr. Geraghty joined Mercer in 2000 from Mellon Financial Corporation's institutional asset management business where he was a vice president. He has a Masters degree in business from Dublin City University Business School and an undergraduate degree in accounting and finance from the same university.

**Michael Dempsey** is CEO and Business Leader of Mercer Global Investments Europe Limited. Michael joined Mercer in 1999. Prior to joining Mercer Global Investments Europe Limited, Michael was Business Leader for Mercer Investment Management in Ireland with responsibility for establishing and developing the Irish Investment Management business. In this role he was responsible for the development and launch of a range of investment solutions including Implemented Consulting and Mercer's Dynamic De-Risking Solution (MDDS) in Ireland. He also formerly worked as a senior investment consultant at Mercer, with responsibility for managing key investment relationships and developing and delivering bespoke investment advice to a wide range of institutional clients. Michael is a graduate from Dublin City University with a degree in Finance and holds a Masters Degree in business from the UCD Michael Smurfit School of Business. He is also a CFA Charterholder.

The Company Secretary is Matsack Trust Limited.

## **THE MANAGER**

The Manager of the Company is Mercer Global Investments Management Limited, which was incorporated in Ireland as a private limited company on 8 March 2006 under registration number 416689. The authorised share capital of the Manager is €100,000,000 divided into 100,000,000 ordinary shares of €1.00 each. The issued share capital of the Manager is €1 all of which is held by Mercer Ireland Holdings Limited and is fully paid. Mercer Global Investments Management Limited is an indirect wholly owned subsidiary of Marsh & McLennan and a member of the Mercer Global Investments group ("Mercer"). The Manager is engaged in the business of providing management and administrative services to collective investment schemes. The Manager is also manager of Mercer PIF Fund plc, Mercer QIF Fund plc and Mercer QIF CCF. Located in Boston, New York, Chicago, Dublin, London, Toronto, Montreal, Melbourne and Sydney, Mercer professionals apply their experience and expert knowledge of investment managers to offer a series of multi-manager products to investors worldwide. Mercer's global investment management business had approximately U.S.\$67 billion in assets under management as of 31 July 2013. The company secretary of the Manager is Matsack Trust Limited. The directors of the Manager are Tom Finlay, Paul Sullivan, Michael Dempsey and Tom Geraghty, details of whom are set out above.

Under the Management Agreement between the Company and the Manager dated 18 August 2006 (the "Management Agreement"), the Manager will provide or procure the provision of management, administration, accounting, transfer agency, registration and distribution services to the Company.

The Management Agreement provides that in the absence of negligence, wilful default, fraud or bad faith, the Manager shall not be liable for any loss or damage arising out of the performance of its duties. The Management Agreement provides further that the Company shall indemnify the Manager (and each of its directors, officers, servants, employees and agents) for any proceedings taken or loss or damage suffered (including costs and expenses) in the performance or non-performance of its duties except for such loss as arises out of or in connection with any negligence, wilful default, fraud or bad faith by the Manager in the performance or non-performance of its duties.

The Management Agreement may be terminated by either party at any time in the event of the other party (i) committing any material breach at any time which is either incapable of remedy or has not been remedied within thirty days of notice requiring the remedying of the default, (ii) being unable to perform its duties under the Management Agreement due to any change in law or regulatory practice; (iii) being unable to pay its debts as they fall due or otherwise becoming insolvent or entering into any composition or arrangement with or for the benefit of its creditors, (iv) being the subject of any petition for the appointment of an examiner or similar officer to it, (v) having a receiver or examiner appointed over all or any substantial part of its undertaking, assets or revenues, (vi) being the subject of an effective resolution for its winding up (except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties), or (vii) being the subject of a court order for its winding up. The Company may terminate the Management Agreement at any time by notice in writing to the Manager in the event that the Manager's tax certificate under Section 734 of the Taxes Consolidation

Act, 1977 is revoked or that notice of intention to revoke such tax certificate is received by the Manager or if the Manager is otherwise no longer permitted to perform its obligations under any applicable law.

## **THE PROMOTER AND INVESTMENT MANAGER**

The Investment Manager of the Company is Mercer Global Investments Europe Limited, which was incorporated in Ireland as a private limited company on 8 March 2006 under registration number 416688 and is authorised under the Markets in Financial Instruments Directive 2007 to provide investment management and related services. The authorised share capital of the Investment Manager is 100,000,000 divided into 100,000,000 ordinary shares of €1.00 each. The issued share capital of the Investment Manager is €1.00 all of which is held by Mercer Ireland Holdings Limited and is fully paid. Mercer Global Investments Europe Limited is a wholly owned subsidiary of Marsh & McLennan and a member of Mercer's Investments business. The Investment Manager is engaged in the business of providing discretionary investment management services to collective investment schemes. The Investment Manager had approximately U.S.\$20 billion in assets under management at 31 July 2013.

Under the Investment Management Agreement between the Manager and the Investment Manager dated 18 August 2006 (the "Investment Management Agreement"), the Investment Manager will provide or procure the provision of discretionary investment management services to the Company.

The Investment Management Agreement provides that neither the Investment Manager nor any of its shareholders, directors, officers, employees or agents shall be liable to the Manager or any of its shareholders, directors, officers, employees or agents for any loss or damage suffered or incurred by them arising out of the performance by the Investment Manager of its duties under the Investment Management Agreement, unless such loss or damage arose out of or in connection with the negligence, wilful default, bad faith or fraud of or by the Investment Manager.

The Manager is obliged to indemnify and keep indemnified the Investment Manager and each of its shareholders, directors, officers, employees or agents, from and against all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom) which may be made or brought against or directly suffered or incurred by the Investment Manager arising out of or in connection with the performance by the Investment Manager of its duties thereunder other than due to the negligence, wilful default, bad faith or fraud of or by the Investment Manager in the performance of its duties thereunder.

The Investment Management Agreement shall continue in force for an initial period of three years and thereafter either party may terminate the agreement upon ninety days prior written notice to the other party. The Investment Management Agreement may be terminated by either party at any time by notice in writing if the other party shall (i) commit any material breach of the Investment Management Agreement, which is either incapable of remedy or has not been remedied within thirty days of notice requiring the remedying of the default; (ii) be the subject of any petition for the appointment of an examiner or similar officer to it; (iii) be unable to pay its debts as they fall due; (iv) have a receiver appointed; or (v) be the subject of an effective resolution for its winding up.

Under the Investment Management Agreement, the Investment Manager may, subject to the prior approval of the Manager and the Central Bank, appoint one or more Sub-Investment Managers from time to time to perform and/or exercise all or any of its functions, powers, discretions, duties and obligations under the Investment Management Agreement. Where appropriate, the Investment Manager may pay the fees of any such Sub-Investment Manager out of its own fees.

## **THE SUB-INVESTMENT MANAGERS**

The Sub-Funds will be managed on a multi-manager basis with the Sub-Investment Managers selected and supervised by the Investment Manager. Information relating to the Sub-Investment Managers appointed by the Investment Manager is available upon request to the Investment Manager. Furthermore, details of all Sub-Investment Managers will be disclosed in the most recent financial reports of the Company. The fees of the Sub-Investment Managers will either be paid out of the assets of the relevant Sub-Fund or out of the Investment Manager's fee. Details of how the Sub-Investment Managers fees will be paid will be disclosed in the Relevant Supplement. In the case of any Sub-Investment Manager paid

directly out of the assets of a particular Sub-Fund, information relating to such Sub-Investment Manager will be disclosed in the Relevant Supplement.

## **THE CUSTODIAN**

The Company has appointed State Street Custodial Services (Ireland) Limited (the “Custodian”) to act as custodian of all of the Company’s assets, pursuant to a Custodian Agreement between the Custodian and the Company dated 30 November 2009 (the “Custodian Agreement”).

The principal activity of the Custodian is to act as trustee/custodian of the assets of collective investment schemes. The Custodian is regulated by the Central Bank. As at 31 December 2010, the Custodian had assets in excess of U.S.\$309 billion under custody. The Custodian is a private limited company incorporated in Ireland on 22 May 1991. The Custodian is ultimately owned by State Street Corporation. Its authorised share capital is STG£5,000,000 and its issued and paid up capital is STG£200,000. State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street is headquartered in Boston, Massachusetts, USA, and trades on the New York Stock Exchange under the symbol “STT”.

The Custodian Agreement contains provisions governing the responsibilities of the Custodian, including its primary responsibilities which are acting as custodian and ensuring the safekeeping of the cash and assets of the Company. The Custodian is obliged to enquire into the conduct of the Company and each Sub-Fund in each annual accounting period and to report thereon to the Shareholders. Such report should state whether, in the Custodian’s opinion, the Company and each Sub-Fund has been managed in that period in accordance with the limitations imposed on the investment and borrowing powers of the Company and each Sub-Fund and the Custodian by the Memorandum and Articles of Association of the Company and the UCITS Regulations and otherwise in accordance with the Memorandum and Articles of Association of the Company and the UCITS Regulations.

Pursuant to the Custodian Agreement, the Custodian shall perform its duties and obligations in accordance with the standards reasonably expected of a professional custodian of a fund such as the Company and shall exercise due care and diligence in the discharge of its duties. The Custodian shall be liable to the Company and the Shareholders for any loss suffered by them as a result of the Custodian’s unjustifiable failure to perform its obligations or its improper performance of them. Subject and without prejudice to the above, the Custodian shall not be liable to the Company or the Shareholders or any other person for consequential or indirect or special damages or losses arising out of or in connection with the performance or non-performance by the Custodian of its duties and obligations. Under the terms of the Custodian Agreement, the Custodian may appoint sub-custodians in relation to the Company’s assets provided, however, that the liability of the Custodian is not affected by the fact that it has entrusted assets of the Company to any third party for safekeeping. The Company and the Custodian agree that the Central Bank considers that in order for the Custodian to discharge its responsibility under the UCITS Regulations, the Custodian must exercise care and diligence in choosing and appointing a third party as safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the safekeeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

Pursuant to the Custodian Agreement, the Company undertakes to hold harmless and indemnify the Custodian against all direct third party actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the investments of the Company) and against all reasonable costs, demands and reasonable expenses (including reasonable legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Custodian by reason of the performance of the Custodian’s duties under the terms of the Custodian Agreement, save where any such direct third party actions, proceedings, claims, reasonable costs, demands or reasonable expenses arise as a result of the Custodian’s unjustifiable failure to perform its obligations or its improper performance of them.

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Custodian will have no liability.

The Custodian Agreement shall continue for an initial term of six (6) months. After the expiration of the initial term, either party may terminate the Custodian Agreement on ninety (90) days' prior written notice to the other party. Either party may also terminate the Custodian Agreement by notice in writing to the other party if at any time: (a) the party notified is unable to pay its debts as they fall due or goes into liquidation or receivership or an examiner shall be appointed pursuant to the Companies (Amendment) Act 1990; (b) the party notified commits any material breach of the provisions of the Custodian Agreement if it has not remedied that breach within thirty (30) days after the service of written notice requiring it to be remedied; or (c) if any of the representations, warranties, covenants or undertakings contained in the Custodian Agreement cease to be true or accurate in any material respect in relation to the party notified. The Custodian Agreement may also be terminated by the Company if the Custodian is no longer permitted to act as a custodian or trustee by the Central Bank.

Pursuant to the Custodian Agreement, the Company may not terminate the appointment of the Custodian and the Custodian may not retire from such appointment unless and until a successor custodian has been appointed in accordance with the Memorandum and Articles of Association of the Company and approved by the Central Bank and, provided such appointment and successor custodian is approved in advance by the Central Bank.

If the Custodian shall have given to the Company notice of its desire to retire from its appointment or the appointment of the Custodian is terminated pursuant to the terms of the Custodian Agreement and no successor shall have been appointed in accordance with the Articles within ninety (90) days' from the giving of such notice, an extraordinary general meeting shall be convened at which an Ordinary Resolution to wind up the Company shall be considered, so that Shares in the Company may be repurchased or to appoint a liquidator who shall wind up the Company and thereafter the Company shall apply to the Central Bank to revoke the Company's authorisation whereupon the Custodian's appointment shall terminate.

## **THE ADMINISTRATOR**

The Manager has appointed State Street Fund Services (Ireland) Limited (the "Administrator") to act as administrator and registrar and transfer agent to the Company with responsibility for performing the day-to-day administration of the Company and for providing accounting services for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Class of Shares.

The principal activity of the Administrator is to act as administrator for collective investment schemes. The Administrator is regulated by the Central Bank. The Administrator is a private limited company incorporated in Ireland on 23 March 1992 and is ultimately owned by State Street Corporation. The authorised share capital of the Administrator is STG£5,000,000 with an issued and paid up share capital of STG£350,000.

Pursuant to the Administration Agreement between the Manager and the Administrator dated 30 November 2009 (the "Administration Agreement"), the Administrator has been appointed for an initial term of six (6) months. After the expiration of the initial term, the Administration Agreement will continue in full force and effect until terminated by either party by giving the other party ninety (90) days' prior written notice of termination. Either party may terminate the Administration Agreement by giving notice in writing to the other party if at any time: (i) the party notified shall go into liquidation or receivership or an examiner shall be appointed pursuant to the Companies (Amendment) Act 1990 (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or be unable to pay its debts as they fall due; (ii) the party notified shall commit any material breach of the provisions of the Administration Agreement and shall not have remedied that within 30 days after the service of written notice requiring it to be remedied; or (iii) the party notified shall no longer be permitted by the Central Bank to perform its duties and obligations under the Administration Agreement.

The Administrator shall exercise reasonable care in the performance of its duties under the Administration Agreement and shall not be liable for any loss of any nature whatsoever suffered by the Manager or the Shareholders in connection with the performance of its obligations under the Administration Agreement, except where that loss results directly from negligence, fraud, bad faith, wilful misconduct, recklessness or wilful default on the part of the Administrator. The Administrator shall not be liable for any indirect, special or consequential loss howsoever arising out of or in connection with the Administration Agreement.

Pursuant to the Administration Agreement, the Manager undertakes to hold harmless and indemnify the Administrator out of the assets of the Company on its own behalf and on behalf of its permitted delegates,

servants and agents against all direct third party actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the investments of the Company or Shares) and against all reasonable costs, demands and expenses (including reasonable legal and professional expenses) (properly vouched) arising therefrom which may be brought against, suffered or incurred by the Administrator, its permitted delegates, servants or agents in the proper performance of its obligations and duties under the Administration Agreement and from and against all taxes on profits or gains of the Company which may be assessed upon or become payable by the Administrator or its permitted delegates, servants or agents provided that such indemnity shall not be given in the case of the Administrator's, its delegates', servants' or agents' negligence, fraud, bad faith, wilful misconduct, recklessness or wilful default in the proper performance or non-performance of its duties under the Administration Agreement.

Subject to the requirements of the Central Bank, the Administrator shall have full power to delegate or sub-contract any administrative functions it deems necessary to perform its obligations under the Administration Agreement, including, without limitation, the valuation of Shares provided, however, that the Administrator shall not delegate or sub-contract any such functions to any person without the prior written consent of the Manager. Except in the case of affiliated delegates or sub-contractors, the Administrator shall not be liable to the Manager for any loss of whatsoever nature occasioned by any act or omission of any delegate appointed pursuant to the Administration Agreement provided that the Administrator has taken all reasonable steps to satisfy itself as to the ability and competence of the delegate or sub-contractor to discharge the duties delegated to it. The Administrator shall remain liable to the Manager for the performance of any duties or functions so delegated or sub-contracted by the Administrator to any affiliated delegates or sub-contractors and shall be liable for the acts and omissions of such affiliated delegates or sub-contractors as if such acts or omissions were those of the Administrator.

## **THE DISTRIBUTOR**

The Manager has appointed Mercer Global Investments Europe Limited (the "Distributor") to assist the Manager in the promotion and sale of Shares.

The Distribution Agreement dated 18 August 2006 between the Manager and the Distributor (the "Distribution Agreement") provide that the Distributor has agreed to indemnify the Manager and its affiliates against any loss, liability or damage, cost or expense, judgements and amounts paid in settlement actually and reasonably incurred by them (i) as a result of the material breach of any material representations and warranties made by the Distributor in the Distribution Agreement; (ii) as a result of the misconduct of the Distributor in the course of its distribution of the Shares; (iii) as a result of the Distributor's failure to follow the instructions or procedures provided by the Manager or its authorised agent for sales of Shares; or (iv) as a consequence of the Distributor's failure to submit payment for Shares in accordance with the terms of the Prospectus following placement of a purchase order.

Under the Distribution Agreement, the Manager shall indemnify the Distributor and each of its shareholders, directors, officers, employees or agents, from and against all actions, proceedings, claims, demands, liabilities, losses, damages, costs and expenses which may be made against or suffered or incurred by the Distributor arising out of or in connection with the performance by the Distributor of its duties under the Distribution Agreement other than due to the negligence, wilful default, bad faith or fraud of or by the Distributor in the performance of its duties under the Agreement.

The Distribution Agreement shall continue in full force and effect for a period of three years from 18 August 2006 and thereafter may be terminated by either party by ninety (90) days' notice in writing to the other party, unless terminated earlier by any party immediately by notice in writing to the other parties if any other party shall at any time (i) commit any material breach of the Distribution Agreement or commit persistent breaches of the Distribution Agreement which is or are either incapable of remedying or have not been remedied within thirty days of the terminating party serving notice upon the defaulting party requiring it to remedy same; (ii) be incapable of performing its obligations or duties under the Distribution Agreement; (iii) be unable to pay its debts as they fall due or otherwise becoming insolvent or entering into any composition or arrangement with or for the benefit for its creditors or any Class thereof; (iv) be the subject of any petition for the appointment of an examiner, administrator, trustee, official assignee or similar officer appointed to it or in respect of its affairs or assets; (v) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues; (vi) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or (vii) be the subject of a resolution or a court order for its winding up.

Under the Distribution Agreement, the Distributor may, subject to the prior approval of the Manager, appoint one or more sub-distributor from time to time to perform and/or exercise all or any of its functions, powers, discretions, duties and obligations under the Distribution Agreement. The Distributor shall pay the fees of any such sub-distributor out of its own fees.

## **PAYING AGENTS**

Local regulations in EEA countries may require the appointment of paying agents or representatives and the maintenance of accounts by such agents through which subscriptions and redemption monies may be paid. Shareholders who choose or are obliged under local regulations to pay/receive subscription/redemption monies via an intermediary entity rather than directly to or from the Custodian bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Custodian and (b) redemption monies payable by such intermediate entity to the relevant investor. Fees of sub-distributors and paying agents will be borne by the Company and will be at normal commercial rates.

## **CONFLICTS OF INTEREST**

The Directors, Custodian, the Manager, the Administrator, the Investment Manager, the Sub-Investment Managers and the Distributor may from time to time act as manager, registrar, administrator, transfer agent, trustee, custodian, investment manager or advisor or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company or any Sub-Fund. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company or any Sub-Fund. Each will at all times have regard in such event to its obligations under the Articles and/or any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund and, in particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly and, in particular, the Investment Manager and each Sub-Investment Manager has agreed to act in a manner which it in good faith considers fair and equitable in allocating investment opportunities to the Company or the Sub-Funds as appropriate.

The Articles provide that the Administrator may accept the estimate of a competent person when determining the probable realisation value of unlisted securities. The Administrator may accept an estimate provided by a Sub-Investment Manager or any other affiliate of the Manager for these purposes and investors should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated probable realisation value of the security, the higher the fees payable to the Manager and a Sub-Investment Manager.

There is no prohibition on dealing in the assets of the Company by entities related to the Custodian, the Manager, the Investment Manager, the Sub-Investment Managers and the Administrator provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of the Shareholders. A certified valuation of a transaction by a person approved by the Custodian as independent and competent, or the execution of transactions on best terms reasonably obtainable on organised investment exchanges or other regulated markets in accordance with the rules of such exchanges or markets or, where these are not practical, transactions executed on terms the Custodian is satisfied (or if the transaction involves the Custodian, the Directors are satisfied) conform to the principles set out above, will be deemed to be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interest of the Shareholders, but, without limitation, the Custodian may hold funds for the Company subject to the provisions of the Central Bank Acts 1942 to 1998 (as amended).

In placing orders with brokers and dealers to make purchases and sales for the Sub-Funds, the Sub-Investment Managers will make all reasonable efforts to obtain best execution for the Sub-Funds. In determining what constitutes best execution, each such Sub-Investment Manager may consider factors it deems relevant, including, but not limited to, the breadth of the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer and the reasonableness of the commission, if any, for the specific transaction, on a continuing basis. When consistent with the objectives of best price and execution, business may be placed with broker-dealers who furnish investment research or services to the Sub-Investment Managers. The commissions on such brokerage transactions

with investment research or services may be higher than another broker might have charged for the same transaction in recognition of the value of research or services provided. Such research or services include advice, both orally and in writing, as to the value of securities; the advisability of investing in, purchasing, or selling securities; the availability of securities, or purchasers or sellers of securities; as well as analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. In addition, for the Investment Manager, such research or services may include advice concerning the allocation of assets among Sub-Investment Managers and the suitability of Sub-Investment Managers. To the extent portfolio transactions are effected with broker-dealers who furnish research and/or other services to the Investment Manager or a Sub-Investment Manager, the Investment Manager or Sub-Investment Manager receives a benefit, not capable of evaluation in dollar amounts, without providing any direct monetary benefit to the Company from these transactions. Such research or services provided by a broker-dealer through whom the Investment Manager or a Sub-Investment Manager effects securities transactions for a Sub-Fund may be used by the Investment Manager or Sub-Investment Manager in servicing all of its accounts. In addition, the Investment Manager or the Sub-Investment Manager may not use all of the research and services provided by such broker-dealer in connection with a Sub-Fund. The Sub-Investment Managers may pay any amount of commission for effecting a securities transaction in excess of the amount of commission another member of an exchange, broker, or dealer would have charged for effecting that transaction, if they determine in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such member, broker, or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Sub-Fund and/or other accounts over which the Sub-Investment Managers or their affiliates exercise investment discretion. The benefits provided under any soft commission arrangements must assist in the provision of investment services to the relevant Sub-Fund. Any soft commission arrangements will be disclosed in the periodic reports of the relevant Sub-Fund. Notwithstanding the above, where the Investment Manager or any of its delegates successfully negotiates the recapture of a portion of commissions charged by a broker in relation to the purchase and/or sale of securities for a Sub-Fund, such rebate must be paid into that Sub-Fund. The Investment Manager may be paid out of the assets of the Sub-Fund for fees charged by them and reasonable properly vouched costs and expenses directly incurred by them in this regard.

A director of the Company may be a party to, or otherwise interested in, any transaction or arrangement in which the Company is interested. At the date of this Prospectus other than as disclosed under the heading "MANAGEMENT INFORMATION - The Directors and Secretary" above, no director of the Company nor any connected person of a Director has any interest, beneficial or non-beneficial, in the Company or any material interest in any agreement or arrangement relating to the Company. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

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## INVESTING IN SHARES

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The Directors have authority to effect the issue of Shares in any Series or Class in respect of a Sub-Fund and to create new Series or Classes of Shares on such terms as they may from time to time determine in relation to any Sub-Fund. The creation of further Share Classes must be notified in advance to, and cleared in advance by the Central Bank. The creation of further Sub-Funds required the prior approval of the Central Bank. Issues of Shares will be made with effect from a Dealing Day in accordance with the subscription and settlement details and procedures below, unless otherwise specified in a Supplement. The Net Asset Value per Share will be calculated separately for each Class of Shares.

The Directors offer various Classes of Shares for investment in the Sub-Funds. Certain information regarding the Classes of Shares available for each Sub-Fund and how to buy, sell and exchange such Shares is contained in the Relevant Supplement.

The Sub-Funds in which the different Classes of Shares are available, as of the date of this Prospectus, are set out below:

<b>Sub-Fund</b>
MGI UK Equity Fund
MGI UK Equity Active Fund
MGI UK Equity High Alpha Fund
MGI Eurozone Equity Fund
MGI Global Equity Fund
MGI Japanese Equity Fund
MGI U.S. Equity Growth Fund
MGI U.S. Equity Fund
MGI U.S. Equity Value Fund
MGI Pacific Basin (ex Japan) Equity Fund
MGI Emerging Markets Equity Fund
MGI Euro Bond Fund
MGI UK Inflation Linked Bond Fund
MGI Global Bond Fund
MGI UK Long Gilt Fund
MGI Bond Fund
MGI Euro Long Bond Fund
MGI UK Cash Fund
MGI Euro Cash Fund
MGI UK Bond Fund
MGI Emerging Markets Debt Fund
Mercer Global Small Cap Equity Fund
Mercer Low Volatility Equity Fund
Mercer Diversified Growth Fund
MGI DAM Multi-Manager Global Equity Fund
Mercer Global High Yield Bond Fund
Mercer Short Duration Global Bond Fund 1
Mercer Short Duration Global Bond Fund 2
Mercer Global Buy & Maintain Credit Fund
Mercer Passive Global Equity Fund
Mercer Euro Over 5 Year Bond Fund
Mercer Euro Nominal Bond Long Duration Fund

The Investment Manager, or a Sub-Investment Manager, may hedge the foreign currency exposure of Classes denominated in a currency other than the Base Currency of a Sub-Fund in order that investors in that Class receive a return in the currency of that Class substantially in line with the investment objective of the Sub-Fund. As foreign exchange hedging may be utilised for the benefit of a particular Class, transactions will be clearly attributable to that Class and the cost and related liabilities and/or benefits shall



be for the account of that Class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for shares of any such Class.

Unless otherwise specified in a Relevant Supplement in relation to any Class, all Shares issued will be in registered form and written confirmation of ownership will be sent to Shareholders within ten days of registration (such confirmation may be sent or otherwise made available electronically). Share certificates will not be issued. The number of Shares issued will be rounded to four decimal places and any surplus amounts will be retained for the benefit of the relevant Sub-Fund.

### **Subscriptions for Shares**

Applications for Shares may be made on any Dealing Day in writing by completing the attached Application Form and submitting the completed Application Form to a Distributor for onward transmission to the Administrator, or directly to the Administrator. In the case of faxed Application Forms, the original Application Form must be received promptly thereafter either by a Distributor who shall forward it to the Administrator or directly by the Administrator. All documentation required in connection with anti-money laundering procedures must also be received promptly thereafter if such documentation has not already been received. Applications once received shall be irrevocable provided however that the Company reserves the right to reject in whole or in part any application for Shares.

The initial subscriptions for Shares will not be processed until the original Application Form has been received by the Administrator and all anti-money laundering procedures have been completed. Amendments to an investor's registration details and payment instructions will only be effected on receipt of original documentation. If a subscription request is received after the Dealing Deadline on any Dealing Day, the Shares will be issued at the Net Asset Value per Share calculated as of the Valuation Point on the next Dealing Day.

The Directors may, in their discretion and on an exceptional basis only, waive the Dealing Deadline either generally or in relation to any specific subscription provided that applications are received prior to the time at which the Net Asset Value is calculated for that particular Dealing Day.

The Directors may, at their discretion, determine the minimum initial subscription and subsequent subscriptions per Shareholder for Shares in respect of a particular Sub-Fund, and such minimums shall be set forth in the Supplement for the relevant Sub-Fund. The Directors and/or the Investment Manager, in their discretion, may waive any of the minimum initial or incremental investment requirements. Under certain circumstances, the Directors may suspend Share transactions, as described more fully below under the heading "TEMPORARY SUSPENSION OF DEALINGS".

### **Subsequent Purchases**

Subsequent purchases may be made in writing or electronically in such form as the Directors may from time to time determine and should be posted or sent by facsimile or by electronic transmission to the address, fax number and electronic transmission address specified in the Application Form and will be deemed effective at the relevant Net Asset Value per Share for that Dealing Day after receipt in proper form by the Administrator. Shareholders are not obliged to submit original subscription documentation on subsequent applications for Shares unless the Application Form has changed since the initial purchase of Shares or if any information relating to an applicant is required to be updated.

### **Payment For Shares**

Payment for Shares must be made as specified in the Supplement for the relevant Sub-Fund. Applicants may be required to compensate the Company at the discretion of the Directors for any loss resulting from late settlement or a failure or default in connection with the settlement of a purchase order for Shares. Payment for Shares must be in the relevant Class Currency or such other currency as may be specified in a Relevant Supplement, unless the Directors otherwise agree to accept subscriptions in any freely convertible currency approved by the Manager, in which case such subscriptions will be converted into the relevant Class Currency or such other currency as will be specified in a Relevant Supplement at the rate of exchange available to the Manager or the Administrator as its delegate and the cost of conversion will be deducted from the subscription monies. Payment for Shares should be made to the account specified in the original subscription form.

Fractional Shares may be issued where any part of the subscription monies for Shares represents less than the offer price of a Share, provided however, that fractions shall not be less than .0001 of a Share. Subscription monies representing less than .0001 of a Share will not be returned to a Shareholder, but will be retained for the benefit of the relevant class of the Sub-Fund.

Certain distributors or other financial intermediaries may impose certain conditions or charges on their clients which are in addition to those described in this Prospectus. Any such conditions or charges shall be imposed only after written agreement with respect thereto has been reached between the distributor or financial intermediary and its client. The Company will not be responsible for any such charges or conditions imposed.

### **Anti-Money Laundering Provisions**

Due to anti-money laundering and prevention of terrorist financing requirements operating within various jurisdictions and within Ireland, the Administrator, the Distributor or the Company (as the case may be) will require identification and verification of underlying investors and may require further information as to source of wealth and beneficial ownership before an application may be processed. Depending on the circumstances of each application, a detailed verification might not be required where (i) the applicant is a regulated credit or financial institution or (ii) the application is made through a regulated financial intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering and prevention of terrorist financing regulations **and are made at the sole discretion of the Company's money laundering reporting officer**. The Company and the Manager reserve the right in their sole discretion to refuse any application for Shares where the applicant is or is an immediate family member or close associate of a politically exposed person ("PEP") namely an individual who is, or has at any time in the preceding 12 month period been, entrusted with a prominent public function.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with two items of evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors.

On an ongoing basis during any period during which Shares are held, the Company, the Manager or the Administrator may require further identification and verification of the Shareholder, any underlying investor and/or beneficial owners.

Shares cannot be applied to an account unless full details of registration and anti-money laundering formalities have been completed. Shares cannot be sold from an account unless they have been previously applied to such account. No redemption payment may be made until the original signed Application Form has been received and all documentation required by the Company or the Administrator (including any documents in connection with anti-money laundering and prevention of terrorist financing procedures) and the relevant anti-money laundering and prevention of terrorist financing procedures (including those relating to ongoing monitoring) have been completed

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering and prevention of terrorist financing programmes, including, without limitation, representations that such applicant is not a prohibited individual or entity or resident in a prohibited country or territory listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene applicable laws and regulations, including anti-money laundering and prevention of terrorist financing laws and regulations.

The Company, the Manager, the Distributor and the Administrator each shall be held harmless and indemnified by the applicant against any loss arising as a result of a failure to process a subscription or application if such information as has been requested by the Company, the Manager, the Distributor or the Administrator has not been provided by any sub distributor or the applicant.

The Company, the Manager or the Administrator on its or their behalf reserves the right to refuse to accept any application for shares or to make any redemption payment or distribution to a Shareholder if any of the Directors of the Company, the Manager or the Administrator suspects or is advised that the source of subscription monies or the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Company, its Directors, the Manager or the Administrator with any such laws or regulations in any relevant jurisdiction.

### **Limitations on Purchases**

The Company, the Manager, the Distributor and the Administrator reserve the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will be returned to the applicant (without interest) by transfer to the applicant's designated account or by post at the applicant's risk.

The Directors will not knowingly issue, or approve the transfer of any Shares to any U.S. Person. Each applicant for Shares will be required to provide such representations, warranties or documentation as may be required by the Directors and/or the Manager to ensure that these requirements are met prior to the issue of Shares.

The Directors or the Manager or the Administrator as their delegate, may issue Shares in exchange for assets in which the Company may invest in accordance with the particular investment objective and policies of the relevant Sub-Fund. No Shares may be issued in exchange for such assets unless the Directors are satisfied that (i) the number of Shares issued in the relevant Sub-Fund will not be more than the number which would have been issued for settlement in cash having valued the assets to be exchanged in accordance with the valuation provisions set out in the Articles and summarised herein; (ii) all fiscal duties and charges arising in connection with the vesting of such assets in the Custodian for the account of the relevant Sub-Fund are paid by the person to whom the Shares in such Sub-Fund are to be issued or, at the discretion of the Directors, partly by such person and partly out of the assets of such Sub-Fund; (iii) the terms of such exchange shall not materially prejudice the Shareholders in the relevant Sub-Fund; and (iv) the assets have been vested in the Custodian or its nominees or agents.

### **Privacy Information**

Any information furnished in the Company's Share Application Form or in connection with the investment in the Company shall be held and processed by the Company. The Company will use this information for the purposes of processing the Application Form and managing and administering any of the services provided in relation to the investment in the Company (including any statutory reporting obligations). Such information may be processed on behalf of the Company by the Manager and the Administrator. This information may also be disclosed to the Manager, the Investment Manager, a Sub-Investment Manager, the Distributor and the Custodian for the purposes of them providing services to the Company in relation to the investment pursuant to their contracts with the Company. The information may also be processed and disclosed as necessary to meet legal and regulatory requirements, which may include disclosure to the Central Bank, foreign regulators and auditors.

In connection with the above, information furnished in the Company's Share Application Form or in connection with the investment in the Company may in the future be transferred for processing in connection with the investment to countries outside the European Economic Area ("EEA") that either do not have data protection laws or have data protection laws that do not provide the same level of protection as EU Data Protection law. Details of countries to which such information may be transferred are available from the Company.

By completing the Company's Share Application Form, investors consent to the use of any information relating to them (including the transfer of any such information outside the EEA) in the manner outlined above. To the extent that the information contained in the Application Form or any other information that is furnished in connection with the investment in the Company relates to another individual, the applicant for Shares warrants that they have been authorised by that individual to consent on that individual's behalf to the use of such information as relates to that individual (including the transfer of any such information outside the EEA) in the manner outlined above.

An individual has the right at any time to request a copy of any “personal data” within the meaning of the Data Protection Acts 1988 and 2003 (as amended or re-enacted from time to time) that the Company holds in relation to him/her (for which the Company may charge a fee) and to have inaccuracies in that information corrected.

## REDEEMING SHARES

Shareholders may redeem their Shares in one of three ways - by mail, by facsimile or electronically. Redemption requests once received shall be irrevocable. Shareholders may request the Company to redeem their Shares on and with effect from any Dealing Day at a price based on the relevant Net Asset Value per Share on such Dealing Day less any applicable duties and charges. Redemption requests received by facsimile or electronically will only be processed if the redemption proceeds are to be paid to the account of record of the redeeming Shareholder. Please consult “HOW TO REDEEM SHARES” of the Relevant Supplement for further information regarding redeeming Shares. The Directors may compulsorily redeem all of the outstanding Shares in any Sub-Fund at the then prevailing Net Asset Value per Share, if the Custodian has served notice of its intention to retire under the terms of the Custodian Agreement (and has not revoked such notice) and no new custodian has been appointed by the Company with the approval of Central Bank within 90 days of the date of service of such notice.

All outstanding Shares in any Sub-Fund may be redeemed by the Company by not less than four weeks' notice in writing to the appropriate Shareholders if at any time following the first issue of Shares in the Sub-Fund, the Net Asset Value of the Sub-Fund on any Dealing Day falls below an amount which the Directors, on the advice of the Investment Manager or the Administrator or other service providers at the Directors' discretion, believe is economically viable for the relevant Sub-Fund. The amount in respect of each Sub-Fund below which a total redemption of Shares may take place is currently set at twenty-five (25) million Euro (or its equivalent in the Base Currency of the Fund) or such other amount as may be specified in the Relevant Supplement or notified to Shareholders from time to time. In such circumstances, the Administrator will issue a redemption notice (“Redemption Notice”) and the Shares will be redeemed as of the Dealing Day specified in the Redemption Notice. In order to receive the redemption proceeds, Shareholders will be required to acknowledge to the Administrator receipt of the Redemption Notice describing their shareholdings.

Unless otherwise specified in a Relevant Supplement in relation to any Class, redemption proceeds will be paid within a maximum period of ten Business Days of the Dealing Deadline on the Dealing Day on which redemptions are effected by electronic transfer (at the Shareholder's risk and expense) to the account designated by the Shareholder in the application form or by a distribution in specie of assets of the Company to the Shareholder, provided any such distributions in specie will not materially prejudice the remaining or redeeming Shareholders.

The Articles also permit the Directors, with the consent of the redeeming Shareholder to satisfy any application for redemption of Shares by the transfer of assets of the Company *in specie* to that Shareholder provided that the nature and type of assets to be so transferred shall be determined by the Directors on such basis as they, with the approval of the Investment Manager and the Custodian, deem equitable and not prejudicial to the interests of the remaining Shareholders. Shareholders who receive redemption proceeds *in specie* will be responsible for liquidating any securities received, including bearing any transaction costs involved in the sale of such securities.

Notwithstanding the foregoing, pursuant to the Articles, if outstanding redemption requests from Shareholders of a particular Sub-Fund on any Dealing Day total in aggregate 10% or more of the total number of Shares in issue of any Sub-Fund on any Dealing Day, the Directors may at their discretion elect to restrict the total number of Shares repurchased to 10% or more of the outstanding Shares in issue in that Sub-Fund, in which case, redemption requests will be scaled down pro rata and the balance of outstanding redemption requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed, provided that the Company shall not be obliged to redeem more than 10% of the total number of Shares of the particular Sub-Fund outstanding on any Dealing Day. Such deferred repurchase requests will have priority over repurchase requests received on subsequent Dealing Days. A Shareholder may withdraw his redemption request by notice in writing to the Administrator if the Directors exercise their discretion to refuse to redeem any Shares to which the request relates. Investors may apply to withdraw the whole of their investment at any time. Unless a Redemption Notice specifies a particular number of Shares to be redeemed it will be deemed to apply in respect of the total holding of the Shareholder.

Shareholders are required to notify the Company immediately in the event that they become U.S. Persons or hold Shares for the account or benefit of U.S. Persons, they become Irish Residents or cease to be Exempt Investors, or the Declaration made by or on their behalf is no longer valid. Shareholders are also required to notify the Company immediately in the event that they hold Shares for the account or benefit of Irish Residents or Irish Residents who cease to be Exempt Investors and in respect of which the Declaration made on their behalf is no longer valid or if they otherwise hold Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, pecuniary, tax or material administrative disadvantage for the Company or the Shareholders as a whole.

Where the Directors become aware that a Shareholder (a) is a U.S. Person or is holding Shares for the account or benefit of a U.S. Person in contravention of the relevant provisions of the Articles; (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, pecuniary, tax or material administrative disadvantage for the Company or the Shareholders as a whole; or (c) is holding Shares in circumstances which may not be subject to any transfer restrictions or compulsory redemption; the Directors shall either (i) direct the Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares or (ii) redeem the relevant Shares at the Net Asset Value per Share as at the Valuation Point immediately following the date of notification of such mandatory redemption to the Shareholder.

Under the Articles, any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer his Shares, or who fails to make the appropriate notification to the Company, shall indemnify and hold harmless each of the Directors, the Company, the Manager, the Custodian, the Administrator, the Investment Manager, the Sub-Investment Managers and the other Shareholders (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

## **EXCHANGE OR TRANSFER OF SHARES**

Shareholders may exchange Shares of each Class in a Sub-Fund for Shares of the same Class in another Sub-Fund on any Dealing Day. An exchange request will be treated as an order to redeem the Shares held prior to the exchange and a purchase order for new Shares with the redemption proceeds. The original Shares will be redeemed at their Net Asset Value per Share and the new Shares will be issued at the Net Asset Value per Share of the corresponding Class of the applicable Sub-Fund. Please consult the Relevant Supplement for further information regarding the exchange of Shares.

Excessive exchange transactions can be detrimental to a Sub-Fund's performance. The Directors, in consultation with the Investment Manager, may determine that a pattern of frequent exchanges is excessive and contrary to the best interests of the Sub-Fund. In this event, additional purchases and/or exchanges of Shares by the relevant Shareholder may be restricted. A Shareholder may also be required to (a) redeem Shares in the relevant Sub-Fund, or (b) remain invested in the relevant Sub-Fund or exchange into any other Sub-Fund, which position the relevant Shareholder would expect to maintain for a significant period of time at the absolute discretion of the Directors.

Transfers of Shares must be effected by submission of a Stock Transfer Form in writing. The Directors or their delegates may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Company, or such other place as the Directors or their delegates may reasonably require, accompanied by such other evidence as the Directors, the Manager (or the Administrator on their behalf) may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed an Application Form to the satisfaction of the Directors or their delegates.

Transfers of Shares are subject to the prior approval of the Directors or their delegates. The Directors may decline to register a transfer of Shares, among other circumstances, (i) if in the opinion of the Directors the transfer would be unlawful or result or be likely to result in any adverse regulatory, pecuniary, tax or material administrative disadvantage to the Company or the Shareholders as a whole; (ii) in the absence of satisfactory evidence of the transferee's identity; or (iii) where the Company is required to redeem or cancel such number of Shares as are required to meet the appropriate tax of the Shareholder on such transfer. A

proposed transferee may be required to provide such representations, warranties or documentation as the Directors or their delegates may require in relation to the above matters. In the event that the Company does not receive a Declaration in respect of a transferee, the Company will be required to deduct appropriate tax in respect of any payment to the transferee on any sale, transfer, cancellation, redemption, repurchase, cancellation or other payment in respect of the Shares as described in the section headed "Taxation" below.

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### **DIVIDEND POLICY**

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The distribution policy of each Sub-Fund will be specified in the Relevant Supplement.

Where applicable, the Company shall distribute and / or accrue capital gains / losses and income to each Shareholder in a distributing Share Class relative to their participation in the relevant Class as set out in the Supplement for the relevant Sub-Fund.

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## FEES AND EXPENSES

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Information regarding the fees and expenses of each Sub-Fund are primarily described in “FEES AND EXPENSES” in the Relevant Supplement.

The aggregate fees and expenses of the Manager, Administrator, Custodian, Distributor, Investment Manager and Sub-Investment Managers will not exceed such amount as may be specified in the Relevant Supplement.

The Manager shall be responsible for the payment of the Investment Management fee and the Distributor's fees (including reasonable out of pocket expenses) out of its fees. The Manager will also be entitled to be reimbursed out of the assets of the Sub-Funds for reasonable out-of-pocket expenses incurred by it or any of its delegates in respect of the Sub-Funds. The Sub-Investment Managers' fees shall be paid out of the assets of the relevant Sub-Fund or by the Investment Manager out of its fees. The fees and expenses of the Administrator and the Custodian (including reasonable out of pocket expenses) shall be paid by the Company out of the assets of the relevant Sub-Fund. The Company shall also reimburse the Custodian out of the assets of the relevant Sub-Fund for the reasonable fees and customary agents' charges paid by the Custodian to any sub-custodian (which shall be charged at normal commercial rates) together with value added tax, if any, thereon.

### **DIRECTORS' FEES**

Under the Articles, the Directors are entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed €100,000 unless otherwise notified to Shareholders. The Directors and any alternate Directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or Shareholders or any other meetings with regulatory authorities or professional advisers or otherwise in connection with the business of the Company.

### **OPERATING EXPENSES**

Certain costs and expenses incurred in the operation of a Sub-Fund will also be borne out of the assets of the relevant Sub-Fund, including without limitation, registration fees and other expenses relating to regulatory, supervisory or fiscal authorities in various jurisdictions, management, investment management, administrative and custodial services; client service fees; writing, typesetting and printing the Prospectus, sales, literature and other documents for investors; taxes and commissions; issuing, purchasing, repurchasing and redeeming Shares; Directors' fees; the cost of establishing and maintaining a listing of Shares on the Irish Stock Exchange; transfer agents, dividend dispersing agents, Shareholder servicing agents and registrars; printing, mailing, auditing, accounting and legal expenses; reports to Shareholders and governmental agencies; meetings of Shareholders and proxy solicitations therefore (if any); insurance premiums; association and membership dues; and such non-recurring and extraordinary items as may arise.

Expenses will be allocated to the Sub-Fund or Sub-Funds to which in the opinion of the Directors or their delegates, they relate. If an expense is not readily attributable to any particular Sub-Fund, the expense will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund.

The Manager may, at its discretion, contribute directly towards the expenses attributable to the establishment and/or operation of the Company or any particular Sub-Fund and/or the marketing, distribution and/or sale of Shares and may from time to time at its sole discretion waive any or all of the Management Fees in respect of any particular payment period.

The Company's financial statements will be prepared in accordance with Irish Generally Accepted Accounting Practices (Irish GAAP). Irish GAAP requires that organisational expenses are written off in the first financial year of the Company, however, notwithstanding this, as the Directors believe that the organisational expenses shall not be material in the context of the overall net asset value of the Company and that it is fair and equitable that the initial Shareholders in the Company should not bear all of the organisational costs, the Directors have determined that the Company will amortise its organisational costs

over the first three accounting periods of the Company in the manner outlined above. The Directors are satisfied that the approach to be adopted by the Company accords with market practice in Ireland and are satisfied that based on the information available to them, the amortisation costs are not likely to be material and the auditors' report is unlikely to be qualified in this regard.

#### **ANTI-DILUTION LEVY**

In calculating the subscriptions and redemption price for the Sub-Funds the Directors may on any Dealing Day when there are net subscriptions or redemptions adjust the subscription or redemption price by adding or deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the respective Sub-Funds.



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## DETERMINATION OF NET ASSET VALUE

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The Net Asset Value per Share in any Sub-Fund shall be calculated by the Administrator in the Base Currency of that Sub-Fund (which shall be so specified in the Relevant Supplement) to the nearest two decimal places as at each Valuation Point in accordance with the valuation provisions set out in the Articles and summarised below. The Net Asset Value of a Sub-Fund shall be calculated by ascertaining the value of the assets of the relevant Sub-Fund and deducting from such amount the liabilities of the Sub-Fund, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Sub-Fund as specified in the Relevant Supplement. The Net Asset Value per Share of a Class of Shares in a Sub-Fund shall be calculated by establishing the number of Shares issued in the Class on the relevant Valuation Day and allocating the relevant fees and Class expenses to the Class and making appropriate adjustments to take account of distributions, if any, paid out of the Sub-Fund and apportioning the Net Asset Value of the Sub-Fund accordingly.

The Net Asset Value per Share in respect of any Dealing Day with respect to each Sub-Fund will be calculated at 12.00 midday (Irish time) on the Business Day following the Dealing Day and shall be published on the Business Day on which it is calculated on the following website: [www.bloomberg.com](http://www.bloomberg.com) or through such other media as the Manager may from time to time determine. The Net Asset Value per Share published on the abovementioned website will be updated on each Business Day. The Net Asset Value per Share will also be available from the office of the Administrator.

The "Valuation Point" as at which prices shall be used when valuing the assets of the Fund shall be such time on a Dealing Day which reflects the close of business in the markets relevant to the assets and liabilities of the Fund or such other time on that Dealing Day as the Directors may determine from time to time and notify to Shareholders. For the avoidance of doubt, the Valuation Point for any Dealing Day shall always be a time on that Dealing Day and the time at which the Net Asset Value is calculated will always be after the Dealing Deadline.

### DETERMINATION OF NET ASSET VALUE

The assets of a Sub-Fund will be valued to the nearest two decimal places as at the Valuation Point as follows:

- (i) equity, fixed income and money market assets listed or traded on a Recognised Market (other than those referred to at (v) and (viii) below) for which market quotations are readily available shall be valued at the last traded price on the principal exchange or market for such investment provided that the value of any investment listed on a Recognised Market but acquired or traded at a premium or at a discount outside or off the relevant Recognised Market may be valued taking into account the level of premium or discount as at the date of valuation of the investment and the Custodian must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. If for specific assets the last traded prices do not, in the opinion of the Manager, reflect their fair value, or are not available the value shall be estimated with care and in good faith by the Manager, approved for such purpose by the Custodian, in consultation with the relevant Sub-Investment Manager with a view to establishing the probable realisation value for such assets as at the Valuation Point;
- (ii) if the assets are listed or traded on several Recognised Markets, the last traded price (in the case of equity assets) or the latest mid-market price (in the case of fixed income and money market assets) on the Recognised Market which, in the opinion of the Manager, constitutes the Main Securities Market for such assets, will be used;
- (iii) in the event that any of the investments are not listed or traded on any Recognised Market, such securities shall be valued at their probable realisation value as at the Valuation Point estimated with care and in good faith by the Manager (the Manager being approved by the Custodian as a competent person for such purpose) in consultation with the relevant Sub-Investment Manager.

Alternatively, the Manager in consultation with the relevant Sub-Investment Manager, may use such probable realisation value estimated with care and in good faith and as may be recommended by a competent professional appointed by the Manager or the relevant Sub-Investment Manager and approved for such purpose by the Custodian. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the relevant Sub-Investment Manager;

- (iv) cash and other liquid assets will be valued at their face value with interest accrued, where applicable, up to the Valuation Point;
- (v) units or shares in open-ended and closed-ended collective investment schemes not valued in accordance with (i) above will be valued at the latest available net asset value as published by the collective investment schemes as at the Valuation Point, or, if unavailable at the probable realisation value, as estimated with care and in good faith and as may be recommended by a competent professional appointed by the Manager, the Investment Manager or a relevant Sub-Investment Manager and approved for the purpose by the Custodian;
- (vi) the Directors or the Manager may adjust the value of any investment if they consider such adjustment is required to reflect the fair value thereof in the context of currency, marketability and/or such other consideration which are deemed relevant with the approval of the Custodian;
- (vii) any value expressed otherwise than in the base currency of the relevant Sub-Fund (whether of an investment or cash) and any non-base currency borrowing shall be converted into the base currency at the rate (whether official or otherwise) which the Manager deems appropriate in the circumstances; and
- (viii) exchanged traded derivative instruments will be valued at the settlement price for such instruments on such market as at the Valuation Point; if such price is not available such value shall be the probable realisation value estimated with care and in good faith by the Manager approved for such purpose by the Custodian. Over-the-counter derivative instruments will be valued on each Dealing Day at the settlement price as at the Valuation Point as provided by the counterparty on a daily basis and verified on a weekly basis by a competent professional appointed by the Manager or the relevant Sub-Investment Manager (being independent from the counterparty) and approved for such purpose by the Custodian. Forward foreign exchange contracts shall be valued with reference to the prevailing market maker quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken.

In the event of it being impossible, impractical or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (i) to (viii) above, or if such valuation is not representative of the securities fair market value, the Manager is entitled to adopt an alternative valuation method which has been approved by the Custodian in order to reach a proper valuation of that specific investment.

Any value expressed otherwise than in the Base Currency (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate (whether official or otherwise) which the Administrator deems appropriate in the circumstances.

Where a Class is designated in a currency other than the Base Currency, the Net Asset Value of Shares in that Class shall be calculated in the Base Currency and converted into the currency of designation of that Class at the rate (whether official or otherwise), which the Administrator deems appropriate in the circumstances. Changes in the exchange rate between the Base Currency of a Sub-Fund and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency.

The Net Asset Value per Share of any listed Series will be notified to the Irish Stock Exchange immediately upon calculation.

Dividends, interest and capital gains (if any) which the Company receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Company may not be able to

benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

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### TEMPORARY SUSPENSION OF DEALINGS

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The Directors may at any time, with the approval of the Custodian, temporarily suspend the issue, valuation, sale, purchase, redemption, repurchase and exchange of Shares during:

- (i) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the relevant Sub-Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings in any such Recognised Market are restricted or suspended;
- (ii) any period where, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Company, the disposal or valuation of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interest of Shareholders;
- (iii) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the relevant Sub-Fund or during any period when for any other reason the value of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- (iv) any period when the Company is unable to repatriate funds for the purposes of making redemption or purchase payments or during which the realisation of investments for the time being comprised in the relevant Sub-Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (v) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Sub-Fund or the remaining shareholders in such Sub-Fund; or
- (vi) any period following the service of a notice convening a meeting of the Shareholders at which a resolution is proposed to terminate a Sub-Fund or the Company.

Notice of any such suspension shall be notified within the same Dealing Day to the Central Bank and without delay to the Irish Stock Exchange. Shareholders who have requested issue, purchase or redemption of Shares in any Sub-Fund will have their request dealt with on the first Dealing Day after the suspension has been lifted unless such requests have been withdrawn prior to the lifting of the suspension. All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. If in the opinion of the Directors the suspension is likely to exceed thirty days, it shall be notified as soon as practicable thereafter to any Shareholders affected by such suspension.

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### TERMINATION OF FUNDS

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The Company may terminate any Sub-Fund, and redeem all of the Shares of such Sub-Fund, if:

- 1 the Shareholders of the Sub-Fund pass a special resolution to approve the redemption of all the Shares in the Sub-Fund; or

- 2 at any time following the first issue of Shares in a Sub-Fund, if the Net Asset Value of the relevant Sub-Fund on any Dealing Day falls below EUR25,000,000 or such other amount as the Directors may determine and notify to Shareholders as described herein; or
- 3 the Custodian has served notice of its intention to retire under the terms of the Custodian Agreement (and has not revoked such notice) and no new custodian has been appointed by the Company with the approval of the Central Bank within six months of the date of service of such notice.

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## TAXATION

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### IRELAND

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Shares. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Shares and may not apply to certain other classes of persons.

The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares.

#### Taxation of the Company

The Company intends to conduct its affairs so that it is Irish tax resident. On the basis that the Company is Irish tax resident, the Company qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

The Company will be obliged to account for Irish income tax to the Irish Revenue Commissioners if Shares are held by non-exempt Irish resident Shareholders (and in certain other circumstances), as described below. Explanations of the terms "*resident*" and "*ordinarily resident*" are set out at the end of this summary.

#### Taxation of Non-Irish Shareholders

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Company will not deduct any Irish tax in respect of the Shareholder's Shares once the declaration set out in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's non-resident status. This Declaration may be provided by an Intermediary who hold Shares on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term 'Intermediary' is set out at the end of this summary.

If this declaration is not received by the Company, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). The Company will also deduct Irish tax if the Company has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances. The Company must be informed if a Shareholder becomes Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

#### Taxation of Exempt Irish Shareholders

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and falls within any of the categories listed in section 739D(6) Taxes Consolidation Act of Ireland ("**TCA**"), the Company will not deduct Irish tax in respect of the Shareholder's Shares once the declaration set out in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's exempt status.

The categories listed in section 739D(6) TCA can be summarised as follows:

1. Irish tax resident companies.
2. Pension schemes (within the meaning of section 774, section 784 or section 785 TCA).
3. Companies carrying on life assurance business (within the meaning of section 706 TCA).
4. Investment undertakings (within the meaning of section 739B TCA).
5. Investment limited partnerships (within the meaning of section 739J TCA).
6. Special investment schemes (within the meaning of section 737 TCA).
7. Unauthorised unit trust schemes (to which section 731(5)(a) TCA applies).
8. Charities (within the meaning of section 739D(6)(f)(i) TCA).
9. Qualifying managing companies (within the meaning of section 734(1) TCA).
10. Specified companies (within the meaning of section 734(1) TCA).
11. Qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA).
12. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA).
13. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
14. The National Asset Management Agency.
15. The National Pensions Reserve Fund Commission or a Commission investment vehicle.
16. Qualifying companies (within the meaning of section 110 TCA).
17. Any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Shares in the Company without requiring the Company to deduct or account for Irish tax.

Irish resident Shareholders who claim exempt status will be obliged to account for any Irish tax due in respect of Shares on a self-assessment basis.

If this declaration is not received by the Company in respect of a Shareholder, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

#### Taxation of Other Irish Shareholders

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an 'exempt' Shareholder (see above), the Company will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### *Distributions by the Company*

If the Company pays a distribution to a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the distribution. If the distributions are paid annually or more frequently, Irish tax at a rate of 27% will be deducted by the Company from the distributions. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Shareholder will have no further Irish tax liability in respect of the distribution. However, if the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

#### *Redemptions and Transfers of Shares*

If the Company redeems Shares held by a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if such an Irish resident Shareholder transfers (by sale or otherwise) an entitlement to Shares, the Company will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Shares, to fund this Irish tax liability the Company may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due.

Generally, a Shareholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Shareholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### *'Eighth Anniversary' Events*

If a non-exempt Irish resident Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Company will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the increase in value, in all other cases.

The Company will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Company may appropriate or cancel Shares held by the Shareholder.

However, if less than 10% of the Shares (by value) in the relevant Sub-Fund are held by non-exempt Irish resident Shareholders, the Company may elect not to account for Irish tax on this deemed disposal. To claim this election, the Company must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Shareholders (including the value of their Shares and their Irish tax reference numbers); and
2. notify any non-exempt Irish resident Shareholders that the Company is electing to claim this exemption.

If the exemption is claimed by the Company, any non-exempt Irish resident Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Company on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

### *Share Exchanges*

Where a Shareholder exchanges Shares on arm's length terms for other Shares in the Company or for Shares in another Sub-Fund of the Company and no payment is received by the Shareholder, the Company will not deduct Irish tax in respect of the exchange.

### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution *in specie* of assets from the Company, a charge to Irish stamp duty could potentially arise.

### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the "valuation date" (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

### **Reporting of Information under the Savings Directive**

Ireland has transposed the EU Directive on the taxation of savings income in the form of interest payments (Directive 2003/48/EC) into Irish law. In certain circumstances, the Company (or an Irish paying agent) may be obliged to report information to the Irish Revenue Commissioners relating to Shareholders who are individuals resident in the EU (other than in Ireland) or in certain other territories. A reporting obligation may also arise with respect to Shareholders established in these jurisdictions who are not legal persons, persons subject to corporate taxation or UCITS. Any information reported to the Irish Revenue Commissioners would be communicated to the authorities in the jurisdiction of residence (or establishment) of the relevant Shareholders. However, no reporting obligation should arise in Ireland once (broadly) the Company, or the relevant sub-fund of the Company, invests less than 15% of its total assets (directly or indirectly) in debt claims or other specified assets.



## Meaning of Terms

### *Meaning of "Residence" for Companies*

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is tax resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU member states or countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

### *Meaning of "Residence" for Individuals*

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

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this "two year" test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

### *Meaning of "Ordinary Residence" for Individuals*

The term "ordinary residence" (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2007 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2010.

### *Meaning of "Intermediary"*

An 'intermediary' means a person who:

1. carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or
2. holds units in such an investment undertaking on behalf of other persons.

## UNITED KINGDOM

### *General*

**THE STATEMENTS ON TAXATION BELOW ARE INTENDED TO BE A GENERAL SUMMARY OF CERTAIN UK TAX CONSEQUENCES THAT MAY RESULT TO THE COMPANY AND ITS SHAREHOLDERS WHO ARE RESIDENT OR ORDINARY RESIDENT IN THE UK (EXCEPT WHERE OTHERWISE INDICATED). THE STATEMENTS RELATE TO SHAREHOLDERS WHO HOLD SHARES AS AN INVESTMENT AND NOT AS AN ASSET OF A FINANCIAL OR OTHER TRADE AND WHO ARE THE ABSOLUTE BENEFICIAL OWNERS THEREOF. THE STATEMENTS DO NOT ADDRESS THE POSITION OF CERTAIN CLASSES OF INVESTOR SUCH AS TRUSTEES OF SETTLEMENTS,**

**INSURANCE COMPANIES OR CHARITIES (EXCEPT WHERE OTHERWISE INDICATED). THE STATEMENTS ARE BASED ON UK TAX LAW AND HMRC PRACTICE IN FORCE AT THE DATE OF THIS DOCUMENT, BUT PROSPECTIVE SHAREHOLDERS SHOULD BE AWARE THAT THE RELEVANT LAW AND HMRC PRACTICE OR THEIR INTERPRETATION MAY CHANGE. THE FOLLOWING TAX SUMMARY IS NOT A GUARANTEE TO ANY INVESTOR OF THE TAX RESULTS FROM INVESTING IN THE COMPANY.**

**PROSPECTIVE SHAREHOLDERS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS ON THE POSSIBLE CONSEQUENCES OF BUYING, HOLDING, SELLING OR REDEEMING SHARES UNDER THE LAWS OF THE JURISDICTIONS TO WHICH THEY ARE SUBJECT.**

## **THE COMPANY**

The Directors intend that the affairs of the Company should be managed and conducted so that the Company will be resident for UK tax purposes in Ireland and not in the UK. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment for UK corporation tax purposes, the Company will not be subject to UK corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that no such permanent establishment will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment coming into being will at all times be satisfied.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the UK.

The Company may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries. Tax law and practice, and the levels and bases of, and relief from, tax relating to the Company and Shareholders may change from time to time.

## **SHAREHOLDERS**

### ***Offshore Fund Rules***

Special tax rules apply to investments made in an offshore fund within the meaning of Part 8 of the Taxation (International and Other Provisions) Act 2010. This legislation provides that if a Shareholder who is resident or ordinarily resident in the UK for UK tax purposes holds an interest in an overseas company that constitutes an "offshore fund" and that company is not accepted by HM Revenue & Customs as a "distributing fund" for accounting periods beginning before 1 December 2009 and as a "reporting fund" for accounting periods beginning on or after 1 December 2009 throughout the period during which the Shareholder holds that interest, any gain arising to the Shareholder on the sale, disposal or redemption of that interest will be taxed at the time of such sale, disposal or redemption as income and not as a capital gain.

Shares will constitute interests in an offshore fund for UK tax purposes. The overall umbrella arrangements are ignored and each Series of Shares/Sub-Fund is treated as a separate offshore fund. The Directors intend that the Company and Sub-Funds will not seek to be certified in respect of any of its accounting periods as a distributing fund and will not apply to be a reporting fund. Accordingly, Shareholders who are resident or ordinarily resident in the UK for UK tax purposes may be liable to UK income tax in respect of gains arising from the sale, redemption or other disposal of their Shares. Such gains may remain taxable notwithstanding any general or specific UK capital gains tax exemption or allowance available to a Shareholder. Accordingly, this may result in certain Shareholders incurring a proportionately greater UK taxation charge.

### ***Tax treatment of distributions of income***

Subject to their specific circumstances, Shareholders who are resident in the UK for UK tax purposes may be liable to UK income tax or corporation tax in respect of any income distributions (including accumulated income) of the Company (including any distributions funded out of realised profits of the Company). The distribution policy of each Sub-Fund will be specified in the Relevant Supplements.

Individuals resident in the UK for UK tax purposes are generally liable to income tax on the aggregate amount of any income distribution received or deemed to be received and a tax credit equal to 10% of the gross distribution (or one-ninth of the distribution received or deemed to be received). For example, on a distribution received or deemed to be received of £90, the tax credit would be £10, and an individual would be liable to income tax on £100. No further income tax is payable in respect of the distribution by UK resident individuals who are not liable to income tax at the higher rate (currently 40%) or additional rate (currently 50%). UK resident individuals who are subject to tax at the higher rate or additional rate are subject to tax on distributions at the higher rate or additional rate applicable to distributions (currently 32.5% and 42.5% respectively) but are entitled to offset the 10% tax credit against such liability. For example, on a distribution received or deemed to be received of £90 a higher rate taxpayer would have to pay additional tax of £22.50 (representing 32.5% of the gross distribution less the 10% credit). For this purpose, distributions are treated as the top slice of an individual's income.

However, such a tax credit will not be available to individual investors in certain offshore funds where the market value of the fund's investments in "qualifying investments" (which include money placed at interest, securities or debt instruments, shares in a building society, certain interests in unit trusts, offshore funds or open-ended investment companies which invest in similar assets, derivative contracts based only on any of the foregoing and currency, or contracts for differences whose subject matter is only interest rates and/or credit worthiness and/or currency) exceeds 60% of the market value of all of the assets of the fund (excluding cash awaiting investment) at any relevant time. Investors in these funds will be treated as receiving an interest payment for UK income tax purposes which will not carry the tax credit. To the extent that a Sub-Fund's investments in "qualifying investments" in any period exceed the 60% test, Shareholders in that Sub-Fund will accordingly be taxed as receiving interest payments for UK income tax purpose with no tax credit.

UK resident Shareholders who are not liable to UK income tax on their income will not be subject to tax on income distributions.

Legislation in Part 9A Corporation Tax Act 2009 ("**CTA 2009**") means that dividends and other income distributions received by a company within the charge to UK corporation tax will be exempt from UK corporation tax provided that the dividends and distributions fall within one or more classes which qualify for exemption and are not subject to specific anti-avoidance rules. This is generally the case where the Shareholder holds less than 10% of the issued share capital in each Series of Shares and is not a "small" company (as defined in Part 9A of the CTA 2009). The exemptions are not comprehensive and, as explained above, are also subject to anti-avoidance rules so UK resident investors which are subject to UK corporation tax are advised to seek advice on how these rules apply to their particular circumstances in relation to the Shares.

Chapter 3 of Part 6 of the CTA 2009 provides that, if at any time in an accounting period a Shareholder within the charge to UK corporation tax holds an interest in an offshore fund (see further above), and there is a time in the period when the fund fails to satisfy the qualifying investments test, the interest held by such a Shareholder will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to taxation of most corporate debt contained in Part 5 of CTA 2009 (the "**Corporate Debt Regime**").

The Shares will (as explained above) constitute interests in an offshore fund. In circumstances where the qualifying investments test is not so satisfied (for example where a Sub-Fund invests in money placed at interest, securities or debt instruments, shares in a building society, certain interests in unit trusts, offshore funds or open-ended investment companies which invest in similar assets, derivative contracts based only on any of the foregoing and currency, or contracts for differences whose subject matter is only interest rates and/or credit worthiness and/or currency and the market value of such investments exceeds 60% of the market value of all its investments (excluding cash awaiting investments)) the Shares corresponding to that Sub-Fund will be treated for corporation tax purposes as within the Corporate Debt Regime. In such cases, all returns on the relevant Shares in respect of each corporate Shareholder accounting period during which the test is not met (including gains, profits and deficits and exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

Chapters 2A and 6A of Part 6 of the CTA 2009 also provide that, in certain additional circumstances, Shares held by a corporate Shareholder within the charge to UK corporation tax may be treated as if they are rights under a creditor relationship even if this would not otherwise be the case. These provisions may apply:

- (a) in the case of Chapter 6A of Part 6 of the CTA 2009, if in particular the Shares are accounted for by the Company as a liability in accordance with generally accepted accounting practice and carry a return which is economically equivalent to interest. In these additional circumstances, all returns on the Shares in respect of each corporate Shareholder's accounting period (including gains, profits and exchange gains and losses) will be taxed or relieved as an income receipt or expense under the loan relationship rules. Accordingly, a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares; and
- (b) in the case of Chapter 2A of Part 6 of the CTA 2009, if in particular the Shares carry a return which is economically equivalent to interest and the rules in Chapter 6A do not apply. In these additional circumstances, all returns on the Shares in respect of each corporate Shareholder's accounting period (including gains, profits, losses and exchange gains and losses) must be determined on an amortised cost basis and will be taxed or relieved as an income receipt or expense under the loan relationship rules.

Where the Shares are treated as rights under a creditor relationship, the provisions relating to non-distributing/reporting funds would not then apply to such corporate Shareholders.

Except in the case of a company which:

- (a) controls directly or indirectly not less than 10% of the voting rights of the Company; and
- (b) does not qualify for the exemption from tax on dividends (see further above),

no credit will be available against a corporate Shareholder's UK tax liability in respect of income distributions of the Company for any taxes suffered or paid by the Company on its own income.

### ***Other UK Tax Considerations***

UK tax legislation contains a number of provisions which are designed to ensure that UK residents who invest in non-UK assets are not doing so for tax avoidance purposes. The main provisions which could apply to the Company and its Shareholders are outlined below.

#### ***Transfer of assets abroad***

The attention of Shareholders who are individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2 of Part 12 of the Income Tax Act 2007, under which the income accruing to the Company may be attributed to such a Shareholder and may render them liable to taxation in respect of the undistributed income and profits of the Company. This legislation will, however, not apply if such a Shareholder can satisfy HMRC that either:

- (a) it would not be reasonable to draw the conclusion from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected; or
- (ii) all the relevant transactions are genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

#### ***Controlled foreign company rules***

Chapter IV of Part XVII of the Taxes Act subjects UK-resident companies to tax on the profits of companies not so resident in which they have an interest. Unless one of the exemptions applies, these provisions affect UK-resident companies that hold, alone or together with certain other associated persons,

shares that confer a right to at least 25% of the profits of a non-UK-resident company where that non-UK-resident company is controlled by persons who are resident in the UK and is subject to a lower level of taxation in its territory of residence. The legislation is not directed towards the taxation of capital gains.

The CFC rules are currently under review by HMRC and are likely to be changed. Any corporate Shareholder who may be subject to the rules should consult their professional advisers on how these rules apply to their particular circumstances in relation to the Shares.

### ***Non-resident close companies***

The attention of Shareholders resident or ordinarily resident in the UK for UK tax purposes (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("**section 13**"). Section 13 applies to a "participator" in the Company for UK tax purposes (which term includes a Shareholder). If, at any time when a gain accrues to the Company (such as on a disposal of any of its investments) which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company, were it to have been resident in the UK for UK tax purposes, a "close" company for those purposes, the provisions of section 13 could, if applied, result in such a Shareholder in the Company being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that Shareholder directly, that part being equal to the proportion of the gain that corresponds on a just and reasonable basis to that Shareholder's proportionate interest in the Company as a "participator". No liability under section 13 could be incurred by such a Shareholder where such proportion does not exceed one-tenth of the gain. In the case of UK resident and ordinarily resident individuals domiciled outside of the UK, section 13 applies only to gains relating to UK situate assets of the Company and gains relating to non-UK situate assets if such gains relating to non-UK situate assets are remitted to the UK.

### ***Insurance companies***

Insurance companies will, in certain circumstances, be deemed for the purposes of UK corporation tax on chargeable gains to have disposed of and immediately re-acquired Shares in the Company held by them at the end of each of their accounting periods.

### ***Stamp duty reserve tax and stamp duty***

On the basis that the Company does not maintain a share register in the UK, the issue or transfer of shares of the Company should not, generally, give rise to stamp duty reserve tax nor stamp duty in the UK.

Prospective investors should consult their own professional advisers on the tax and regulatory implications of making an investment in, holding or disposing of Shares and the receipt of distributions, if any, with respect to such Shares under the laws of their places of citizenship, residence and domicile. The tax consequences for each investor of acquiring, holding, redeeming or disposing of Shares will depend upon the relevant laws of any jurisdiction to which the investor is subject. Prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.

## **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

The Council of the European Union adopted on 3 June 2003 a Council Directive 2003/48/EC on the "Taxation of Savings Income in the Form of Interest Payments and Related Matters." This Directive seeks to ensure that individuals resident in an EU Member State who receive interest payments from another Member State are taxed in the Member State in which they are resident for tax purposes. However, in accordance with the procedures detailed in the implementing legislation in Ireland, paying agents in Ireland are required to establish the identity and residence of beneficial owners of Shares who are individuals, and to report interest payments made to such individuals resident in other EU Member States (or in certain dependent and associated territories of such Member States) on or after 1 July 2005. This reporting obligation will not be applicable to interest payments made from Ireland to another agent in another jurisdiction for onward payment to the ultimate beneficial owner, however, legislation applicable to such

other agent in its own jurisdiction may impose a similar reporting obligation or a withholding tax on such interest payments.

As an exception to the general system of information exchange, certain jurisdictions may require the paying agent to apply a withholding tax on the interest payment. In such circumstances an investor may have the right to avoid such a withholding tax by authorising the paying agent to file a report in respect of the interest payment with its local tax authority or by presenting a certificate (drawn up by the investor's local tax authority) to the paying agent. Investors, and potential investors, are advised to consult their professional advisers for details.

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

### ***Certain Withholding Taxes and Information Reporting Requirements.***

The Hiring Incentives to Restore Employment (HIRE) Act added Sections 1471 through 1474 to the U.S. Internal Revenue Code of 1986 (the "**Code**"). These provisions, known as the Foreign Account Tax Compliance Act or "FATCA", impose a withholding tax of 30% on: (i) U.S. source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce such types of income, which are received by a foreign financial institution, unless such foreign financial institution enters into a FATCA reporting agreement with the Internal Revenue Service (the "**IRS**") and provides certain information pursuant to that FATCA reporting agreement to the IRS as to the identity of the direct and indirect owners of accounts in such institution. In addition, a FATCA withholding tax may be imposed on payments to certain non-financial foreign entities which do not obtain and provide information as to their direct and indirect owners.

Although these FATCA provisions became effective by statute after 31 December 2012, withholding on U.S. source interest, dividends and certain other types of income will not apply until after 30 June 2014 and withholding on gross proceeds will not apply until after 31 December 2016. In addition, the IRS recently released proposed regulations which, if enacted as final, would be used by the IRS in implementing the FATCA provisions and these contain a number of phased-in dates for compliance with their various provisions. It is uncertain when and in what form final regulations regarding FATCA will be promulgated. At this time, IRS guidance is incomplete as to the types of accounts and institutions to which these rules would apply, and as to the form and content of the information which would be required to be obtained in order to avoid the withholding tax. Accordingly, there are substantial uncertainties as to the effect that these rules will have on the Company or its Shareholders. The Directors believe, however, that the Company (and other non-U.S. corporations in which or through which it invests) is likely to be classified as a foreign financial institution and required to comply with the FATCA provisions (in the manner described below).

The IRS has developed an intergovernmental approach to the implementation of FATCA. In this regard, the Irish and U.S. Governments signed an intergovernmental agreement ("**Irish IGA**") on the 21 December 2012 in respect of FATCA. Irish tax law permits FATCA regulations to be made by the Irish Revenue Commissioners to implement the FATCA matters covered by the Irish IGA into Irish tax law. These FATCA regulations have not yet been published in final form and are anticipated to be enacted into Irish tax law during 2014.

The Irish IGA and the anticipated Irish FATCA regulations are intended to reduce the burden for Irish foreign financial institutions of complying with FATCA by simplifying the compliance process and minimising the risk of FATCA withholding tax. Under the Irish IGA and the anticipated Irish FATCA regulations, information about relevant U.S. Shareholders or other reportable accounts will be provided on an annual basis by each Irish foreign financial institution directly to the Irish Revenue Commissioners (unless exempted from the FATCA requirements). The Irish Revenue Commissioners will provide such information to the IRS, without the need for the Irish foreign financial institution to enter into a FATCA reporting agreement with the IRS, although some form of FATCA registration with the IRS may still be necessary.

Under the Irish IGA, Irish foreign financial institutions should generally not be subject to FATCA withholding on payments to them and should generally not be obliged to apply FATCA withholding on payments to any investors, provided such Irish foreign financial institutions comply with their FATCA obligations under Irish tax law. In this regard, it is anticipated that the Company will not be subject to the 30% FATCA withholding

tax on U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends paid to the Company, provided it complies with the requirements of the anticipated Irish FATCA regulations and the Irish IGA. The Directors, in their sole discretion, will determine how to comply with these FATCA rules, taking into account the possible burden to Shareholders of collecting and providing information as well as the cost of not providing it.

Among the possible effects of FATCA (including the Irish IGA and anticipated Irish FATCA regulations), depending on how it is interpreted and on how the Directors choose to cause the Company to comply, are the following:

- (a) In order to comply with its FATCA obligations, the Company might require certain of its Shareholders to provide information as to their direct and indirect owners, and to certify such information in such form as may be required;
- (b) In order to comply with its FATCA obligations, the Company will likely be required to register with the IRS and will be required to report information on certain Shareholders to the Irish Revenue Commissioners (who will, in turn, report this information to the IRS);
- (c) If the Company does not comply with its FATCA obligations under Irish tax law by virtue of the Irish IGA and the anticipated Irish FATCA regulations, or cannot comply because Shareholders do not provide the required information as to their direct and indirect owners, it is possible that:
  - (i) a withholding tax might be imposed in respect of certain of the Company's income, to the extent that such income is attributable to such Shareholders; or
  - (ii) in certain circumstances, a withholding tax might be imposed in respect of certain of the Company's income, not limited to the portion attributable to Shareholders who do not provide identifying information. In this case, all Shareholders in the Company could be adversely affected by FATCA withholding tax in certain circumstances.

#### ***Investor Tax Filings and Record Retention.***

The U.S. Treasury Department has adopted regulations designed to assist the IRS in identifying abusive tax shelter transactions. In general, these regulations require investors in specified transactions (including certain shareholders in non-U.S. corporations and partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties may be imposed as a result of a failure to comply with these tax filing and record retention rules. The regulations are broad in scope and it is conceivable that the Company may enter into transactions that will subject the Company and certain Shareholders to the special tax filing and record retention rules. The Directors intend to use reasonable efforts to provide information to the Shareholders necessary to enable the Shareholders to satisfy any tax filing and record retention requirements that may arise as a result of any transactions entered into by the Company. Prospective investors should consult their own tax advisors about their obligation to report or disclose to the IRS information about their investment in the Company with respect to transactions or investments subject to these rules.

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## GENERAL

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### SERIES OF SHARES REQUIREMENTS

Under the Articles, the Directors are required to establish a separate Sub-Fund, with separate records, for each Series of Shares in the following manner:

- (i) the Company will keep separate books and records of account for each Sub-Fund. The proceeds from the issue of each Series of Shares will be applied to the Sub-Fund established for that Series of Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Sub-Fund;
- (ii) any asset derived from another asset comprised in a Sub-Fund, will be applied to the same Sub-Fund as the asset from which it was derived and any increase or diminution in value of such an asset will be applied to the relevant Sub-Fund;
- (iii) in the case of any asset which the Directors do not consider as readily attributable to a particular Sub-Fund or Sub-Funds, the asset will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund;
- (iv) any liability will be allocated to the Sub-Fund or Sub-Funds to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Sub-Fund the liability will be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the relevant Sub-Fund;
- (v) where the assets of the Company (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Sub-Fund or Sub-Funds as they may deem appropriate.

Shares of any particular Series may be divided into different Classes to accommodate different subscription and/or redemption charges and/or charges and/or dividend and/or fee arrangements.

### THE SHARE CAPITAL

The authorised share capital of the Company is 500,000,000,002 Shares of no par value divided into 2 Subscriber Shares of no par value and 500,000,000,000 unclassified Shares of no par value.

Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different Classes of Shares) in the profits and assets of the Company on the terms and conditions set out in the Relevant Supplement. Subject to any special rights or restrictions for the time being attached to any Class of Shares with the prior approval of the Central Bank, each Shareholder shall be entitled to such number of votes as shall be produced by dividing the aggregate Net Asset Value of that Shareholder's shareholding (expressed or converted into Euro and calculated as of the relevant record date) by one. The Subscriber Shareholders shall have one vote for each Subscriber Share held. The "relevant record date" for these purposes shall be a date being not more than thirty days prior to the date of the relevant general meeting or written resolution as determined by the Directors. There are no pre-emption rights attaching to Shares.

The Company may from time to time by ordinary resolution increase its capital, consolidate its Shares or any of them into a smaller number of Shares, sub-divide Shares or any of them into a larger number of Shares or cancel any Shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

### VOTING RIGHTS

Each Shareholder shall be entitled to such number of votes as shall be produced by dividing the aggregate Net Asset Value of that Shareholder's shareholding (expressed or converted into Euro and calculated as of the relevant record date) by one. The "relevant record date" for these purposes shall be a date being not



more than thirty days prior to the date of the relevant general meeting or written resolution as determined by the Directors. In relation to a resolution which in the opinion of the Directors gives or may give rise to a conflict of interest between the Shareholders of any Series or Class, such resolution shall be deemed to have been duly passed only if, in lieu of being passed through a single meeting of the Shareholders of such Series or Class, such resolution shall have been passed at a separate meeting of the Shareholders of each such Series or Classes. All votes shall be cast by a poll of Shareholders present in person or by proxy at the relevant Shareholder meeting or by unanimous written resolution of the Shareholders.

## **VARIATION OF SHAREHOLDERS RIGHTS**

Under the Articles, the rights attached to each Series or Class of Share may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that Series or Class or with the sanction of a special resolution passed at a separate general meeting of the holders of Shares of that Series or Class. The rights attaching to any Series or Class of Shares shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at such a meeting shall be two persons present in person or by proxy holding Shares of the Series or Class in question or, at an adjourned meeting, one person holding Shares, of the Series or Class in question or his proxy.

## **MEETINGS**

All general meetings of the Company shall be held in Ireland and at least one general meeting of the Company shall be held in each year as the Company's annual general meeting. At least twenty one days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) shall be given to Shareholders. The notice shall specify the place, day and hour of the meeting and the terms of the resolutions to be proposed. A proxy may attend on behalf of any Shareholder. The voting rights attached to the Shares are set out under the "Voting Rights" section of this Prospectus.

## **REPORTS AND ACCOUNTS**

The Directors shall cause to be prepared an annual report and audited annual accounts for the Company and each Sub-Fund for the period ending 30 June in each year. These will be forwarded to the Irish Stock Exchange within four months of the end of the relevant accounting period end and to Shareholders and Subscriber Shareholders as soon as practical thereafter and at least twenty-one days before the annual general meeting. In addition, the Company shall prepare and circulate to Shareholders a half-yearly report for the period ending 31 December in each year which shall include unaudited half-yearly accounts for the Company and each Sub-Fund. The unaudited half-yearly report will be sent to the Irish Stock Exchange within two months of the end of the relevant period and to Shareholders and Subscriber Shareholders as soon as practical thereafter. The Company may provide additional reports to Shareholders as otherwise required by applicable law or as it determines, in its sole and absolute discretion. The Company, with the consent of the Central Bank, may agree to change the accounting period from time to time.

## **WINDING UP**

The Articles contain provisions to the following effect:

- (i) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (ii) The assets available for distribution among the members shall then be applied in the following priority:
  - (a) First, in the payment to the holders of Shares of each Series of a sum in the currency in which that Series is designated or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the aggregate Net Asset Value per Share of the Shares of such Series held by such holders

respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Sub-Fund to enable such payment to be made.

- (b) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Sub-Funds remaining after any recourse thereto under sub-paragraph (ii) (a). In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Sub-Funds.
  - (c) Thirdly, in the payment to the holders of each Series of Shares of any balance then remaining in the relevant Sub-Fund, such payment being made in proportion to the number of Shares of that Series held.
  - (d) Fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Sub-Funds, such payment being made in proportion to the number of Shares held.
- (iii) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Irish High Court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Acts of Ireland, 1963 to 2009, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more Class or Classes of property, and may determine how such division shall be carried out as between the members or different Classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability.

## **MATERIAL CONTRACTS**

The following contracts, which are summarised in the “The Company” and “Fees and Expenses” section of this Prospectus, have been entered into and are, or may be, material:

- (iv) Management Agreement dated 18 August 2006 between the Company and the Manager pursuant to which the Manager was appointed to provide management, administration and distribution services to the Company;
- (v) Administration Agreement dated 30 November 2009 between the Manager and the Administrator pursuant to which the Administrator was appointed to provide administration, accounting, Shareholder registration and transfer agency services to the Company;
- (vi) Custodian Agreement dated 30 November 2009 between the Company and the Custodian pursuant to which the Custodian has been appointed as custodian of the Company’s assets;
- (vii) Investment Management Agreement with respect to each Sub-Fund dated 18 August 2006 between the Manager and the Investment Manager pursuant to which the Investment Manager was appointed to provide investment management services to the Company with respect to the Sub-Funds; and
- (viii) Distribution Agreement dated 18 August 2006 between the Company and the Distributor pursuant to which the Distributor was appointed to provide distribution and placing services to the Company.

Details of other material contracts may be provided in the Relevant Supplement.

## **DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Administrator at 78 Sir John Rogerson’s Quay, Dublin 2 during normal business hours on any Business Day:

- (a) the material contracts referred to above;
- (b) the Memorandum and Articles of Association of the Company;
- (c) the UCITS Regulations; and
- (d) a list of past and current directorships and partnerships held by each Director over the last five years.

Copies of the Prospectus, Memorandum and Articles of Association and of any audited annual accounts and half-yearly accounts may be obtained from the Administrator free of charge or may be inspected at the registered office of the Administrator during normal business hours on any Business Day. Annual and half-yearly accounts will be filed periodically with the Irish Stock Exchange.

Copies of all material contracts, applicable legislation, constitutive documents, accounts and a memorandum detailing the names of entities of which a Director of the Company is/has been a director or partner during the past five years will be available for inspection at the registered office of the Sponsoring Listing Agent for a period of 14 days from the date of admission to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

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

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## DEFINITIONS

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

“Administrator”	means State Street Fund Services (Ireland) Limited or such other company in Ireland as may from time to time be appointed as administrator of the Company in accordance with the requirements of the Central Bank;
“Application Form”	means the shareholder account Application Form for each Sub-Fund, as attached to each Relevant Supplement and as may be amended by the Manager from time to time;
“Articles”	means the articles of association of the Company as same may be amended from time to time with the prior approval of the Central Bank;
“Auditors”	means KPMG or such other firm of chartered accountants as may from time to time be appointed as auditors to the Company;
“Base Currency”	means the currency in which the Shares in each Sub-Fund are denominated and specified in the Relevant Supplement or such other currency as the Directors may determine from time to time and notify to Shareholders of that Sub-Fund;
“Business Day”	means, unless otherwise specified in the Relevant Supplement, a day on which the banks in Ireland or the United Kingdom are open for normal business or days as may be determined by the Directors;
“Central Bank”	means the Central Bank of Ireland or any successor entity;
“CFTC”	means the U.S. Commodity Futures Trading Commission;
“Class”	means Shares of a particular Series representing an interest in the Company maintained in respect of such Series but designated as a class of Shares within such Series for the purposes of attributing different proportions of the Net Asset Value of the relevant Series to such Shares to accommodate different subscription, conversion and redemption charges, dividend arrangements, base currencies and/or fee arrangements specific to such Shares;
“Class Currency”	means, in relation to each Class in each Sub-Fund, the currency in which the Shares of such Class are designated as specified herein or in a Supplement;
“Custodian”	means State Street Custodial Services (Ireland) Limited or such other company in Ireland as may from time to time be appointed as custodian of all the assets of the Company with the prior approval of the Central Bank;
“Dealing Day”	means, unless otherwise specified in the Relevant Supplement, such Business Day or Business Days as the Directors may from time to time determine in relation to any Sub-Fund or any Class of Shares, provided that there shall be at least two such days in every calendar month. In the case of the Sub-Funds each Business Day will be a Dealing Day unless the Directors otherwise determine and notify to Shareholders;
“Dealing Deadline”	means such time as the Directors may from time to time determine in

relation to any Sub-Fund provided that such time shall be before the Valuation Point, and notify to Shareholders as may be specified in a Supplement;

“Declaration”	a valid declaration regarding an investor's non residence for tax purposes or Exempt Investor status as contained in the Application Form which is in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA (as may be amended from time to time) and in the case of a person not resident in Ireland the Company is not in possession of information which would reasonably suggest the information contained in the declaration is no longer materially correct, or the investor has failed to comply with the undertaking to the Company to notify the Company if they become Irish Resident or immediately before the chargeable event the Shareholder is Irish Resident;
“Developed Market”	means a jurisdiction included in the Morgan Stanley Capital International, or other reputable global index provider, indices, a free-float-adjusted market capitalisation-weighted index designed to measure global developed market, and/or such other markets as the Directors may from time to time determine;
“Distributor”	means with respect to each Class of Shares in the Sub-Funds, Mercer Global Investments Europe Limited and/or such other company or companies as may from time to time be appointed by the Manager as a distributor of any Class of Shares in any Sub-Fund with prior notification to the Central Bank;
“Emerging Markets”	means those countries set out in the Morgan Stanley Capital International, or other reputable global index provider, Emerging Markets indices and/or such other markets as the Directors may from time to time determine;
“Exempt Investor”	means any of the following Irish Residents: <ul style="list-style-type: none"><li>(i) a qualifying management company or a specified company as referred to in Section 739B;</li><li>(ii) a specified collective investment undertaking as referred to in Section 739B;</li><li>(iii) a company carrying on life business within the meaning of Section 706 TCA;</li><li>(iv) a pension scheme as referred to in Section 739B;</li><li>(v) any other investment undertaking as referred to in Section 739B;</li><li>(vi) a special investment scheme as referred to in Section 739B;</li><li>(vii) a unit trust of a type referred to in Section 739D(6)(e) TCA;</li><li>(viii) a person who is entitled to exemption from income tax or corporation tax by virtue of Section 207(1)(b) TCA;</li><li>(ix) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA or 848E TCA in circumstances where the Shares held are assets of an approved retirement fund, an approved minimum retirement</li></ul>

fund or a special savings incentive account;

- (x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA and the shares he owns are assets of a PRSA (within the meaning of Chapter 2A of Part 30 TCA);
- (xi) a credit union as referred to in Section 739B;
- (xii) the Courts Service as referred to in Section 739B;
- (xiii) a qualifying company within the meaning of Section 110 TCA as referred to in Section 739D(6)(m) TCA;
- (xiv) the National Pensions Reserve Fund Commission;
- (xv) the National Asset Management Agency; and

any other person resident in Ireland who is permitted to own Shares under Irish taxation legislation or by practice or concession of the Irish Revenue Commissioners without requiring the Company to deduct appropriate tax in respect of any payment to a Shareholder or the transfer by a Shareholder of any Shares and in respect of whom the Company is in possession of a Declaration;

“EU Member State”	means a Member State of the European Union from time to time;
“Euro”	means the single currency of participating EU Member States of the European Monetary Union introduced on 1 January 1999;
“Eurozone”	means those Member States of the European Union from time to time participating in European economic and monetary union as contemplated by the Treaty of Rome, comprising, as of the date of this Prospectus, Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.
“Financial Conduct Authority”	means the UK C Conduct Authority or any successor or replacement body as shall for the time being carry out and perform the functions and responsibilities of the Financial Conduct Authority in respect of the prudential and/or conduct of business regulation or supervision of any party to this Agreement and/or any of its products or services;
“FSMA”	means the UK Financial Services and Markets Act 2000;
“Intermediary”	means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons;
“Investment Manager”	means Mercer Global Investments Europe Limited;
“Irish Resident”	any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the “Taxation” section above for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
“Irish Revenue Commissioners”	the Irish authority responsible for taxation;
“Irish Stock Exchange”	means the Irish Stock Exchange Limited;

“Manager”	means Mercer Global Investments Management Limited;
“Memorandum and Articles of Association”	means the memorandum and articles of association of the Company as same may be amended from time to time with the prior approval of the Central Bank;
“Net Asset Value”	means the Net Asset Value of a Sub-Fund calculated as described or referred to herein;
“Net Asset Value per Share”	means, in relation to any Series or Class of Shares, the Net Asset Value divided by the number of Shares in the relevant Series or Class of Shares in issue or deemed to be in issue in respect of that Sub-Fund at the relevant Valuation Point subject to such adjustments, if any, as may be required in relation to any Series or Class of Shares in the relevant Sub-Fund;
“OECD Member State”	means a Member State of the Organisation for Economic Co-operation and Development from time to time. At the date of this Prospectus the OECD Member States are the EU Member States, Australia, Canada, Iceland, Japan, Korea, Mexico, New Zealand, Norway, Switzerland, Turkey and United States;
“Ordinary Resolution”	means a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the Company or on matters affecting the relevant Class of Shares, as the case may be; means a resolution passed by a simple majority of the votes cast in its favour by Shareholders entitled to attend and vote at general meetings of the Company or on matters affecting the relevant Class of Shares, as the case may be;
“Prospectus”	means this document, any Supplement designed to be read and construed together with and to form part of this document and the Company’s most recent annual report and accounts (if issued) or, if more recent, its interim report and accounts;
“Recognised Market”	means any recognised exchange or market listed or referred to in the Articles in accordance with the requirements of the Central Bank, which does not issue a list of approved markets. The recognised markets are listed in Appendix I hereto;
“Relevant Supplement”	in relation to a Sub-Fund, the Supplement published in respect of that Sub-Fund and any addendums thereto;
“Section 739B”	means Section 739B of TCA;
“Series”	means Shares designated as a particular series of Shares representing an interest in a particular Sub-Fund which shall be maintained and kept separate in respect of such series of Shares and which may be further sub-divided into Classes;
“Share” or “Shares”	means a share or shares in the capital of the Company;
“Shareholder”	means a person registered as a holder of Shares;
“Simplified Prospectus”	means in respect of each Sub-Fund a simplified prospectus issued by the Company in accordance with the UCITS Regulations and the UCITS Notices;
“Sponsoring Listing Agent”	means Investec Capital & Investments (Ireland) Limited;

“Stock Transfer Form”	means such form as may be approved by the Directors and the Administrator from time to time to transfer the Shares;
“Sub-Funds”	means such portfolio or portfolios of assets as the Directors may from time to time establish with the prior approval of the Custodian and the Central Bank, constituting in each case a separate fund with segregated liability and represented by a separate Series of Shares and invested in accordance with the investment objective and policies applicable to such sub-fund and described in this Prospectus or in the Relevant Supplement;
“Sub-Investment Manager”	means a Sub-Investment Manager or Sub-Investment Managers appointed by the Investment Manager in accordance with the requirements of the Central Bank in respect of a Sub-Fund;
“Subscriber Shareholders”	has the meaning in the Articles;
“Subscriber Shares”	has the meaning in the Articles;
“Supplement”	a document which contains specific information supplemental to this document in relation to a particular Sub-Fund;
“Sterling” or “STG£”	means pounds Sterling, the lawful currency of the U.K.;
“TCA”	the Taxes Consolidation Act 1997;
“U.K.”	means the United Kingdom of Great Britain and Northern Ireland;
“U.S.” or “United States”	means the United States of America, its territories and possessions including the States and the District of Columbia;
“U.S.\$” or “U.S. Dollars”	means the lawful currency of the United States;
“U.S. Benefit Plan Investor”	“U.S. Benefit Plan Investor” is used as defined in U.S. Department of Labor Regulation 29 C.F.R. §2510.3-101 and Section 3(42) of ERISA (collectively, the “Plan Asset Rule”), and includes (i) any employee benefit plan subject to Part 4, Subtitle B of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended; (ii) any plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by U.S. Benefit Plan Investors. U.S. Benefit Plan Investors also include that portion of any insurance company’s general account assets that are considered “plan assets” and (except if the entity is an investment company registered under the U.S Investment Company Act of 1940) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.



“U.S. Person”

means a person who is in either of the following two categories: (a) a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the U.S. Securities Act of 1933 (“1933 Act”) or (b) a person excluded from the definition of a “Non- United States person” as used in Rule 4.7 of the U.S. Commodity Futures Trading Commission (“CFTC”). For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of “U.S. person” in Rule 902 and qualifies as a “Non-United States person” under CFTC Rule 4.7.

U.S. person under Rule 902 of Regulation S under the 1933 Act includes the following:

- (i) any natural person resident in the United States;
- (ii) any partnership or corporation organised or incorporated under the laws of the United States;
- (iii) any estate of which any executor or administrator is a U.S. person;
- (iv) any trust of which any trustee is a U.S. person;
- (v) any agency or branch of a non-U.S. entity located in the United States;
- (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; or
- (viii) any partnership or corporation if:
  - (a) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (b) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, “U.S. person” under Rule 902 does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-U.S. law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is

revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if (a) the agency or branch operates for valid business reasons, and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered “Non-United States persons”:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (iii) estate or trust, the income of which is not subject to U.S. income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States persons; and
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

“UCITS”	means an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations;
“UCITS Notices”	means the notices issued by the Central Bank from time to time pursuant to the UCITS Regulations;
“UCITS Regulations”	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and all applicable Central Bank regulations made or conditions imposed or derogations granted thereunder, as may be amended from time to time;
“Valuation Point”	means such time as the Directors may from time to time determine in relation to any particular Sub-Fund.

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**APPENDIX I  
RECOGNISED MARKETS**

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The following exchanges and markets constitute Recognised Markets for the purposes of this Prospectus:

(i) Any stock exchange in an EU Member State (except for Cyprus) or in any of the following member countries of the OECD:

Australia, Canada, Japan, New Zealand, Norway, Switzerland and the United States of America.

(ii) Any of the following stock exchanges:

- Argentina
  - Buenos Aires Stock Exchange
  - Buenos Aires Floor SINAC (part of the Buenos Aires Stock Exchange)
  - Cordoba Stock Exchange
  - La Plata Stock Exchange
  - Mendoza Stock Exchange
  - Rosario Stock Exchange
  - Bolsa de Comercio de Santa Fe
  - Mercado Abierto Electrónico (MAE)
  - Mercado a Termino de Rosario
  - Mercado de Valores de Rosario
  - Mercados de Futuros y Opciones SA (Merfox)
- Bahrain
  - Bahrain Stock Exchange
  - Manama Stock Exchange
- Bangladesh
  - Dhaka Stock Exchange
  - Chittagong Stock Exchange
- Botswana
  - Botswana Stock Exchange
  - Serowe Stock Exchange
- Brazil
  - Rio de Janeiro Stock Exchange
  - Sao Paulo Stock Exchange
  - Bolsa de Valores, Mercadorias & Futuros de São Paulo
  - Bahia-Sergipe-Alagoas Stock Exchange
  - Brasilia Stock Exchange
  - Extremo Sul Porto Alegre Stock Exchange
  - Minas Esperito Santo Stock Exchange
  - Parana Curitiba Stock Exchange
  - Pernambuco e Paraiba Recife Stock Exchange
  - Regional Fortaleza Stock Exchange
  - Santos Stock Exchange
- Bulgaria
  - The Bulgaria Stock Exchange Sofia Ltd
- Cayman Islands
  - Cayman Islands Stock Exchange
- Chile
  - Santiago Stock Exchange
  - Valparaiso Stock Exchange
- China
  - Shanghai Securities Exchange
  - Shenzhen Stock Exchange
  - Bolsa Electronica de Chile
- Colombia
  - Bogota Stock Exchange
  - Medellin Stock Exchange
  - Colombian Stock Exchange
  - Occidente Stock Exchange
- Costa Rica
  - Bolsa Nacional de Valores S.A.
  - San Jose Stock Exchange
- Croatia
  - Zagreb Stock Exchange
- Egypt
  - Cairo and Alexandria Stock Exchange
  - Egyptian Exchange
- Georgia
  - Georgian Central Securities Depository

-	Ghana	Ghana Stock Exchange
-	Hong Kong	The Stock Exchange of Hong Kong Limited Growth Enterprise Market
-	Iceland	Iceland Stock Exchange OMX Nordic Exchange
-	India	The National Stock Exchange of India The Stock Exchange, Mumbai Delhi Stock Exchange Ahmedabad Stock Exchange Bangalore Stock Exchange Cochin Stock Exchange Guwahati Stock Exchange Magadh Stock Exchange Pune Stock Exchange Hyderabad Stock Exchange Ludhiana Stock Exchange Uttar Pradesh Stock Exchange Calcutta Stock Exchange Bombay Stock Exchange Madras Stock Exchange
-	Indonesia	Indonesia Stock Exchange Surabaya Stock Exchange
-	Israel	Tel Aviv Stock Exchange Limited
-	Jamaica	Jamaica Stock Exchange
-	Jordan	Amman Stock Exchange
-	Kazakhstan	Kazakhstan Stock Exchange
-	Kenya	Nairobi Stock Exchange
-	Kuwait	Kuwait Stock Exchange
-	Lebanon	Beirut Stock Exchange
-	Macedonia	Macedonian Stock Exchange
-	Malaysia	Bursa Malaysia Bhd Bumiputra Stock Exchange
-	Mauritius	Stock Exchange of Mauritius
-	Mexico	Mexico Stock Exchange Mercado Mexicana de Derivados
-	Morocco	Casablanca Stock Exchange
-	Namibia	Namibian Stock Exchange
-	Nigeria	Nigerian Stock Exchange Kaduna Stock Exchange Port Harcourt Stock Exchange
-	Oman	Muscat Securities Market (MSM)
-	Pakistan	Karachi Stock Exchange Lahore Stock Exchange Islamabad Stock Exchange
-	Panama	Bolsa de Panama General
-	Palestine	Nablis Stock Exchange
-	Peru	Lima Stock Exchange
-	Philippines	Philippines Stock Exchange
-	Qatar	Qatar Stock Exchange Doha Securities Market
-	Romania	Bucharest Stock Exchange
-	Russia	Moscow Exchange Level 1 Moscow Exchange Level 2
-	Saudi Arabia	The Tadawul Stock Exchange Riyadh Stock Exchange
-	Serbia	Belgrade Stock Exchange
-	Singapore	Singapore Stock Exchange SESDAQ
-	South Africa	Bond Exchange of South Africa Johannesburg Stock Exchange
-	South Korea	Korea Exchange, Inc. (KRX)

		KRX Stock Market Division (KRX KOSPI Market)
		KRX Futures Market Division (KRX Derivatives Market)
		KRX Korea Securities Dealers Association Automated Quotation (KOSDAQ) Division
-	Sri Lanka	Colombo Stock Exchange
-	Taiwan	Taiwan Stock Exchange
		GreTai Securities Market (GTSM)
		Taiwan Futures Exchange (TAIFEX)
-	Thailand	Stock Exchange of Thailand
		Market for Alternative Investments (MAI)
-	Tunisia	Tunisia Stock Exchange
-	Turkey	Istanbul Stock Exchange
-	Uganda	Kampala Stock Exchange
-	Ukraine	Ukrainian Stock Exchange
		First Securities Trading System (PFTS)
		Ukrainian Interbank Currency Exchange
-	United Arab Emirates	Abu Dhabi Securities Exchange
		Dubai Financial Market
		NASDAQ Dubai
		Borse Dubai
		Dubai Gold and Commodities Exchange
		Dubai Mercantile Exchange
-	Uruguay	Montevideo Stock Exchange
		Rospide Sociedad De Bolsa S.A
-	Venezuela	Caracas Stock Exchange
		Maricaibo Stock Exchange
		Venezuela Electronic Stock Exchange
-	Vietnam	Vietnam Stock Exchange
		Ho Chi Minh Stock Exchange
		Ho Chi Minh Securities Trading Center
		Hanoi Securities Trading Center
-	Zambia	Lusaka Stock Exchange
-	Zimbabwe	Zimbabwe Stock Exchange

(iii) The following exchanges or markets:

- the market organised by the International Capital Market Association;
- The UK market (i) conducted by banks and other institutions regulated by the Financial Conduct Authority and subject to the Inter-Professional Conduct provisions of the Financial Service Authority's Market Conduct Sourcebook and (ii) in non-investment products which are subject to the guidance contained in the "Non-Investment Products Code" drawn up by the participants in the London Market, including the Financial Service Authority and the Bank of England (formerly known as "The Grey Paper"); and
- (a) NASDAQ in the United States, (b) the market in the US government securities conducted by the primary dealers regulated by the Federal Reserve Bank of New York; and (c) the over-the-counter market in the United States conducted by primary dealers and secondary dealers regulated by the Securities and Exchange Commission and the National Association of Securities Dealers and by banking institutions regulated by the US Comptroller of Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;
- the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- AIM – the alternative investment market in the United Kingdom regulated and operated by the London Stock Exchange;
- the French market for "Titres de Creance Negotiable" (over-the-counter market

- in negotiable instruments);
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
- any organised exchange or market in the EEA on which futures or options contracts are regularly traded; and
- any stock exchange approved in a member state of the EEA.

## DERIVATIVES MARKETS

In the case of an investment in financial derivative instruments, in any derivative market approved in a member state of the European Economic Area (except Cyprus), any member country of the OECD outlined above in (i), and the following exchanges or markets:

- America
  - American Stock Exchange
  - Chicago Mercantile Exchange
  - Chicago Board of Options Exchange
  - Chicago Board of Trade
  - Kansas City Board of Trade
  - Mid-American Commodity Exchange
  - Minneapolis Grain Exchange
  - New York Board of Trade
  - New York Mercantile Exchange
- Australia
  - Sydney Futures Exchange
- Bermuda
  - International Futures Exchange (Bermuda) Ltd
- Brazil
  - Bolsa de Valores, Mercadorias & Futuros de São Paulo
- Canada
  - Montreal Derivatives Exchange (XMOD)
- Cayman Islands
  - Cayman Islands Stock Exchange
- China
  - Shanghai Futures Exchange
- Egypt
  - Egyptian Exchange
- Hong Kong
  - Hong Kong Futures Exchange
  - The Stock Exchange of Hong Kong
  - Growth Enterprise Market
- India
  - The Bombay Stock Exchange (The Stock Exchange, Mumbai)
  - The National Stock Exchange of India, Limited
- Indonesia
  - Jakarta Futures Exchange
- Japan
  - Tokyo Derivatives Exchange
- South Korea
  - Korea Exchange, Inc. (Futures Market Division)
- Malaysia
  - Bursa Malaysia Derivatives Berhad
  - Kuala Lumpur Options and Financial Futures Exchange
  - Bursa Malaysia Bhd
- Mexico
  - Mexican Derivatives Exchange
- Taiwan
  - Taiwan Stock Exchange
  - Taiwan Futures Exchange
- Thailand
  - Thailand Futures Exchange Plc
- Turkey
  - Turkdex (Istanbul)
- Singapore
  - Singapore Exchange
  - Singapore Exchange Derivatives Trading Limited (formerly SIMEX, the Singapore International Monetary Exchange)
- South Africa
  - JSE Securities Exchange South Africa
  - South Africa Futures Exchange
  - Johannesburg Stock Exchange

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## APPENDIX II EFFICIENT PORTFOLIO MANAGEMENT

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**This section of the Prospectus clarifies the instruments and/or strategies which the Company may use for efficient portfolio management purposes or short term investment purposes. Where derivative instruments are used for hedging purposes, details of the derivative instruments to be used will be specifically disclosed in the Relevant Supplement.**

Each of the Sub-Funds may use the techniques and instruments for efficient portfolio management which are set out below. If this is intended, this will be indicated in the Relevant Supplement, which shall cross refer to this Appendix II. Investors should note that the Company shall comply with the conditions and limits laid down from time to time by the Central Bank under the UCITS Regulations and set out below.

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of the Company or of any Sub-Fund and for short term investment purposes under the conditions and within the limits stipulated by the Central Bank under the UCITS Regulations and described below. The Company may, for the purposes of hedging (whether against currency exchange or interest rate risks or otherwise), enter into put and call options, spot and forward contracts, financial futures, stock and bond index futures contracts, repurchase and reverse repurchase agreements and securities lending agreements. In particular, a Sub-Fund may seek to hedge its investments against currency fluctuations which are adverse to its Base Currency by utilising currency options, futures contracts and forward foreign exchange contracts.

A Sub-Fund may also from time to time make use of exchange traded funds and other futures contracts for the purpose of efficient portfolio management to enable it to maintain the appropriate exposure to stock markets in accordance with the relevant Sub-Investment Manager's recommended overall asset allocation.

The use of exchange traded funds and other futures contracts by the Company will be subject to the conditions and limits laid down by the Central Bank under the UCITS Regulations.

The Sub-Funds may use mortgage dollar rolls for efficient portfolio management purposes, including as a cost-efficient substitute for a direct exposure or for performance enhancement purposes.

### **Collateral and Use of Efficient Portfolio Management Techniques**

Any revenues from efficient portfolio management techniques not received directly by the Company in respect of the Sub-Fund, net of direct and indirect operational costs and fees (which do not include hidden revenue), will be returned to the Sub-Fund. To the extent that the Company engages in securities lending in respect of the Sub-Fund it may appoint a securities lending agent which may receive a fee in relation to its securities lending activities. Any such securities lending agent may be an affiliate of the Custodian. Any operational costs arising from such securities lending activities shall be borne by the securities lending agent out of its fee.

The Sub-Fund may enter into repurchase agreements, reverse repurchase agreements and securities lending arrangements for the purposes of efficient portfolio management subject to the conditions and limits set out in the UCITS Notices. Under a repurchase agreement, the Sub-Fund acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the securities at a mutually agreed-upon date and price, thereby determining the yield to the Sub-Fund during the term of the repurchase agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. The Sub-Fund may enter into reverse repurchase agreements under which it sells a security and agrees to repurchase it at a mutually agreed upon date and price. The Sub-Fund may lend its securities to brokers, dealers and other financial organisations in accordance with normal market practice subject to the conditions and limits set out in the UCITS Notices. Any gain or loss in the market price of the securities loaned that might occur during the term of the loan would be for the account of the Sub-Fund.

The following applies to repurchase agreements, reverse repurchase agreements (“repo contracts”) and securities lending arrangements entered into in respect of the Sub-Fund and reflects the requirements of the Central Bank and is subject to changes thereto:

- (a) Repo contracts and securities lending may only be effected in accordance with normal market practice.
- (b) The Company must have the right to terminate any securities lending arrangement which it has entered into at any time or demand the return of any or all of the securities loaned.
- (c) Repo contracts, stock borrowing or securities lending do not constitute borrowing or lending for the purposes of the UCITS Regulations.
- (d) Where the Company enters into repurchase agreements in respect of the Sub-Fund, the Company must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (e) Where the Company enters into reverse repurchase agreements in respect of the Sub-Fund, the Company must be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (f) Any interest or dividends paid on securities which are the subject of such securities lending arrangements shall accrue to the benefit of the Sub-Fund.

#### **Management of Collateral for OTC FDI Transactions and Efficient Portfolio Management**

Collateral obtained under the repo contract or securities lending arrangement or in respect of OTC FDIs (“Collateral”) must at all times meet with the following criteria: (i) Liquidity: Collateral (other than cash) must be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a robust price that is close to its pre-sale valuation Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations; (ii) Valuation: Collateral must be capable of being valued on a daily basis and assets that exhibit high price volatility shall not be accepted as Collateral unless suitably conservative haircuts are in place; (iii) Issuer credit quality: Collateral must be of high quality; (iv) Correlation: Collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty; (v) Diversification: Collateral must be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to any given issuer of 20% of the Sub-Fund’s Net Asset Value. When the Sub-Fund is exposed to different counterparties the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer; and (vi) Immediately Available: Collateral must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

Risks linked to the management of Collateral, including operational and legal risks, are identified and mitigated by risk management procedures employed by the Company.

Where there is a title transfer, the Collateral received will be held by the Custodian, or its agent. For other types of collateral arrangement the collateral may be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the Collateral.



## Permitted Types of Collateral

In accordance with the above criteria, it is proposed that the Sub-Fund will accept the following types of Collateral in respect of efficient portfolio management techniques:

- (i) cash;
- (ii) government or other public securities;
- (iii) certificates of deposit issued by a credit institution authorised in the European Economic Area ((EEA) (EU Member States, Norway, Iceland, Liechtenstein), a credit institution authorised within a signatory state, other than an EU Member State or a member state of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand ("**Relevant Institutions**");
- (iv) bonds / commercial paper issued by Relevant Institutions or by non-bank issuers where the issue or the issuer are rated A1 or equivalent;
- (v) repurchase agreements provided collateral received falls under categories (i)-(v) of this paragraph;
- (vi) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;
- (vii) daily dealing money market funds which have and maintain a rating of triple-A or its equivalent from an internationally recognised rating agency. If investments are made in a linked fund, being a collective investment scheme that is managed, directly or delegation, by the Manager or by any other company with which the Manager is linked by common management or control, or by a substantial direct or indirect holding, no subscription, conversion or redemption charge can be made by the underlying money market fund;
- (viii) equity securities traded on a stock exchange in the EEA, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
- (ix) Corporate bonds (debt instruments issued by corporate entities); and
- (x) any other Collateral which is in accordance with the above criteria.

## Acceptable Counterparties

The Sub-Fund may only enter into repo contracts and securities lending arrangements with counterparties which have a minimum credit rating of A2 or equivalent, or must be deemed by the Company to have an implied rating of A2 or equivalent. Alternatively, an unrated counterparty is acceptable where the Sub-Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent.

## Reinvestment of Collateral

Cash received as Collateral may not be invested or used other than as set out below:

- (i) placed on deposit with, or invested in certificates of deposit (which mature in no more than 12 months) issued by Relevant Institutions;
- (ii) invested in high quality government bonds;
- (iii) used for the purpose of reverse repurchase agreements provided that the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on an accrued basis; or
- (iv) invested in short term money market funds.

Re-invested cash Collateral must be diversified in accordance with the diversification requirements applicable to non-cash Collateral. The Company must be satisfied, at all times, that any investment of cash collateral will enable it to meet with its repayment obligations. Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

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

### **Stress Testing Policy**

In the event that the Sub-Fund receives collateral for at least 30% of its net assets, it will implement a stress testing policy to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to collateral.

### **Haircut Policy**

The Company has implemented a documented haircut policy. The Company's haircut policy provides that the Investment Manager and any Sub-Investment Manager shall have documented haircut policies in place in respect of each class of assets which may be received as collateral in respect of the Sub-Fund. A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The Investment Manager and any Sub-Investment Manager's haircut policy shall take account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral, the price volatility of the Collateral and the results of any stress tests which may be performed in accordance with the stress testing policy. The value of any Collateral received by the Company, adjusted in light of the haircut policy, shall equal or exceed, in value, at all times, the relevant counterparty exposure.

### **Exposure**

The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits set out in the section of the Prospectus entitled Investment Restrictions.

There are certain risks involved in efficient portfolio management activities and the management of collateral in relation to such activities, including the reinvestment of cash collateral. Please refer to the section of this Prospectus entitled "Special Considerations and Risk Factors" and "The Company – Conflicts of Interest" and, in particular, but without limitation, the risk factors relating to "Derivative Instruments" and "Futures and Options Contracts" in the Prospectus. These risks may expose investors to an increased risk of loss.

The use of efficient portfolio management techniques may impact positively or negatively on the performance of the Sub-Fund.

### **"Delayed Delivery" and "When Issued" Securities**

Subject to the investment restrictions, a Sub-Fund may purchase debt obligations on a "delayed delivery" or "when-issued" basis, that is, for delivery to the Sub-Fund later than the normal settlement date for such securities, at a stated price and yield. Such securities are termed "delayed delivery" when traded in the secondary market, or "when-issued" in the case of an initial issue of securities. The Sub-Fund generally would not pay for such securities or start earning interest on them until they are received. However, when the Sub-Fund undertakes a delayed delivery or when-issued purchase obligation, it immediately assumes the risk of ownership, including the risk of price fluctuation. Failure by the issuer to deliver the securities may result in a loss or missed opportunity for the Sub-Fund to make an alternative investment.

### **Currency Transactions**

A Sub-Fund is permitted to invest in securities denominated in a currency other than the Base Currency of the Sub-Fund and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed by the UCITS Regulations, a Sub-Fund may enter into various currency transactions, i.e. forward foreign currency contracts, currency swaps, foreign currency or currency index futures

contracts and put and call options on such contracts or on currencies, to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into.

A Sub-Fund may “cross-hedge” one foreign currency exposure by selling a related foreign currency into the Base Currency of the Sub-Fund. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the U.S. Dollar, Euro, Sterling or Japanese Yen; a Sub-Fund may hedge the exposure to currencies other than its Base Currency in the basket by selling a weighted average of those currencies forward into the Base Currency.

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## APPENDIX III

### ADDITIONAL INFORMATION ABOUT FINANCIAL DERIVATIVE INSTRUMENTS USED FOR INVESTMENT PURPOSES

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The Sub-Funds may use derivative instruments such as futures, forwards, options (including written and purchased call and put options and straddles), options on futures, swaps (including rate, currency, credit index or total return swaps), swaptions, warrants, credit default swaps, structured notes, hybrid securities, transferable securities with embedded derivatives (including convertible bonds and structured notes), securities lending when-issued, delayed delivery and forward commitment transactions to pursue their investment policies. Futures contracts may be used to gain exposure to an underlying market. Forward contracts may be used to gain exposure to an asset, currency, commodity or deposit. Options may be used to achieve exposure to a particular market instead of using a physical security. Swaps (including swaptions) may be used to exchange one cashflow or exposure for another type of cashflow or exposure. Forward foreign exchange transactions may be used to increase manage currency exposures or to shift exposure to foreign currency fluctuations from one country to another. Contracts for differences may be used to gain exposure to securities. Credit derivatives may be used to manage or implement credit exposure to a reference asset or index of reference assets. Use of these strategies involves certain special risks, including (i) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the relevant Sub-Fund; and (ii) the absence of a liquid market for any particular instrument at any particular time.

Unless otherwise specified in the Relevant Supplement, a Sub-Fund may be leveraged up to 100% of its Net Asset Value through the use of derivative instruments.

With respect to use of financial derivative instruments, a risk management process is employed and has been submitted to the Central Bank on behalf of the Company in accordance with the Central Bank's Guidance Note 3/03. The risk management process enables the Sub-Funds to accurately measure, monitor and manage the various risks associated with financial derivative instruments. The Sub-Funds will only utilise those derivatives that are listed in the risk management process cleared by the Central Bank.

The Sub-Funds will use the commitment approach in calculating global exposure unless expressly stated otherwise in the Relevant Supplement.

#### **Currency Transactions**

For investment purposes, the Sub-Funds may buy and sell foreign currency options and/or foreign currency futures and may engage in foreign currency transactions either on a spot or forward basis, subject to the limits and restrictions set down by the Central Bank from time to time as notified by the Company to the Investment Manager, to reduce the risks of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another.

#### **Credit Default Swaps**

The Sub-Funds may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. The Sub-Funds may be either the buyer or seller in a credit default swap transaction. If a Sub-Fund is a buyer and no event of default occurs, the Sub-Fund will lose its investment and recover nothing. However, if an event of default occurs, the Sub-Fund (if the buyer) will receive the full notional value of the reference obligation. As a seller, the Sub-Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit linked notes are collateralised with a portfolio of securities having an aggregate AAA rating. Credit linked notes are purchased from a trust or other special purpose vehicle that pays a fixed or floating coupon during the life of the note. At maturity, investors receive par unless the referenced

credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The trust enters into a default swap with a counterparty, and in the event of default, the trust pays the counterparty par minus the recovery rate in exchange for an annual fee that is passed on to the investors in the form of a higher yield on the notes. Credit linked notes are collateralised with a portfolio of securities having an aggregate AAA rating. Credit linked notes are purchased from a trust or other special purpose vehicle that pays a fixed or floating coupon during the life of the note. At maturity, investors receive par unless the referenced credit defaults or declares bankruptcy, in which case they receive an amount equal to the recovery rate. The trust enters into a default swap with a counterparty, and in the event of default, the trust pays the counterparty par minus the recovery rate in exchange for an annual fee that is passed on to the investors in the form of a higher yield on the notes. These transactions involve certain risks, including the risk that the seller may be unable to fulfil the transaction. The Sub-Funds may sell default protection on very liquid investment grade names. These swaps may be partially backed with settled treasuries, mortgage- or asset backed securities. Credit default swaps may also be used to reduce credit exposure to issuers when liquidity in the cash bond market and large position size make it difficult to sell the securities. The Sub-Funds may also buy protection on names the Sub-Funds does not own (uncovered credit default swaps).

### **Total Return Swaps**

A Sub-Fund may enter into a total return swap in order to exchange the exposure of an asset, a basket of assets or an index for an exposure or cashflow generally referring commonly observed cash rates (e.g LIBOR, SONIA, EURIBOR etc), or vice versa. The terms of the cashflows to be exchanged (paid or received) by a Sub-Fund will be negotiated prior to entering the total return swap and will remain fixed throughout the term of the swap. A Sub-Fund may enter into total return swaps in order to manage market exposure in circumstances where it is not practical or economical to use direct investments or other forms of derivatives such as futures. The counterparties to the total return swaps will be institutions subject to prudential supervision and within categories approved by the Central Bank, and will not have discretion over the assets of the relevant Sub-Fund. Further information in relation to total return swaps will be included in the Supplement for any Sub-Fund entering into same.

### **Futures and Options Contracts**

The Sub-Funds may purchase futures and options contracts for both investment and efficient portfolio management purposes. A futures contract is an agreement to buy or sell specific amount of a commodity or financial instrument at a particular price on a stipulated future date.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. This type of arrangement allows a Sub-Fund greater flexibility to tailor an option to its needs.

### **“Delayed Delivery” and “When Issued” Securities**

Subject to the investment restrictions set out in Appendix IV, the Sub-Funds may purchase debt obligations on a “delayed delivery” or “when-issued” basis, that is, for delivery to the Sub-Fund later than the normal settlement date for such securities, at a stated price and yield. Such securities are termed “delayed delivery” when traded in the secondary market, or “when-issued” in the case of an initial issue of securities.

A Sub-Fund generally would not pay for such securities or start earning interest on them until they are received. However, when a Sub-Fund undertakes a delayed delivery or when-issued purchase obligation, it immediately assumes the risk of ownership, including the risk of price fluctuation. Failure by the issuer to deliver the securities may result in a loss or missed opportunity for the Sub-Fund to make an alternative investment.

### **Dollar Roll Transactions**

The Sub-Funds may enter into dollar roll transactions with selected banks and broker dealers (the “counterparty”), under which it sells mortgage-backed securities to the counterparty together with a commitment to purchase from the counterparty similar, but not identical, securities at a future date. The counterparty receives all principal and interest payments, including prepayments, made on the security

while it is the holder. Dollar rolls may be renewed over a period of several months with a new purchase and repurchase price and a cash settlement made at each renewal without physical delivery of securities.

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## APPENDIX IV

### INVESTMENT RESTRICTIONS

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The assets of each Sub-Fund must be invested in accordance with the restrictions on investments set out in the UCITS Regulations and such additional investment restrictions, if any, as may be adopted from time to time by the Directors in respect of any Sub-Fund and specified in the Relevant Supplement. The principal investment restrictions applying to each Sub-Fund under the UCITS Regulations are described as follows:

#### 1 PERMITTED INVESTMENTS

A Sub-Fund may invest in:

- 1.1 transferable securities and money market instruments, as prescribed in the UCITS Notices, which are either admitted to official listing on a Recognised Market in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State;
- 1.2 recently issued transferable securities which will be admitted to official listing on a Recognised Market within a year;
- 1.3 money market instruments, as defined in the UCITS Notices, other than those dealt on Recognised Market;
- 1.4 units of UCITS;
- 1.5 units of non-UCITS as set out in the Central Bank's Guidance Note 2/03;
- 1.6 deposits with credit institutions as prescribed in the UCITS Notices; and
- 1.7 financial derivative instruments ("FDI") as prescribed in the UCITS Notices.

#### 2 INVESTMENT RESTRICTIONS

- 2.1 A Sub-Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A Sub-Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a Recognised Market within a year. This restriction will not apply in relation to investment by a Sub-Fund in certain U.S. securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the Sub-Fund within seven days at the price, or approximately at the price, at which they are valued by the Sub-Fund.
- 2.3 A Sub-Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 The limit of 10% in 2.3 is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by

a non-EU Member State or public international body of which one or more EU Member States are members.

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

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

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

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



### 3 INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES (“CIS”)

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

### 4 GENERAL PROVISIONS

- 4.1 The Company or the Manager, acting in connection with all of the collective investment schemes which it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 4.2 A Sub-Fund may acquire no more than:
  - (1) 10% of the non-voting shares of any single issuing body;
  - (2) 10% of the debt securities of any single issuing body;
  - (3) 25% of the units of any single CIS; or
  - (4) 10% of the money market instruments of any single body.

The limits laid down in 4.2 (2), (3) and (4) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 4.3 4.1 and 4.2 shall not be applicable to:
  - (1) transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - (2) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - (3) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - (4) shares held by a Sub-Fund in the capital of a company incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which a Sub-Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.10, 3.1, 3.2, 4.1, 4.2, 4.4, 4.5 and 4.6 provided that where these limits are exceeded, paragraphs 4.5 and 4.6 below are observed.

- (5) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 4.4 A Sub-Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 4.5 The Central Bank may allow a recently authorised Sub-Fund to derogate from the provisions of 2.3 to 2.11, 3.1, 3.2 for six months following the date of its authorisation, provided it observes the principle of risk spreading.
- 4.6 If the limits laid down herein are exceeded for reasons beyond the control of the Directors, or as a result of the exercise of subscription rights, the Sub-Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.
- 4.7 Neither the Company, nor the Manager will carry out uncovered sales of:
- transferable securities;
  - money market instruments;
  - units of CIS; or
  - financial derivative instruments.
- 4.8 A Sub-Fund may hold ancillary liquid assets.

## 5 FINANCIAL DERIVATIVE INSTRUMENTS

- 5.1 a Sub-Fund's global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
- 5.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
- 5.3 A Sub-Fund may invest in FDI dealt in over-the-counter ("OTC") provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 5.4 Investment in FDI is subject to the conditions and limits laid down by the Central Bank.

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