

## **PARETO PLC**

(an umbrella fund with segregated liability between sub-funds)

A company incorporated with limited liability as an umbrella investment company with variable capital under the laws of Ireland with registered number 529413

## **PROSPECTUS**

This Prospectus is dated 1 October 2020

The Directors of Pareto plc (the **Company**), whose names appear in the section entitled **Directors of the Company** below, accept responsibility for the information contained in this Prospectus and each relevant Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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## 1. INTRODUCTION

The information contained in this Prospectus, the relevant Supplement or any document referred to therein, is not to be construed as legal, tax or investment advice. If you are in any doubt about the information contained in those documents, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

Defined terms used in this Prospectus shall have the meanings attributed to them in the **Definitions** section below.

**The value of and income from Shares in the Funds may go up or down and you may not get back the amount you have invested in the Fund. Investment in Shares involves above average risk and your attention is drawn to the section below headed 'Risk Factors'. Such investment is only suitable for Investors who are in a position to understand and take such risks and satisfy themselves that such investment is appropriate for them.**

The Company was incorporated on 24 June 2013 under Part 24 of the Companies Act and is an umbrella investment company with variable capital and is a specially designated company pursuant to Section 1395 of that Act. Accordingly, the Company is supervised by the Central Bank of Ireland (the **Central Bank**). The Company is established as a Qualifying Investor alternative investor fund. The Directors may set up open-ended, limited liquidity and closed-ended Funds and will set out such details in the relevant Supplement.

**The Central Bank shall not be liable by virtue of its authorisation of the Company or by reason of its exercise of the functions conferred on it by legislation in relation to this Company for any default of the Company. Authorisation of the Company does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties connected with the Company.**

The Company has been authorised by the Central Bank for marketing solely to Qualifying Investors. With the exception of investors who qualify as Accredited Investors, the minimum subscription amount by each applicant for Shares (through investment in one or more Funds) shall be €100,000 or its foreign currency equivalent or such higher amount as may be specified in a Supplement for a Fund. The Central Bank has not set any limits or other restrictions on the investment objectives, the investment policies or on the degree of leverage which may be employed by the Company. The Company must comply with the aim of spreading investment risk in accordance with Section 1386 of the Companies Act, 2014. The Central Bank has not reviewed this Prospectus.

**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 this Prospectus.**

The Company is structured as an umbrella fund with segregated liability between Funds. Shares representing interests in different Funds may be issued from time to time by the Company. Shares of more than one class may be issued in relation to a Fund. All Shares of each class will rank rateably amongst themselves and *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund (for which prior Central Bank approval is required) or any new class of Shares (which must be issued in accordance with the requirements of the Central Bank), the Directors will prepare and issue a new or updated Supplement setting out the relevant details of each such Fund or new class of Shares as the case may be. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each class of Shares) and will be invested in accordance with the investment objective and policies applicable to such Fund. Particulars relating to individual Funds and the classes of Shares available therein are set out in the relevant Supplement. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. Any amendments to the Prospectus and any Supplements must be notified to and cleared in advance by the Central Bank.

The Company has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund but please refer to the **Risk Factors** section.

Distribution of this Prospectus and the relevant Supplement is not authorised in any jurisdiction unless accompanied by a copy of the latest published annual report and audited accounts of the Company. Such reports and this Prospectus together form the prospectus for the issue of Shares in any Fund.

### **Restrictions on Distribution and Sale of Shares**

The distribution of this Prospectus and the relevant Supplement and the offering or purchase of Shares may be restricted in certain jurisdictions and, accordingly, persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or in which the person making such offer or solicitation is not qualified to do.

Shares are offered only on the basis of the information contained in the current Prospectus and the relevant Supplement. The Company's annual report is incorporated by reference and is available on request as further described in the section entitled **Documents Available for Inspection** in this Prospectus. No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription or sale of Shares other than those contained in the current Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company.

The Directors have the power to impose restrictions on the holding of Shares directly or indirectly by (and consequently to redeem Shares held by) such persons or entities as described under the **Compulsory Redemptions** section of this Prospectus.

### **Risk Factors**

Investors should read and consider the section of this Prospectus entitled **Risk Factors** before investing in a Fund.

**The value of and income from Shares may go up or down and Shareholders may not get back the amount they have invested in a Fund.**

**Where there is a Subscription Fee or a Redemption Fee payable on the issue and redemption of Shares, an investment in Shares should be viewed as medium to long term. A Preliminary Fee and/or a Subscription Fee may be charged by a Fund, as set out in the relevant Supplement.**

**Shareholders should note that the investment management fees, or a portion thereof, may be charged to the capital of a Fund and accordingly, on redemptions of holdings, Shareholders may not receive back the full amount invested.**

**Shareholders should also note that where there is not sufficient income or capital gains to cover the fees and expenses of a Fund that all/part of such fees and expenses may be charged to the capital of the Fund. This may have the effect of lowering the capital value of your investment so that income will be achieved by foregoing the potential for future capital growth.**

### **Reliance on this Prospectus**

This Prospectus, the relevant Supplement and any other documents referred therein should be read in their entirety before making an application for Shares. Statements made in this Prospectus are based on the laws and practice in force in Ireland at the date of Prospectus, which may be subject to changes. Neither the delivery of this Prospectus nor the offer, placement, allotment or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date this Prospectus. This Prospectus may from time to time be updated in accordance with the requirements of the Central Bank

and intending Investors should enquire of the Administrator as to the issue of any later versions or as to the issue of any reports and accounts of the Company.

The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters. Each prospective Investor must rely upon such investor's own representatives, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

**Prospective Investors should inform themselves as to (a) the legal requirements within their own jurisdictions, (b) any exchange control requirements and foreign exchange restrictions, (c) the income and other tax consequences and (d) any other governmental or other consents or formalities which may apply in their own jurisdictions and which might be relevant to the purchase, holding or disposal of Shares.**

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as this English language document. To the extent that there is any inconsistency between this English language document and the document in another language, this English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

All Shareholders 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 the Company, copies of which are available as mentioned herein.

This Prospectus shall be governed by and construed in accordance with Irish law.

## 2. DEFINITIONS

**Account Opening Form** means, in respect of a Fund, the form obtained from the Administrator which is required to open an investor account for the subscription of Shares of such Fund;

**Act** means Part 24 of the Companies Act, 2014 as amended from time to time and including any regulations made thereunder by ministerial order and any conditions that may from time to time be imposed thereunder by the Central Bank whether by notice or otherwise affecting the Company;

**Accredited Investor** means an investor who has satisfied to the satisfaction of the Company one of the following conditions:

- (i) the investor is the Investment Manager, an entity appointed to provide investment advisory services to the Company (an **investment advisor**) or a management company (if appointed) or a director of the Investment Manager, an investment advisor or a management company (if appointed);
- (ii) the investor is a Director of the Company;
- (iii) the investor is the promoter of the Company or any entity in the promoter's group or a director of the promoter; or
- (iv) the investor is an employee of the Investment Manager and is
  - directly involved in the investment activities of the Company; or
  - a senior employee of the Investment Manager and has experience in the provision of investment management services;

and the Company is satisfied that the investor falls within these criteria;

and in each case certifies in writing to the Company that (a) they are availing of the exemption from the minimum subscription requirement of €100,000 (or such higher Minimum Initial Investment Amount as may be set out in the relevant Supplement) on the basis that they are an "Accredited Investor" as defined above; (b) they are aware that the Company is marketed solely to qualifying Investors who are normally subject to a minimum subscription requirement of at least €100,000 (or such higher Minimum Initial Investment Amount as may be set out in the relevant Supplement); (c) they are aware of the risk involved in the proposed investment and that inherent in such investment is the potential to lose all of the sum invested;

**Accounting Date** means the date by reference to which the annual accounts of the Company shall be prepared and shall be 31 December in each year or such other date as the Directors in accordance with the requirements of the Central Bank may determine and (in the case of the termination of the Company) the date the final Shares are liquidated;

**Accumulating Shares** means Shares of a Fund or class carrying no right to any distribution of income and/or capital gains but the income and capital gains attributable to such Shares is retained within the relevant Fund and reflected in the Net Asset Value of such Shares;

**Administration Agreement** means the agreement dated 18 July 2013 between the Company and the Administrator as amended and restated on 16 March 2015 and as further amended and restated on 21 December 2017 and as may be further amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;

**Administrator** means SMT Fund Services (Ireland) Limited or any successor thereto duly appointed as the administrator of the Company and each Company in accordance with the requirements of the Central Bank;



**Advisor** means any entity appointed by the Company or the Investment Manager to provide advice from time to time in relation to the investment activities of the Company or any Fund in accordance with the requirements of the Central Bank;

**AIFM** means Pareto Asset Management AS or such other successor entity as may be appointed with the approval of the Central Bank;

**AIFM Agreement** means the agreement between the Company and the AIFM dated 16 March 2015 as amended by a supplemental AIFM agreement dated 21 December 2017 and, as may be further amended from time to time;

**AIFMD** means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EC) No 1095/2010 as may be amended or supplemented from time to time;

**AIFMD Legislation** means AIFMD, the AIFM Regulations and the Delegated Regulation (or any of them as the case may be), as may be amended, supplemented or replaced from time to time;

**AIFM Regulations** means the European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No. 257 of 2013) as may be amended and any conditions that may from time to time be imposed thereunder by the Central Bank affecting the Company;

**AIF Rulebook** means the alternative investment fund rulebook issued by the Central Bank;

**Articles** means the Articles of Association of the Company as amended from time to time;

**Base Currency** means in relation to any Fund such currency as is specified as such in the Supplement for the relevant Fund;

**Business Day** means in relation to any Fund such day or days as is or are specified as such in the Supplement for the relevant Fund;

**Cash Sweep Counterparties** has the meaning given to such term in the section headed "Risk Factors – Cash Sweep Risk";

**Cash Sweep Program** has the meaning given to such term in the section headed "Risk Factors – Cash Sweep Risk";

**Central Bank** means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the Company;

**Central Bank Requirements** means the rules and guidance notes issued by the Central Bank from time to time which are applicable to the Company;

**Class or Classes** means one or more particular division of Shares in a Fund;

**Collection Account** means the account operated by the Administrator which is used for (i) the receipt of subscription monies from investors in a Fund and (ii) repayment of redemption and/or distribution proceeds to Shareholders of such Fund;

**Collection Account Cash Sweep Counterparties** has the meaning given to such term in the section headed "Share Dealings – Applications for Shares";

**Collection Account Cash Sweep Program** has the meaning given to such term in the section headed "Share Dealings – Applications for Shares";

**Companies Acts** means the Irish Companies Act 2014 (as amended, consolidated or supplemented from time to time) including any regulations issued pursuant thereto, insofar as they apply to investment companies with variable capital;

**Company** means Pareto plc;

**Connected Party** means the parties defined as such in the section headed **Portfolio Transactions and Conflicts of Interest**;

**Criminal Justice Acts** means the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010-2018 of Ireland as may be amended, supplemented or replaced from time to time;

**Currency Share Class** a Class of Shares denominated in a currency other than the Base Currency;

**Data Protection Legislation** means the Irish Data Protection Acts 1988 and 2003, EU Data Protection Directive 95/46/EC and the EU Privacy & Electronic Communications Directive 2002/58/EC, any relevant amendments and replacement legislation including the EU General Data Protection Regulation (EU) 2016/679, European Commission decisions, binding EU and national guidance and all national implementing legislation;

**Dealing Day** means in respect of each Fund such Business Day or Business Days as is or are specified in the Supplement for the relevant Fund;

**Dealing Deadline** means in relation to applications for subscription, redemption or exchange of Shares in a Fund, the day and time specified in the Supplement for the relevant Fund;

**Delegated Regulation** means Commission Delegated Regulation (EU) No 231/2013 supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision as may be amended from time to time;

**Depositary** means SMT Trustees (Ireland) Limited or any other person or persons for the time being duly appointed depositary in succession to the current depositary;

**Depositary Agreement** means the agreement dated 16 March 2015 between the AIFM, the Company and the Depositary as amended and restated on 21 December 2017 and as may be further amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;

**Derivative Specific Share Class** means a Class in respect of which the Company will enter into derivative and/or hedging transactions, where the benefits and costs of such hedging transactions will accrue solely to Shareholders in such Class, and which may be a Hedged Currency Share Class;

**Directors** means the Directors of the Company for the time being and any duly constituted committee or delegate thereof, each a **Director**;

**Distributing Shares** means Shares in respect of which the net income and/or capital gains arising may be distributed;

**Distributor** means the AIFM and/or any additional or successor or addition thereto duly appointed as the distributor for the Company or any Fund in accordance with the requirements of the Central Bank;

**EU** means the European Union;

**Euro, EUR or €** means the lawful currency of the Eurozone or any successor currency;

**Eurozone** means those countries who use the Euro as their lawful currency;

**Exchange Fee** means the charge, if any, payable on the exchange of Shares;

**Fund** means a separate portfolio of assets which is invested in accordance with the investment objective and policies as set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such fund shall be applied and charged and **Funds** means all or some of the Funds as the context requires or any other funds as may be established by the Company from time to time with the prior approval of the Central Bank;

**Initial Issue Price** means the price per Share at which Shares are initially offered in a Class during the Initial Offer Period (excluding the Subscription Fee, if any);

**Initial Offer Period** means the period during which Shares in a Class are initially offered at the Initial Issue Price as specified in the Supplement for the relevant Fund;

**Investment Manager** means the AIFM (Pareto Asset Management AS), or any successor or addition thereto duly appointed in accordance with the requirements of the Central Bank as specified in the Supplement for the relevant Fund;

**Investor** means any investor who subscribes by way of cash or in-kind subscription and who has signed and returned a Subscription Form which has been accepted by the Company and for the avoidance of doubt the term includes, where appropriate, the Shareholder;

**Investor Money Regulations** means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers as may be amended from time to time;

**Ireland** means the Republic of Ireland;

**Issue Price** means the Net Asset Value per Share of the relevant Class as at the Valuation Point;

**Member State** means a member state of the EU;

**Memorandum of Association** means the Memorandum of Association of the Company;

**Minimum Additional Investment Amount** means such amount (if any) as the Directors may from time to time prescribe as the minimum additional investment amount required by each Shareholder for Shares of each class in a Fund as is specified in the Supplement for the relevant Fund;

**Minimum Fund Size** means such amount as the Directors decide for each Fund and as set out in the Supplement for the relevant Fund or as otherwise notified to Shareholders in that Fund;

**Minimum Initial Investment Amount** means €100,000 (save for Accredited Investors as defined above) or such other amount as the Directors may from time to time determine and set out in the relevant Supplement provided that the Directors shall not accept applications for Shares from any Qualifying Investor unless the applicants initial subscription to the Company as a whole is equal to or greater than the minimum amount required by the Central Bank for the Company to obtain qualifying investor fund status in accordance with the AIF Rulebook;

**Minimum Redemption Amount** means such minimum number or minimum value of Shares (if any) as the Directors may from time to time prescribe as the minimum redemption amount for Shares in a Class as may be specified in the Supplement of the relevant Fund;

**Minimum Shareholding** means such minimum number or minimum value of Shares (if any) which must be held at any time by a Shareholder for the relevant Class as may be specified in the Supplement of the relevant Fund;

**money market instruments** means instruments normally dealt in on the money markets which are liquid and have a value that can be accurately determined at any time;

**month** means a calendar month;

**Net Asset Value** or **Net Asset Value per Share** means in respect of the assets of a Fund or the Shares in a Fund, the amount determined in accordance with the principles set out in the **Net Asset Value** section as the Net Asset Value of a Fund or Net Asset Value of a Class of Shares or the Net Asset Value per Share;

**NOK** or **kr** means the lawful currency of Norway or any successor currency;

**OECD** means the Organisation for Economic Co-operation and Development;

**OTC derivative** means a financial derivative instrument dealt in over the counter and not on a regulated market;

**Prospectus** means the current prospectus of the Company and any supplements and addenda thereto;

**Qualifying Investor** means:

- (i) an investor who is a professional client within the meaning of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive); or
- (ii) an investor who receives an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the Company; or
- (iii) an investor who certifies that they are an informed investor by providing the following:
  - (a) Confirmation (in writing) that the investor has such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or
  - (b) Confirmation (in writing) that the investor's business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the Company;

and where such Qualifying Investor certifies in writing to the Company that they meet the minimum criteria in (i), (ii) or (iii) and that they are aware of the risk involved in the proposed investment and of the fact that inherent in such investment is the potential to lose all of the sums invested;

**Redemption Deadline** means in respect of a Dealing Day, the deadline by which requests for the redemption of Shares must be received by the Administrator as set out in the relevant Supplement for each Fund;

**Redemption Fee** means in respect of a Class of Shares the charge payable (if any) on redemption of Shares as specified in the Supplement for the relevant Fund;

**Redemption Form** means, in respect of a Fund, the form obtained from the Administrator which is required to be completed by Shareholders to redeem Shares of such Fund;

**Redemption Price** means the Net Asset Value per Share of the relevant Class as at the Valuation Point;

**Redemption Proceeds** means the Redemption Price less any duties and charges relating to the redemption of Shares as set out in this Prospectus;

**Settlement Date** means in respect of receipt of monies for subscription for Shares or dispatch of Redemption Proceeds for the redemption of Shares, the date specified in the Supplement for the relevant Fund;

**Shares** means participating shares in the Company representing interests in a Fund and where the context so permits or requires any Class of participating shares representing interests in a Fund and **Share** means any one of them;

**Shareholders** means registered holders of Shares, and each a **Shareholder**;

**Subscription Amount** means the investment amount received from an Investor in respect of an application for subscription of Shares in a Share Class;

**Subscription Deadline** means in respect of a Dealing Day, the deadline by which application for the subscription of Shares must be received by the Administrator as specified in the Supplement for the relevant Fund;

**Subscription Fee** means the charge payable (if any) on the subscription for Shares as specified in the Supplement for the relevant Fund;

**Subscription Form** means, in respect of a Fund, the form of subscription form obtained from the Administrator which is required to be completed by investors to subscribe for Shares or, in the case of existing Shareholders, additional Shares of such Fund;

**Supplement** means any supplement to the Prospectus issued on behalf of the Company from time to time;

**Unhedged Currency Share Class** means a Class of Shares where typically, Shares may be applied and paid for, income payments calculated and paid and redemption proceeds paid in a currency other than the Base Currency of the relevant Company on the basis of a currency conversion at the prevailing spot currency exchange rate of the relevant Base Currency for the currency of the relevant Share Class;

**United States** and **US** means the United States of America, (including each of the states, the District of Columbia and the Commonwealth of Puerto Rico) its territories, possessions and all other areas subject to its jurisdiction;

**US Dollars, USD, US\$ Dollars** and **\$** means the lawful currency of the United States or any successor currency;

**US Person** means, unless otherwise determined by the Directors, a person resident in the US, a citizen of the US, a corporation, partnership or other entity created or organised in or under the laws of the US, an estate or trust treated as a resident of the US for income tax purposes, or any person falling within the definition of the term US Person under Regulation S of the US Securities Act or FATCA and includes: (i) any natural person resident in the US; (ii) any partnership or corporation organized or incorporated under the laws of the US; (iii) any estate of which any executor or administrator is a US Person; (iv) any trust of which any trustee is a US Person; (v) any agency or branch of a non-United States entity located in the US; (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 US Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary, organized, incorporated, or (if an individual) resident in the US; and (viii) any partnership or corporation if: (A) organized or incorporated under the laws of any non-US jurisdiction; and (B) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of the Securities Act) who are not natural persons, estates or trusts;

**Valuation Day** is such day(s) as are specified in the Supplement for the relevant Fund and/or as the Directors may determine from time to time and notify in advance to all Shareholders of the relevant Fund, provided that for open-ended Funds there shall be at least one Valuation Day per quarter; and

**Valuation Point** the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Share are calculated as is specified in the Supplement for the relevant Fund.

### 3. FUNDS

#### 3.1. *General*

The Company has been authorised by the Central Bank for marketing only to Qualifying Investors. This is without prejudice to the right to issue Shares to Accredited Investors.

The Company is structured as an umbrella fund in that different Funds may be established from time to time by the Directors with the prior approval of the Central Bank. On the introduction of any new Fund,

the Directors will issue documentation setting out the relevant details of each such Fund. A separate portfolio of assets will be maintained for each Fund. Separate records will also be maintained for each Fund with assets and liabilities allocated to the relevant Fund and each Fund will be invested in accordance with the investment objective applicable to such Fund. Particulars relating to each Fund are set out in a Supplement to the Prospectus.

Shares will be issued in relation to each Fund. Different classes of Shares may also be issued in relation to any Fund subject to notifying and clearing in advance with the Central Bank the creation of each class of Shares and the different classes of Shares available for issue in each Fund will be set out in a Supplement for the relevant Fund. The different classes of Shares in a Fund may have different subscription/redemption procedures, different charging structures, different dividend or distribution policies, designation of Shares in different currencies or different gains/losses on (and the costs of) financial instruments employed for currency hedging between the Base Currency of a Fund. The designated currency of the relevant class of Shares in a Fund and the Minimum Initial Investment Amounts may also differ. Details of such structures and amounts for each Fund shall be set out in a Supplement for the relevant Fund. The different classes of Shares within a Fund together represent interests in a single pool of assets of the Fund, and the capital gains/losses and income arising from that pool of assets will be distributed and/or accrue equally to each Shareholder relative to their participation in the Fund.

The Company has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, but please see the section entitled **Risk Factors**, below.

### 3.2. ***Investment Objective, Policies and Strategy***

Details of the investment objective and policies for each Fund appear in the Supplement for the relevant Fund.

Any change in the investment objective or material change to the investment policy of a Fund established as an open-ended Fund may only be made in consultation with the AIFM and with approval on the basis of a majority of votes cast at a general meeting of the Shareholders of the Fund (or by way of a written resolution signed by the Shareholders of the Fund entitled to vote thereon). Subject and without prejudice to the first sentence of this paragraph, in the event of a change of investment objective and/or policies of a Fund, approved by way of a majority of votes at a general meeting, a reasonable notification period must be given to each Shareholder of the Fund to enable a Shareholder to have its Shares redeemed prior to the implementation of such change.

In addition to the investment objective and investment policy, an investment strategy for a Fund may be set out in the Supplement for that Fund. If applicable, the AIFM shall agree changes to the investment strategy for a Fund with the Directors. Any such change which requires the supplement to be amended will be notified promptly to Shareholders of the relevant Fund by way of an updated Supplement being made available to such Shareholders.

### 3.3. **Financing Counterparties**

The Funds may enter into transactions with counterparties, including counterparties to OTC derivatives. The Funds may enter into collateral arrangements with OTC counterparties, including counterparties to OTC derivative instruments, whereby assets of the Funds are passed outside the control of the Depositary, which assets the counterparty may pledge, lend, rehypothecate or otherwise utilise for its own purposes provided that:

- (i) The counterparty has a minimum credit rating of A-2 or equivalent or is deemed by the Company to have an implied rating of A-2;
- (ii) Transactions which may give rise to counterparty risk exposure in excess of 40% of Net Asset Value will be made in accordance with any Central Bank Requirements;

- (iii) Counterparty risk exposure will be measured on an aggregate basis and will include, for example, exposures arising from investments in securities issued by the counterparty, amounts held on deposit and OTC derivative positions.

In accordance with normal market practice, margin deposits or equivalent may be placed with OTC, repo and stock lending counterparties by way of collateral in order to secure the relevant Fund's obligations to that counterparty. These deposits or equivalent may exceed the value of the obligations of the Fund to the counterparty due to excess margin requirements. The level of margin deposits or equivalent will be monitored by the Investment Manager on an ongoing basis. The Company, on behalf of the relevant Fund, will have a right against the counterparty, where it has satisfied its obligations to that counterparty in respect of which such margin deposits or equivalent were given, for the return of assets equivalent to those placed with that counterparty.

#### 3.4. ***Investment Restrictions***

The investment restrictions for each Fund are formulated by the Directors, in consultation with the AIFM, at the time of the creation of the Fund, details of which will be contained in the relevant Supplement.

The Company may not, nor shall it appoint an AIFM which may, acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body of an asset (unless it is a venture capital, development capital or private equity fund within the terms of the AIF Rulebook).

The Company must observe its statutory obligation pursuant to Section 1386 of the Companies Act 2014 to spread its investment risk, which also requires that exposure to any one counterparty be limited.

A Fund shall only invest in the shares or units of an investment fund managed by the AIFM or by an associated or related company where the management company of the investment fund in which the investment is being made has waived the preliminary/initial/redemption charge which it would normally charge.

The Directors, in consultation with the AIFM, may from time to time impose such further investment restrictions as shall be compatible with or in the interests of the Shareholders in order to comply with the laws and regulations of the countries where Shareholders are placed.

Limits on investments (if any) set out in this Prospectus or any Supplement apply at the time of purchase of the investments. If the limits are subsequently exceeded for reasons beyond the control of the Company or as a result of exercise of subscription rights, the Company will adopt as a priority objective the remedying of that situation taking account of interests of Shareholders (save where such investment restrictions are stated to apply only as at the date of acquisition of an investment).

#### 3.5. ***Borrowing and Leverage***

The Company may borrow monies for and on behalf of a Fund and may leverage the assets of a Fund. The borrowing and leverage limits for each Fund are set out in the Supplement for the relevant Fund.

#### 3.6. ***Distribution Policy***

The Directors decide the dividend policy and arrangements relating to each Fund and details are set out where applicable in the relevant Supplement. The Articles provide that the Directors are entitled to declare dividends being either: (i) net income (i.e. income less expenses); (ii) realised gains net of realised and unrealised losses; (iii) realised and unrealised gains net of realised and unrealised losses; (iv) net income and realised gains net of realised and unrealised losses; or (v) net income and realised and unrealised gains net of realised and unrealised losses.

The Directors may, unless specified in the Supplement of the relevant Fund, satisfy any dividend due to Shareholders in whole or in part by distributing to them in specie any of the assets of the relevant Fund. A Shareholder may request the Company instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of same. The Company will be obliged and entitled to deduct an amount in respect of Irish taxation from any dividend payable to a Shareholder who is or is deemed to be a Taxable Irish Person and pay such sum to the Irish tax authorities.

Dividends not claimed within six years from their due date will lapse and revert to the relevant Fund.

Where dividends are payable, Shareholders will be paid by electronic transfer to the bank account designated by the Shareholder in the original Subscription Agreement (or as otherwise agreed with the Directors) at the expense of the payee.

### 3.7. ***Subsidiaries***

In certain circumstances as specified in the Supplement for the relevant Fund and subject to the requirements of the Central Bank, a Fund may hold its investments indirectly through wholly owned subsidiaries. Such arrangements are designed, amongst other things, for capital protection purposes. The names of any such subsidiaries will be disclosed in the Company's annual report.

### 3.8. ***Preferential Treatment***

To ensure fair treatment of Shareholders in each Fund, neither the Company nor the AIFM intend to offer preferential treatment to any Shareholders as compared to other Shareholders in the same Fund (unless otherwise disclosed in the relevant Supplement). This would not preclude the Directors from issuing more than one class of Shares in a Fund which have different features which are set out in the relevant Fund Supplement or any arrangement which Shareholders may enter into with any of the service providers of the Company or AIFM to which neither the Company nor the AIFM are not a party.

### 3.9. **Legal Implications Summary**

This Prospectus is governed by and construed in accordance with Irish law and the main (but not the sole) legal implication of the contractual relationship entered into for the purpose of investment in the Company is that an investor becomes a Shareholder of the Company.

Each Shareholder is bound by the terms of the Prospectus, Memorandum of Association and Articles and the Subscription Form executed by or on behalf of each Shareholder. The Subscription Form in respect of each Shareholder's application for Shares in the Company is governed by Irish law and the parties submit to the jurisdiction of the Irish courts. Irish law provides for the enforcement of judgments obtained in other countries subject to certain conditions having been met.



#### 4. SHARE DEALINGS - APPLICATIONS FOR SHARES

Applicants for Shares in Fund must send their completed Account Opening Form, together with supporting information and documentation to verify the identity of the relevant applicant and, if requested by the Administrator, details of the source of their subscription monies, by facsimile, electronic mail (in the form of a signed PDF) or other electronic means as agreed in advance with the Administrator, to enable the Administrator to open an investor account for use by the Investor for the subscription of Shares in such Fund. Further detail of these requirements can be found in the section headed "Money Laundering Prevention and Countering the Financing of Terrorism".

Once the Administrator has provided the Investor with confirmation that their investor account has been opened, the Investor may apply for Shares in a Fund using the relevant Subscription Form. If the Subscription Form is not received by the Administrator by the Subscription Deadline, the Subscription Form will be held over until the next following Dealing Day after the Subscription Form is received and Shares will then be issued at the relevant purchase price applicable on that Dealing Day; provided, the Administrator may, at its discretion and with prior notice to the Investment Manager, accept such Subscription Form received after the Subscription Deadline, but prior to the Valuation Point on the Valuation Day relating to such Dealing Day.

**APPLICANTS FOR SHARES SHOULD NOTE THAT SUBSCRIPTION FORMS RECEIVED BY THE ADMINISTRATOR PRIOR TO RECEIPT OF CONFIRMATION THAT THEIR INVESTOR ACCOUNT HAS BEEN OPENED BY THE ADMINISTRATOR WILL NOT BE PROCESSED. IN SUCH CIRCUMSTANCES THE INVESTORS WILL BE REQUIRED TO COMPLETE AND SUBMIT A NEW SUBSCRIPTION FORM UPON THE INVESTOR'S RECEIPT OF CONFIRMATION THAT THEIR INVESTOR ACCOUNT HAS BEEN OPENED BY THE ADMINISTRATOR. ANY SUBSCRIPTION MONIES RECEIVED INTO THE COLLECTION ACCOUNT OF THE RELEVANT FUND PRIOR TO CONFIRMATION THAT AN INVESTOR ACCOUNT HAS BEEN OPENED MAY BE REJECTED AND THE INVESTOR MAY BE SUBJECT TO ADDITIONAL BANK CHARGES AT THE INVESTOR'S EXPENSE.**

Each Subscription Form must, unless stated otherwise in the relevant Supplement, specify the amount of subscription in monetary amounts or a number of Shares. The relevant Subscription Amount must be paid in cash in the currency of denomination of the relevant class of Shares.

The Fund may determine to reject any application for Shares in whole or part at its absolute discretion for any or no reason (and is not obliged to disclose any such reason), in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable and at the risk and cost of the applicant.

Completed Subscription Forms once received by the Administrator are irrevocable. Upon issue of the Shares the Administrator will issue a written confirmation of ownership. The Subscription Form contains certain conditions regarding the application procedure for and the holding of Shares in the Company and certain indemnities in favour of the Directors, the Investment Manager, the Administrator, the Depositary, and the other Shareholders for any loss suffered by them as a result of certain Investors acquiring or holding Shares.

Where a subscription for Shares of a Fund is accepted, the Shares will be treated as having been issued with effect from the close of business on the Initial Offer Period or the relevant Dealing Day, as the case may be, notwithstanding that the subscriber of those Shares may not be entered in the register Shareholders until after the Initial Offer Period or the relevant Dealing Day, as the case may be. The Subscription Amount paid by a subscriber for Shares will accordingly be subject to investment risk in a Fund from the close of the Initial Offer Period or the relevant Dealing Day, as applicable.

The Directors, in consultation with the Investment Manager, may from time to time determine not to issue Shares, either for a specified period of time or until it otherwise determines. During any such period Shares will not be available for subscription.

The Minimum Initial Investment Amount for Shares of each Class that may be subscribed for by each Investor on initial application and the Minimum Shareholding for Shares of each Class is set out in the Supplement for the relevant Fund.

Fractions of up to two decimal places (rounded naturally) of a Share may be issued. Subscription moneys representing smaller fractions of Shares will not be returned to the Investor but will be retained as part of the assets of the relevant Fund.

The Account Opening Form requires each Investor (including each joint holder, as applicable) to represent and warrant that, among other things, he/she is a Qualifying Investor and able to acquire and hold Shares without violating applicable laws.

Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in a Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which that Fund might not otherwise incur or suffer.

Applicants for Shares must certify on the Account Opening Form that, inter alia, they have the necessary experience, sophistication and skills and is suitably qualified to invest in the Fund under all applicable laws and regulations in all relevant jurisdictions and they can bear the economic risk of an investment in the Shares and are able to sustain a complete loss of investment in the Shares. Any transferee of Shares will be required to represent and warrant in like terms before any transfer is registered.

#### 4.1. **Issue Price**

During the Initial Offer Period for each Fund, the Initial Issue Price for Shares in the relevant Fund shall be the amount set out in the Supplement for the relevant Fund.

The Issue Price at which Shares of any Fund will be issued on a Dealing Day after the Initial Offer Period is calculated by ascertaining the Net Asset Value per Share of the relevant class as at the Valuation Point immediately preceding the relevant Dealing Day.

A Subscription Charge may be charged as provided for in the relevant Supplement.

#### 4.2. **Payment for Shares**

Following receipt of confirmation that an investor account has been opened and delivery of a Subscription Form to the Administrator, payment in respect of the issue of Shares must be received into the Collection Account of the relevant Fund by the relevant Settlement Date by wire transfer in cleared funds in the currency of denomination of the relevant Share Class or in such other currency or currencies as may be permitted in the Subscription Form and/or agreed with the Company/Administrator from time to time. Where payment is made in a currency other than the currency of denomination of the relevant Share Class, a currency conversion will be effected at the then prevailing exchange rate available to the Administrator (which may not be the best exchange rate available) and at the investor's cost. The currency conversion may result in a delay in processing the application.

It is the responsibility of Investors to transmit payment for subscriptions promptly, with clear customer identification. Investors shall be responsible for their own bank charges, including any lifting fees or commissions.

If payment in full has not been received by the relevant Settlement Date, or in the event of non-clearance of funds, all or part of any allotment of Shares made in respect of such application may, at the discretion of the Directors, be cancelled, or, alternatively, the Administrator may treat the application as an application for such number of Shares as may be purchased with such Subscription Amount on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Directors may charge the Investor for any resulting loss incurred by the relevant Fund. The Directors reserve the right to charge interest at a reasonable commercial rate on subscriptions which are settled late.

#### 4.3. **In Specie Issues**

The Directors may in their absolute discretion accept payment for Shares in specie, provided that (a) the Depositary is satisfied that no material prejudice would result to any existing Shareholder, (b) arrangements are made to vest the investments with the Depositary on behalf of the relevant Fund and (c) such investments would qualify as an investment of the relevant Fund in accordance with its

investment objective, policies and restrictions. The number of Shares to be issued in this way shall be the number which would on the day the investments are vested in the Depository on behalf of the relevant Fund have been issued for cash against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated by applying the valuation methods described under the section 8 of this Prospectus.

#### 4.4. **Anti-Money Laundering Provisions**

The Criminal Justice Acts impose obligations on both the Company and the Administrator to implement a robust risk assessment and adequate measures to prevent and detect Money Laundering and Terrorist Financing which includes measures to verify the identity and address of all Shareholders and in some instances the beneficial owner on whose behalf a Shareholder holds Shares. Under the Administration Agreement, the Directors have appointed the Administrator to obtain the documentation necessary to verify the identity of each Shareholder in accordance with the Criminal Justice Acts. The application of a risk based approach dictates that in certain circumstances the Administrator will be required to apply enhanced customer due diligence to certain investor types e.g. "politically exposed persons" or other investors who have been assessed as falling within a high risk category. The Administrator must comply with the provisions set out in sections 33 to 39 of the Criminal Justice Acts, in respect of identifying and verifying customers, persons purporting to act on behalf of customers and the underlying beneficial owners.

In order to effectively combat money laundering and terrorist financing and in accordance with section 33(1) of the Criminal Justice Acts, The Administrator must identify and verify its customers and where relevant ultimate beneficial owners:

- prior to the establishment of a business relationship between the Shareholder and the Company;
- prior to carrying out any occasional transaction or service; and
- where material details regarding a Shareholder have changed.

The Administrator is required to identify and verify Shareholders in the funds it administers. Shareholders are required to provide the relevant anti-money laundering documentation prior to the commencement of a business relationship.

The Administrator may require continuing due diligence to be carried out and accordingly the Administrator reserves the right to request any additional information at any time as may be necessary to verify the identity of a Shareholder or any beneficial owner of Shares.

The Directors have authorised the Administrator to request such information and documentation as it considers is necessary to verify the identity and address of any applicant. Where a subscription is being made through a regulated intermediary, and the intermediary operates within a country recognised by applicable law as having anti-money laundering regulations equivalent to Ireland, the Administrator may be entitled to apply simplified customer due diligence to such an investor or rely on written representations from the regulated intermediary with respect to the underlying prospective investor, but will also have to conduct ongoing monitoring of the investor for anti-money laundering purposes.

Details of the documentation required from potential investors wishing to subscribe for Shares (including the types of identification verification documentation) are outlined in the Account Opening Form. The Administrator will notify prospective investors as to any additional documentation or information required for anti-money laundering identification or verification purposes.

In the event of delay or failure by the applicant to produce any information required by the Administrator to verify the applicant's identity, the Administrator may refuse to open an investor account or allow any transaction to take place. Prospective investors should note specifically redemption or distribution proceeds will not be paid to a third party account unless the investor has provided the Administrator with such information to verify the identity of that third party as set out above. Please be advised that the Administrator will not be in a position to open an investor account until the applicant for Shares has satisfied all anti-money laundering requirements and in such circumstances the Administrator will not accept a Subscription Form or receive subscription monies into the Collection Account of the relevant

Fund until all anti-money laundering requirements have been satisfied and the applicant has received confirmation that their investor account has been opened. Once the Administrator has successfully verified the applicant's identity and provided confirmation to the applicant that their investor account is open, the applicant will be permitted to apply for Shares as at the next available Dealing Day following receipt of their completed Subscription Form and cleared funds for Shares.

Each applicant acknowledges and agrees that the Company, the Directors and the Administrator shall be held harmless against any loss arising as a result of a refusal to process such applicant's subscription application or any delay in the payment of redemption proceeds if such information and documentation as has been requested by the Administrator has not been provided by such applicant.

#### 4.5. **Form of Shares and Confirmation of Ownership**

All the Shares are registered Shares, meaning a Shareholder's entitlement will be evidenced by an entry on the Fund's share register and not by a share certificate. A Share may be registered in a single name or in up to four joint names. Where Shares are registered in joint names, all joint holders will be required to authorise the Administrator to act upon the sole written instructions of any one of the joint holders in respect of any transaction, including, without limitation, the transfer or redemption of all or any of those Shares.

#### 4.6. **Data Protection**

The Administrator has been engaged by the Company to process your personal data for the purpose of satisfying the Company's AML/KYC obligations. As the Administrator is located within the European Economic Area (the **EEA**) it is required to comply with the Data Protection Legislation. The Administrator is processing data on behalf of the Company and is classified as a data processor under the Data Protection Legislation.

Prospective investors should note that, by virtue of making an investment in the Company and the associated interactions with the Administrator and its affiliates and delegates (including completing the Account Opening Form, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Administrator with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, investors, clients, beneficial owners, agents and officers of Shareholders) such individuals will be providing the Administrator and its affiliates and delegates with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation.

This includes the following information relating to you and/or any individuals connected with you as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to your investment activity.

The Administrator may share the personal data with its respective delegates and agents. Where those delegates are located outside the EEA, or are in a third country in respect of which the European Commission has not issued a finding of adequacy with regard to data protection, appropriate model clauses will be implemented. The personal data will be held by the Administrator in accordance with anti-money laundering legislation as relevant. In general, the Administrator will hold personal data which it has in the discharge of its anti-money laundering obligations for a period of five years after the relationship terminates, unless it is obliged to hold it for a longer period under law or applicable regulations or otherwise.

In certain limited contexts, the Administrator may also be classified as a data controller of personal data obtained as a result of its contract with Company to the extent that it is necessary for it to comply with its own obligations under anti-money laundering legislation (on the basis of its legal obligations), for legal and regulatory purposes, and for legitimate business purposes. Such limited contexts would include the use by the Administrator of personal data obtained to clear an investor for AML purposes in

one fund to clear that same investor for AML purposes in another fund administered by the Administrator.

In respect of these specific, permitted uses of personal data, the Administrator assumes all obligations of a data controller under the Data Protection Legislation. The Administrator acknowledges that all rights afforded to a data subject under the Data Protection Legislation in respect of whom the Administrator has performed a data controller function shall be exercisable by that data subject solely and directly against the Administrator.

For the avoidance of doubt, the Administrator in certain limited contexts acts as a data controller in its own right and should not be seen to be acting as the data controller of the Company.

The Company has prepared a document outlining its data protection obligations and the data protection rights of individuals under the Data Protection Legislation (the **Privacy Notice**), a copy of which is attached to the Account Opening Form.

#### 4.7. **Investor Money Regulations**

The Administrator maintains a Collection Account for the each Fund which is used to manage subscription, redemption and dividend monies of investors in accordance with the Investor Money Regulations. The Administrator is responsible for ensuring that these monies are held separately from non-investor money, that the investor money is clearly identifiable in its records and that the books and records provide an accurate record of the investor money held by it for each investor at any time. No interest will be paid on amounts in these accounts prior to the payment of any redemption or dividend proceeds. Any interest earned on the investor monies in the collection account will be for the benefit of the relevant Fund and will be allocated to the relevant Fund on a periodic basis for the benefit of the Shareholders at the time the allocation is made. Any interest payable on the investor monies in the Collection Account will be paid out of the assets of the relevant Fund on a periodic basis.

##### **Use of a Collection Account**

The Company operates a Collection Account for each Fund in accordance with the requirements of the Central Bank. Accordingly, monies in the Collection Account are not deemed assets of the relevant Fund and shall have the protection of the Investor Money Regulations. Nonetheless, there remains a risk for investors where monies are held under the protection of Investor Money Regulations if the underlying bank where the subscription & redemption monies are held becomes insolvent. In respect of any claim by an investor in relation to monies held in the Collection Account, the investor shall rank as an unsecured creditor of the underlying bank.

Any overnight cash balances held in a Collection Account of a Fund, including prior to being invested in the relevant Fund or being paid out to investors in relation to distributions or repurchases of Shares, may be the subject of a cash sweep program (the **Collection Account Cash Sweep Program**). The Collection Account Cash Sweep Program involves placing such monies into one or more omnibus client accounts held with third party counterparties which have a credit rating of 'A' or above at least by S&P, Moody's or Fitch (**Collection Account Cash Sweep Counterparties**). Investors of a Fund should note that, as a result of the Collection Account Cash Sweep Program, the investors of a Fund will have counterparty exposure to the Collection Account Cash Sweep Counterparties. A description of counterparty risk is set out under the risk factor headed "Counterparty Risk".

#### 4.8. **Limitations on Purchases**

Shares may not be issued or sold by a Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under **Suspension of Calculation of Net Asset Value** in section 8 of this Prospectus. Investors subscribing for Shares will be notified of such postponement and, unless withdrawn, their applications will be processed as at the next Dealing Day following the ending of such suspension.

### 5. **SHARE DEALINGS - REDEMPTION OF SHARES**

The Directors may set up open-ended, limited liquidity and closed-ended Funds and will set out details of redemption mechanisms in the relevant Supplement.

Shareholders in a Fund should send a completed Redemption Form for Shares by facsimile, electronic mail (in the form of a signed PDF) or other electronic means as agreed in advance with the Administrator, together with such other information and documentation as may be required by the Administrator, so as to be received by the Administrator by the Redemption Deadline.

If the relevant redemption request is not received by the Administrator by the Redemption Deadline, the redemption request will, subject as mentioned in this section, be held over until the next following Dealing Day and Shares will then be redeemed at the relevant Redemption Price applicable on that Dealing Day unless the Directors otherwise agree on an exceptional basis and provided they are received before the relevant Valuation Point.

Where a Redemption Form for Shares of a Fund is accepted, the Shares will be treated as having been redeemed with effect from the close of business on the relevant Dealing Day irrespective of whether or not such redeeming Shareholder has been removed from the register of Shareholders or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Dealing Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights arising under the Articles with respect to Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Fund) save the right to receive the Redemption Price and any distribution which has been declared prior to the relevant Dealing Day but not yet paid (in each case with respect to the Shares being redeemed). Such redeeming Shareholders will be creditors of the Fund with respect to the Redemption Price. In an insolvent liquidation, redeeming Shareholders will rank behind ordinary creditors but ahead of Shareholders. Shareholders may only submit a Redemption Request in respect of settled Shares, for which payment has been received in respect of their initial purchase.

A redemption request, once given, is irrevocable unless the Directors after consultation with the Administrator, determines generally or in any particular case. Shareholders may only submit a redemption request in respect of settled Shares, for which payment has been received in respect of their initial purchase.

If requested, the Directors may, in their absolute discretion and notification to all of the Shareholders in the relevant Fund, agree to designate additional Dealing Days and Valuation Points for the redemption of Shares.

The Directors or the Administrator may decline to effect a redemption request which would have the effect of reducing the value of any holding of Shares below the Minimum Shareholding for that Class of Shares. Any redemption request having such an effect may be treated by the Company as a request to redeem the Shareholder's entire Shareholding in that Class.

#### **5.1. Payment of Redemption Proceeds**

Redemption Proceeds will not be paid until all documentation required by the Administrator, including any document in connection with the Criminal Justice Acts or other requirements and any anti-money laundering procedures have been completed, sent to and received by the Administrator.

The Redemption Proceeds (minus any applicable charges and after deduction of Irish tax (if any) applicable to the payment) will be paid at the Shareholder's risk and expense by electronic transfer to an account in the name of the Shareholder by the relevant Settlement Date in the currency of denomination of the relevant Share Class or in such other currency or currencies as may be permitted in the Subscription Form and/or agreed with the Company/Administrator from time to time. Where payment is made in a currency other than the currency of denomination of the relevant Share Class, a currency conversion will be effected at the then prevailing exchange rate available to the Administrator (which may not be the best exchange rate available) and at the investor's cost. In respect of redemption requests received by facsimile or other electronic methods (such as in pdf format sent by email), or via other electronic means as agreed in advance with the Administrator payment of such Redemption Proceeds will be made to the registered Shareholder.

## 5.2. **Limitations on Redemption**

The Company may not redeem Shares in a Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under the section entitled **Suspension of Calculation of Net Asset Value** in section 8 of this Prospectus. Shareholders requesting redemption of Shares will be notified of such postponement and, unless withdrawn, their applications will be processed as at the next Dealing Day following the ending of such suspension.

For open-ended funds, redemption facilities must be provided for on at least a quarterly basis. Unless otherwise provided in the relevant Supplement, for open-ended funds and limited liquidity funds (without prejudice to other restrictions that may be included in the relevant Supplement for limited liquidity funds), the Directors are entitled to limit the number of Shares of any Fund redeemed on any Dealing Day to Shares representing ten per cent (10%) or twenty five per cent (25%) in the case of quarterly or less frequent dealing Funds of the total Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply pro rata so that all Shareholders wishing to have Shares of that Fund redeemed on that Dealing Day realise the same proportion of such Shares. Shares not redeemed, but which would otherwise have been redeemed, will be carried forward for redemption on the next Dealing Day and, in the case of open-ended funds, will be dealt with in priority (on a rateable basis) to redemption requests received subsequently. If requests for redemption are so carried forward, the Administrator will inform the Shareholders affected. Other limitations may be set out in the Supplement for the relevant Fund, in respect of limited liquidity or closed-ended Funds.

## 5.3. **In Specie Redemptions**

The Directors may, at their discretion, and with the request and/or consent of the Shareholder satisfy a redemption request by a distribution of investments of the relevant Fund in specie provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of the relevant Fund. In addition, the Articles contain special provisions where a redemption request received from a Shareholder would result in Shares representing more than 5% of the Net Asset Value of any Fund being redeemed by the Company on any Dealing Day. In such a case, the Company may satisfy the redemption request by a distribution of investments of the relevant Fund in specie provided that such a distribution would not be prejudicial to the interests of the remaining Shareholders of that Fund. Where the Shareholder requesting such redemption receives notice of the Company's intention to elect to satisfy the redemption request by such a distribution of assets that Shareholder may require the Company, instead of transferring those assets, to arrange for their sale and the payment of the proceeds of sale to that Shareholder less any costs incurred in connection with such sale. In all such circumstances, the particular assets to be transferred will be determined by the Directors on such basis as the Directors in their discretion, with the approval of the Depositary, consider not to be prejudicial to the interests of the remaining Shareholders in the relevant Fund. The value of the assets to be transferred will be determined on the same basis as used in calculating the Net Asset Value and may be adjusted as the Directors may determine to reflect the liabilities of the relevant Fund as a result of the transfer of such assets. Any shortfall between the value of the assets transferred on a redemption in specie and the redemption proceeds which would have been payable on a cash redemption will be satisfied in cash. Any decline in the value of the assets to be transferred in settlement of a redemption between the relevant Dealing Day and the day on which such assets are delivered to the redeeming Shareholder will be borne by the redeeming Shareholder.

## 5.4. **Compulsory Redemptions and Fund Terminations**

The Company, at the discretion of the Directors, may redeem any holding which is less than the Minimum Shareholding. In such circumstances, the Company will give thirty (30) days' prior written notice to Shareholders whose Shares are being redeemed to allow them to purchase sufficient additional Shares of the relevant Share Class to avoid such redemption.

The Directors shall have power (but shall not be under any duty) to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares of any Class are acquired or held directly or beneficially by a person or an entity who/which is in the opinion of the Directors any of the following:

- (i) not an Accredited Investor or a Qualifying Investor; or
- (ii) who is or will hold Shares for the benefit of a US Person (unless the Directors determine (i) the transaction is permitted under an exemption from registration available under the securities laws of the United States and (ii) that the relevant Fund and the Company continues to be entitled to an exemption from registration as an investment company under the securities laws of the United States if such person holds Shares); or
- (iii) under the age of 18 (or such other age as the Directors may think fit); or
- (iv) has breached or falsified representations on subscription documents; or
- (v) has breached of any law or requirement of any country or government or supranational authority or by virtue of which such person or entity is not qualified to hold Shares; or
- (vi) if the holding of the Shares by that person or entity is unlawful or is less than the Minimum Shareholding set for that class of Shares or Fund; or
- (vii) in circumstances which (whether directly or indirectly affecting such person or persons or entity, and whether taken alone or in conjunction with any other persons or entities, connected or not, or any other circumstances appearing to the Directors to be relevant), in the opinion of the Directors, might result in the Company or a particular Fund incurring any liability to taxation or suffering any other pecuniary liability to taxation or suffering other pecuniary legal or material administrative disadvantage or being in breach of any law or regulation which the Company or the relevant Fund might not otherwise have incurred or suffered or breached (including without limitation, where a Shareholder fails to provide the Company with information required to satisfy any automatic exchange of information obligations of the Company, a Fund, the Depository, the Administrator, the AIFM, or any delegate thereof); or
- (viii) in circumstances which might result in the relevant Fund being required to comply with registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply or is otherwise prohibited by the Articles; or
- (ix) if the Directors determine in their sole and absolute discretion that the holding of shares by such person or entity is not in the best interests of the Shareholders of the relevant Class thereof; or
- (x) in any other circumstances set out in the Articles.

If it shall come to the notice of the Directors or if the Directors shall have reason to believe that any Shares are owned directly or beneficially by any person or persons in breach of any restrictions imposed by the Directors, the Directors shall be entitled to (i) give notice (in such form as the Directors deem appropriate) to such person requiring such person to transfer (and/or procure the disposal of interests in) the relevant shares to a person who is in the opinion of the Directors a permitted investor or to request in writing the redemption of such Shares in accordance with the Articles and/or (ii) as appropriate, compulsorily redeem and/or cancel such number of Shares held by such person and may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by such person including any interest or penalties payable thereon.

Any outstanding proceeds of such compulsory redemption will not be paid unless the initial original Account Opening Form signed by or on behalf of the Shareholder has been received by the Administrator and all documentation required by the Administrator, including any document in connection with the Criminal Justice Acts or other requirements and/or any anti-money laundering procedures have been completed.



A Fund may be terminated and/or all of the shares of a Fund (or any class of a Fund) may be redeemed by the Directors, in their sole and absolute discretion, in consultation with the AIFM, by notice in writing to the Depositary in any of the following events:

- (1) by giving not less than thirty (30) days' notice in writing to the relevant Shareholders;  
or
- (2) if at any time the Net Asset Value of the relevant Fund's assets shall be less than such amount as may be determined by the Directors in respect of that Fund; or
- (3) by not less than one month nor more than three (3) months' notice to Shareholders if, within ninety (90) days from the date of the Depositary serving notice of termination of the Depositary Agreement, another Depositary acceptable to the Company and the Central Bank has not been appointed to act as Depositary; or
- (4) if any Fund shall cease to be approved by the Central Bank; or
- (5) if any law shall be passed which renders it illegal or in the opinion of the Directors, in consultation with the AIFM, impracticable or inadvisable to continue the relevant Fund; or
- (6) if the Directors, in consultation with the AIFM, consider that it is in the best interests of the Shareholders of the Fund.

Additional termination provisions specific to a Fund may be set out in the Supplement for that Fund and the Company will have the right to redeem Shares in such a Fund in such circumstances, in addition to the foregoing.

With effect on and from the date as at which any Fund is to terminate as the Directors may determine:

- (1) No shares of the relevant Fund may be issued or sold by the Company;
- (2) The AIFM or an Investment Manager shall, on the instructions of the Directors, realise all the assets then comprised in the relevant Fund (which realisation shall be carried out and completed in such manner and within such period after the termination of the relevant Fund as the Directors think advisable);
- (3) The Depositary shall, on the instructions of the Directors from time to time, distribute to the Shareholders of the relevant Fund in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of the relevant Fund and available for the purpose of such distribution, provided that the Depositary shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay Euro 1 or its equivalent amount in the relevant currency in respect of each share of the relevant Fund and provided also that the Depositary shall be entitled to retain out of any monies in its hands as part of the relevant Fund full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Depositary or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; and
- (4) Every such distribution referred to above shall be made in such manner as the Directors shall, in their sole and absolute discretion, determine but shall be made only against production of the certificates or warrants relating to the shares of the relevant Fund if issued in respect of which the same is made and upon delivery to the Depositary of such form of request for payment as the Depositary shall in its absolute discretion require. All certificates shall in the case of an interim distribution be enforced by the Depositary with a memorandum of payments made and in the

case of the final distribution shall be surrendered to the Depositary. Any unclaimed proceeds or other cash held by the Depositary hereunder may at the expiration of twelve (12) months from the date upon which the same were payable be paid into court subject to the right of the Depositary to deduct therefrom any expenses it may incur in making such payment.

Where Taxable Irish Persons acquire and hold Shares, the Company shall, where necessary for the collection of Irish Tax, redeem and cancel Shares held by a person who is or is deemed to be a Taxable Irish Person or is acting on behalf of a Taxable Irish Person on the occurrence of a chargeable event for taxation purposes and to pay the proceeds thereof to the Revenue.

## 6. EXCHANGE AND TRANSFER OF SHARES AND DEALING RESTRICTIONS

### 6.1. Exchange of Shares

Unless otherwise determined by the Directors, Shareholders will be able to apply to exchange on any Dealing Day all or part of their holding of Shares of any Class in any Fund (the **Original Class**) for Shares in another Class in any Fund which are being offered at that time (the **New Class**), provided that all the criteria for applying for Shares in the New Class have been met (including being entitled to the same tax treatment/benefits under taxation treaties as the other Shareholders in the New Class) and by giving notice to the Administrator on or prior to the Exchange Deadline for the relevant Dealing Day. The Directors may in their sole and absolute discretion accept requests for exchange received after the relevant Exchange Deadline in exceptional circumstances provided they are received prior to the relevant Valuation Point. The Directors may at their discretion nominate an additional Dealing Day to facilitate applications for exchange of Shares which will be notified in advance to all Shareholders. The general provisions and procedures relating to the issue and redemption of Shares will apply equally to exchanges.

When requesting the exchange of Shares, Shareholders should ensure that the value of the Shares exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Shareholding for the Original Class.

The Directors may deduct an anti-dilution levy on an exchange of Shares which the Investment Manager considers represents an appropriate figure to cover, inter alia, dealing costs, stamp duties, market impact and to preserve the value of the underlying assets of the relevant Fund when there are net subscriptions and redemptions. Any such charge will be retained for the benefit of the relevant Fund and the Directors reserve the right to waive such charge at any time. Investors should refer to section 12 for further details.

The Directors are entitled to impose an Exchange Fee of up to 5% of the Redemption Proceeds of the Shares being exchanged which shall be payable as the Directors in their discretion determine. The Directors do not currently intend to impose any Exchange Fee.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{[R \times (RP \times ER) - EC]}{IP}$$

**IP**

where:

**S** = the number of Shares of the New Class to be issued;

**R** = the number of Shares of the Original Class to be exchanged;

**RP** = the Redemption Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;

- ER** = in the case of exchange of Shares designated in the same currency is 1. In any other case, it is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- EC** = the Exchange Fee (plus any exchange charge) (if any); and
- IP** = the Issue Price per Share of the New Class as at the Valuation Point for the applicable Dealing Day.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion S to R.

## 6.2. Limitations on Exchanges

Shares may not be exchanged for Shares of a different Class during any period when the calculation of the Net Asset Value is suspended in the manner described under the section entitled **Suspension of Calculation of Net Asset Value** in section 8 of this Prospectus. Investors for the exchange of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

## 6.3. Transfer of Shares

Shares in each Company will be transferable by instrument in writing via the completion of a stock transfer form, in common form or in any other written form approved by the Directors and signed the transferor and transferee. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited with the Administrator together with such other evidence as may reasonably be required to show the right of the transferor to make the transfer and/or any evidence required to discharge the Company's and the Administrator's duties under the Criminal Justice Acts and any other applicable regulations or procedures.

The transferee will be required to complete an Account Opening Form and any other documentation required by the Administrator in addition to providing any documentation or information under the A Criminal Justice Acts or its anti-money laundering procedures.

No Share transfer will be permitted until the Account Opening Form (in the case of a new Investor) and transfer instruction of the transferor and all documentation required by the Administrator, including any document in connection with the Criminal Justice Acts or other requirements and/or any anti-money laundering procedures have been received by the Administrator from the transferor. The Subscription Form can be sent by fax or by email (signed pdf) or via other electronic means as agreed in advance with the Administrator in the case of an existing Investor. The signed form of transfer can be sent by fax or email (signed pdf) or via other electronic means as agreed in advance with the Administrator.

The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register in respect thereof.

Shares may not be transferred to any person as described in (i) to (x) in the section entitled **Compulsory Redemptions** in section 6 of this Prospectus and in accordance with the Articles.

If the transferor is, or is deemed to be, or is acting on behalf of a Taxable Irish Person, the Company is entitled to redeem and cancel a sufficient portion of the transferor's Shares as will enable the Company to pay the tax payable in respect of the transfer to the Revenue Commissioners in Ireland.

In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to or interest in the Shares registered in the names of such joint Shareholders.

## 6.4. Dealing Restrictions

### *Market Timing*

The Company, at its discretion, reserves the right to refuse to accept any application for initial or subsequent subscription or to compulsorily redeem Shares held by any Shareholder, without giving any reason where the Company suspects market timing. Without limiting the foregoing, and as further described below, the Company may not be used as a vehicle for frequent trading in response to short term market fluctuations (so called **market timing**). Accordingly, the Company may reject any subscriptions (or compulsorily redeem Shares) from any investor that it determines is engaged in market timing or other activity which it believes is harmful to the Company or any Fund. If a subscription is rejected, subscription proceeds will be returned without interest to the Investor, as soon as practicable.

### *Excessive Trading Policies*

The Company emphasises that all Investors and Shareholders are bound to place their subscription, redemption or exchange order(s) no later than the relevant Dealing Deadline for transactions in the Fund's Shares.

Excessive trading into and out of a Fund can disrupt portfolio investment strategies and increase the Fund's operating expenses. The Company is not designed to accommodate excessive trading practices. The Directors reserve the right to restrict, reject or cancel purchase, redemption and switching orders as described above, which represent, in their sole judgment, excessive trading.

Shareholders seeking to engage in excessive trading practices may deploy a variety of strategies to avoid detection, and there is no guarantee that the Company or its agents will be able to recognise such Shareholders or curtail their trading practices. The ability of the Company and its agents to detect and curtail excessive trading practices may also be limited by operational systems and technological limitations.

To the extent that the Company or its agents are unable to curtail excessive trading practices in a Company, these practices may interfere with the efficient management of the relevant Fund's portfolio, and may result in the Company engaging in certain activities to a greater extent than it otherwise would, such as maintaining higher cash balances, using a line of credit and engaging in portfolio transactions. Increased portfolio transactions and the use of a line of credit would correspondingly increase a Fund's operating costs and decrease the relevant Fund's investment performance, and maintenance of a higher level of cash balances would likewise result in lower Fund investment performance during periods of rising markets.

## **7. NET ASSET VALUE AND VALUATION OF ASSETS**

### **7.1. Net Asset Value Calculation**

The Net Asset Value of a Fund and each Class will be calculated by the Administrator as at the Valuation Point in accordance with the Articles and the language set out below.

The Net Asset Value of a Fund will be calculated as at the Valuation Point by calculating the value of the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees and other liabilities). The Net Asset Value of a Fund will be expressed in its Base Currency.

The Net Asset Value allocated or attributable to a Class will be determined by calculating that portion of the Net Asset Value of the relevant Fund allocated or attributable to the relevant Class, subject to adjustment to take account of assets and/or liabilities allocated or attributable to the Class.

The Net Asset Value per Share will be calculated by dividing the Net Asset Value of the Fund or Class by the number of Shares in issue or deemed to be in issue in the Fund or Class as at the Valuation Point and rounding the resulting amount so determined mathematically to two decimal places of the unit of the currency in which such Share is designated or to such other number of decimal places as the Directors may from time to time determine.

Any collateral received for the account of the relevant Fund will, in the absence of default by the relevant counterparty, not be treated as an asset of the relevant Fund and will therefore be excluded from the calculation of the Net Asset Value.

The Articles provide for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund as set out below. The Company has delegated the calculation of the Net Asset Value to the Administrator. In determining the value of the assets of each Fund:

- (a) the value of any investments quoted, listed or dealt in on a market will be valued at its last traded price before the official close of the relevant market on the relevant Valuation Day or, if no trades occurred on such day, it will be valued at the last available traded price. Where prices are available on more than one exchange for a particular security the price will be the last traded price on the exchange which constitutes the main market for such security or the one which the Directors and/or the AIFM or external valuer or a competent person, firm or corporation appointed by the Company and/or AIFM for such purpose, as appropriate, determines that market provides the fairest criteria in ascribing a value to such security. If an exchange is closed, any security which is listed or quoted on that exchange will be valued at its last traded price on the trading day prior to the closure of the exchange.
- (b) any security which is listed or quoted on a market, where the market price is unrepresentative or not available and unlisted, shall be valued in good faith by the Company and/or the AIFM or an external valuer or by a competent person, firm or corporation appointed by the Company and/or the AIFM, as appropriate, at the probable realisation value estimated with care having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors and/or AIFM or external valuer, as appropriate, their sole discretion deem relevant in considering a positive or negative adjustment to the valuation.
- (c) any security which is not listed or quoted on a market will be valued at the probable realisation value estimated with care and in good faith by the Company and/or the AIFM or an external valuer or by a competent person, stockbroker, firm or corporation appointed by the Company and/or the AIFM, as appropriate.
- (d) exchange traded derivative instruments dealt in or traded on an exchange or market will be valued at the last available relevant settlement price on the applicable exchange or market. In the absence of a settlement price as in the case of certain specific options the last traded price may be used. In the absence of a last traded price a mid price or a counterparty price may be taken. If such price is not available the value of such investments shall be the probable realisation value estimated with care and in good faith by the Company and/or the AIFM or an external valuer or by a competent person, firm or corporation appointed by the Company and/or the AIFM, as appropriate.
- (e) the value of any off-exchange traded derivative instruments (OTC derivatives) shall be the quotation provided by the relevant counterparty for the relevant Valuation Day or the price provided for such contracts from an independent pricing service appointed by the Company and/or the AIFM or an external valuer, as appropriate, if the counterparty price is unavailable. The valuation shall be approved or verified by a party independent of the counterparty, and appointed by the Company and/or AIFM, which may include the AIFM as appropriate.
- (f) forward foreign exchange contracts will be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken as at the relevant Valuation Point or in accordance with the valuation provisions for OTC derivatives.
- (g) the value of any cash in hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued and not yet received as at the Valuation Point will normally be valued at its face value plus accrued interest, where applicable, as at the Valuation Point (unless the Directors and/or the AIFM is/are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors and/or AIFM may consider appropriate in such case to reflect the true value thereof as at the Valuation Point).

- (h) certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable Investments should each be valued at each Valuation Point at the last traded price on the market in which these Investments are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors and/or the AIFM is the principal market on which the Investments in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired. The value of any certificate of deposit or treasury bill which is not listed or admitted for trading shall be the probable realisation thereof estimated with care and good faith by the Company and/or the AIFM or an external valuer or by a competent person, firm or corporation appointed by the Company and/or the AIFM, as appropriate for such purpose. T Bills and Discounted Debt may also be priced using the amortised cost method.
- (i) notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available net asset value per unit as published by the relevant collective investment scheme or, if listed or traded on a stock exchange or regulated market, in accordance with (a) above. Where estimated values are used, these shall be final and conclusive notwithstanding any subsequent variation in the net asset value of the collective investment scheme. If no such valuation is provided by the collective investment scheme or its manager, or if, in the opinion of the Directors and/or the AIFM, the valuation provided does not represent fair market value, the value of such Investments shall be estimated with care and in good faith by the Company and/or the AIFM or an external valuer or by a competent person, firm or corporation appointed by the Company and/or the AIFM, as appropriate. The last available net asset value per unit or share may include estimated valuations provided by those collective investment schemes or their managers, more particularly when final valuations are not available yet when the Net Asset Value of each Fund is being calculated. Accordingly the value of such Investments may require (on receipt of subsequently revised final valuations) re-adjustment in certain exceptional circumstances, including but not limited to a revision arising from the audit of the financial statements of a relevant collective investment scheme where, in the opinion of the Directors and/or the AIFM, it would have a material effect on the Net Asset Value of the relevant Fund. Any such adjustment will only be made against the relevant Fund's current Net Asset Value and previous Net Asset Value calculations will not be revised.
- (j) fixed income securities shall be valued at the last traded price or the best estimate of their realisable value utilising a reputable vendor supplied feed. This feed can apply a matrix approach to determine the value using key variables which may include but is not limited to; reported trade prices, broker/dealer quotes, benchmark yields, issuer spreads, bids, offers and other reference data. Interest is accrued from the date on which the securities are acquired. Where such prices are not available, those securities shall be valued at a closing mid-market broker quote.
- (k) Subject to the AIF Rulebook, the amortised cost valuation method may be used for the valuation of:-
- (i) a Fund which is a short-term money market fund, provided that the AIFM carries out a weekly review of discrepancies between the market value and the amortised cost value and has in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the relevant portfolio managers or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank; or
  - (ii) where it is not the intention or objective of the Directors and/or AIFM or external valuer, as appropriate, to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such Fund shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.

Notwithstanding the above in calculating the value of any investment the Company and/or the AIFM or the Administrator as the delegate of the Company or AIFM, may rely upon such automatic pricing services as it may in its absolute discretion determine. For investments for which a price is not available from such an automated source, Company and/or the AIFM or the Administrator as the delegate of the Company or AIFM, may, in their absolute discretion use information provided by other suitable

independent sources, independent brokers, market makers, other intermediaries or any third parties. The Company and/or the AIFM or the Administrator as the delegate of the Company or AIFM, as appropriate, shall not, in any circumstances, be liable for any loss suffered by reason of any error in the calculation of the value of any investment resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary. The valuation of a specific asset may be carried out under an alternative method of valuation if the Directors and/or AIFM or external valuer, as appropriate, deem it necessary. The alternative method of valuation must be approved by the Depositary and the rationale/methodologies used should be clearly documented.

Notwithstanding the generality of the foregoing, the Directors and/or AIFM may with the approval of the Depositary adjust the value of any such security if having regard to currency, applicable rate of interest, anticipated rate of dividend, maturity, marketability, liquidity and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof as at the relevant Valuation Point.

The value of an asset (whether of an investment or cash) otherwise than in the Base Currency will be converted into the Base Currency, at the rate (whether official or otherwise) which the Directors deem applicable as at the relevant Valuation Point, having regard, among other things, to any premium or discount which they consider may be relevant and to the costs of exchange.

Notwithstanding the foregoing valuation rules, in the event of substantial or recurring net subscriptions (where total subscriptions of a Fund exceeds total redemptions), the Company and/or the AIFM or the Administrator as the delegate of the Company or AIFM, may adjust the Net Asset Value per Share to reflect the value of the relevant Fund's assets the lowest market dealing offer price, as at the relevant Valuation Point in order to preserve the value of the shareholding of continuing Shareholders. In the event of substantial or recurring net redemptions (where total redemptions of a Fund exceeds total subscriptions), the Directors or the Administrator as their delegate, may adjust the Net Asset Value per Share to reflect the value of the relevant Fund's assets using the lowest market dealing bid price in order to preserve the value of the shareholding of continuing Shareholders. Where any such adjustment is made, it shall be applied consistently with respect to the assets of the Fund and no additional anti-dilution levy will be included in the issue price or deducted from the subscription monies received or deducted from the repurchase price or redemption proceeds to preserve the value of the underlying assets of a Fund on the relevant Dealing Day. Valuation policies will be applied on a consistent basis throughout the life of the relevant Fund.

## **7.2. Availability of Net Asset Value per Share**

Except where the determination of the Net Asset Value of a Fund or Class has been suspended in the circumstances described below, the Net Asset Value per Share will be available at the registered office of the Administrator during normal business hours and in such other place as may be determined by the Directors from time to time.

## **7.3. Suspension of Calculation of Net Asset Value**

The Directors may at any time declare a temporary suspension of the determination of the Net Asset Value of a Fund and the issue, redemption and exchange of shares and the payment of redemption proceeds during:-

- 7.3.1. any period when dealing in the units/shares of any collective investment scheme in which a Fund may be invested are restricted or suspended; or
- 7.3.2. any period when any of the principal markets or stock exchanges on which a substantial portion of the Investments of the relevant Fund from time to time are quoted is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- 7.3.3. any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or

valuation of a substantial portion of the Investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or

- 7.3.4. any breakdown in the means of communication normally employed in determining the price of a substantial portion of the Investments of the relevant Fund or when for any other reason the current prices on any market or stock exchange of any of the Investments of the relevant Fund cannot be promptly and accurately ascertained; or
- 7.3.5. any period during which any transfer of funds involved in the realisation or acquisition of Investments of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- 7.3.6. Any period when the Company is unable to repatriate funds required for the purpose of making payments due on the redemption of shares in the relevant Fund; or
- 7.3.7. any period when the Directors consider it to be in the best interest of the relevant Fund; or
- 7.3.8. following the circulation to Shareholders of a notice of a general meeting at which a resolution proposing to wind up the Company or terminate the relevant Fund is to be considered.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as practicable.

Shareholders who have requested issue or redemption of Shares of any Class or the exchange of Shares of one Class to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Central Bank and if the Shares are listed on the Irish Stock Exchange or such other exchange within the same time frame and will be communicated without delay to the competent authorities in any country in which the Shares are registered for sale.

#### **7.4. Liquidity Risk Management**

The AIFM employs an appropriate liquidity management system and procedures to enable it to monitor the liquidity risk of the Funds so as ensure that the liquidity profile of the investments of the Funds comply with the underlying obligations of the relevant Fund.

The Company has the ability to put in place suitable provisions in respect of repurchase of Shares, such as, for instance, the provisions outlined in the sections of this Prospectus entitled "Limitations on Redemption", "Compulsory Redemptions", "In-Specie Redemptions" and "Suspension of Calculation of Net Asset Value" in order to manage the liquidity risk of the Company and its Funds and to ensure the fair treatment of Shareholders. In addition, investors have the ability to redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the redemption policies of the Funds and their obligations. Accordingly, in this way, the AIFM and the Company ensure that the investment strategy, liquidity profile and redemption policy of the Funds are consistent and aligned in accordance with Regulation 18(3) of the AIFM Regulations.



## 8. RISK FACTORS

### 8.1. General

The risks described below should not be considered to be an exhaustive list of the risks which potential Investors should consider in addition to all of the information in this Prospectus before investing in a Fund. Potential Investors should be aware that an investment in a Fund may also be exposed to normal market fluctuations and other risks from time to time. Although care is taken to understand and manage the risks described below, the relevant Fund and accordingly the Shareholders in the relevant Fund will ultimately bear the risks associated with the investments of the Fund. Potential Investors should consult their professional financial and tax advisers before making an investment. The difference at any one time between the Issue Price (to which may be added a Subscription Fee) and the Redemption Price of Shares (from which may be deducted a Redemption Fee) means an investment should be viewed as medium to long term. The attention of potential Investors is also drawn to the taxation risks associated with investing in a Fund, an overview of which are set out in the Section of the Prospectus entitled **Taxation**.

Among the principal risks of investing in a Fund which could adversely affect their Net Asset Value, yield and total return, are:

### 8.2. General Risks

An investment in a Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank. Shares are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down. An investment in the Company involves certain investment risks, including the possible loss of principal and there is no assurance that that any appreciation in the value of investments will occur or that the investment objective of a Fund will actually be achieved and results may vary substantially over time.

The Funds will be investing in assets selected by the Investment Manager in accordance with the investment objectives and policies of the relevant Fund. The value of investments and the income from them, and therefore the value of and income from Shares relating to the Fund, will be closely linked to the performance of such investments. Investments made by the Investment Manager will be speculative and an investment in a Fund, therefore, involves a degree of risk.

Past performance of a Fund should not be relied upon as an indicator of future performance. The value of Shares and the income from them may go down as well as up and, accordingly, an Investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment.

### 8.3. Industry Specific Risks

The Funds may invest in companies that are exposed to risks that are specific to a particular industry or sector. Each such risk may adversely impact the performance of investments made by the Funds and may impact the relevant Fund's level of success, including the value and the number of investments made by the relevant Fund. Industry or sector specific risks may include price and market volatility in all aspects of the relevant industry or sector, including currency prices, the market price of products, and demand for and availability of services to the particular industry or sector.

### 8.4. Company Specific Risk

Although certain companies in which a Fund may hold an investment may have operated profitably in the past in a variety of economic circumstances, past performance is no assurance of future performance. Inflation, the absence of economic growth or the presence of a durable economic downturn may adversely affect any business and performance of companies in which a Fund has invested and the value of such companies' shares. The ability of a Fund to return capital or make distributions to Shareholders, and to maintain Net Asset Value will be dependent upon the ability and willingness of companies in which the relevant Fund invests (and in the case of market securities,

obligors) to respect, and, where appropriate, make payment on their obligations to the relevant Fund as they become due. Any default by a company in which a Fund has invested or by any other obligor to the relevant Fund is likely to adversely impact relevant Fund's ability to realise the value of its investments.

#### 8.5. **Market Risk**

The value of securities may be affected by a decline in the entire market of an asset class in which investments are made thus affecting the prices and values of the assets in a Fund. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed-income securities. In addition, some of the Regulated Markets on which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Fund may liquidate positions to meet redemption requests or other funding requirements. The higher the volatility of the market in which a Fund invests, the greater the market risk. Such markets are subject to greater fluctuations in return.

#### 8.6. **Liquidity Risk**

Liquidity risk is the risk of a Fund having insufficient realisable cash, investments and borrowing capacity to fund redemption requests net of subscriptions. Not all securities or instruments invested in by a Fund may be listed or rated and consequently liquidity of such securities or instruments may be low. A Fund may also encounter difficulties in disposing of assets at their fair market price due to adverse market conditions. The Fund's liabilities arise primarily through its exposure to redemption of Shares that Shareholders wish to sell. The Investment Manager endeavours to manage the Fund's investments, including cash, to meet their liabilities. However, investments may need to be sold if insufficient cash is available to finance such redemptions. If the size of disposals is sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of a Fund. The Directors may, at their discretion, elect to restrict the total number of Shares redeemed in a Fund on any Dealing Day to Shares representing 25% or more of the total Net Asset Value of that Fund on that Dealing Day, in which case all requests will be scaled down pro rata to the number of Shares requested to be redeemed. The remaining balance of Shares may be redeemed on the next Dealing Day provided no such restriction is applicable.

#### 8.7. **Credit Risk**

Credit risk also arises from the uncertainty surrounding the ultimate repayment of principal and interest or other investments by the issuers of such securities. There can be no assurance that the issuers of securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. A Fund may also be exposed to a credit risk in relation to the counterparties with whom the Fund trades and may bear the risk of settlement default. Changes in the credit quality of an issuer and/or security or other instrument could affect the value of a security or other instrument or a Fund's share price.

#### 8.8. **Portfolio Currency Risk**

The Fund's investments and, where applicable, the investments of any collective investment scheme in which a Fund invests, may be acquired in a wide range of currencies other than the Base Currency of the relevant Fund. Changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency.

It may not be possible or practical to hedge against such exchange rate risk. The Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.

Where provided for in the relevant Supplement, the Funds may from time to time utilise techniques and instruments to seek to hedge currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of the Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline.

The Funds may enter into currency exchange and other transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency or interest rate, they also limit any potential gain that might be realised should the value of the hedged currency or interest rate increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of a Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations. A Fund's performance may be influenced by movements in FX rates because currency positions held by a Fund may not always correspond with the securities positions held.

#### **8.9. Share Class Currency Risk**

A Currency Share Class will be denominated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such denominated currency of a Currency Share Class may lead to a depreciation of the value of such Shares as expressed in the denominated currency. The Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such as those described under the heading Portfolio Currency Risk, for hedged Currency Share Classes provided that such instruments shall in no case exceed 105% of the Net Asset Value attributable to the relevant hedged Currency Share Class. Investors should be aware that this strategy may substantially limit Shareholders of the relevant hedged Currency Share Class from benefiting if the denominated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant hedged Currency Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant hedged Currency Share Class. In the case of an Unhedged Currency Share Class, a currency conversion will take place on subscriptions, redemptions, and exchanges at prevailing exchange rates. The value of the Shares expressed in the class currency will be subject to exchange rate risk in relation to the Base Currency of the relevant Fund.

#### **8.10. Custody and Settlement Risk**

As the Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances where by the Depository will have no liability. Such risks include (i) a non-true delivery versus payment settlement, (ii) a physical market, and as a consequence the circulation of forged securities, (iii) poor information in relation to corporate actions, (iv) registration process that impacts the availability of the securities, (v) lack of appropriate legal/fiscal infrastructure advices, and (vi) lack of compensation with the relevant central depository. Furthermore, even when the Company settles trades with counterparties on a delivery-versus-payment basis; it may still be exposed to credit risk to parties with whom it trades. The insolvency of the Depository, or of any local broker, sub-

custodian bank or clearing corporation used by the Depository, may result in the loss of all or a substantial portion of the relevant Fund's assets or in a significant delay in relevant Fund having access to those assets.

#### 8.11. **Political, Regulatory, Settlement and Sub-Custodial Risk**

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Should a Fund invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Depository will have no liability.

#### 8.12. **Business, Legal, Tax and Other Regulatory Risks**

Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the Company, a Fund, the Investment Manager and/or the investment strategies used by the Funds. The regulatory environment continues to evolve. Changes in applicable regulations may adversely affect the value of a Fund's investments and the ability of a Fund to implement its investment strategy (including the use of leverage). The financial services industry generally and the activities of private investment funds (such as hedge funds) and their investment advisers, in particular, have been the subject of increasing legislative and regulatory scrutiny. Such scrutiny may increase the Company's, and/or the or the Investment Manager's legal, compliance, administrative and other related burdens and costs as well as regulatory oversight or involvement in the Company and/or the Investment Manager and/or the Investment Manager or result in ambiguity or conflict among legal or regulatory schemes applicable to the Company or the Investment Manager. In addition, securities and futures markets are subject to extensive statutes, regulations and margin requirements. Various regulators and exchanges may be authorised to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and entities that engage in such transactions is an evolving area of law and is subject to further development and modification by governmental and judicial action. There can be no assurances that the Company or the Investment Manager will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on the Company may affect the manner in which it is managed and may be substantial and adverse.

#### 8.13. **Tax Reporting and Withholding**

Certain countries have adopted tax laws which require reporting and/or withholding in certain circumstances in connection with an investor's acquisition, holding and/or disposal of an investment in the Funds. Depending on the nature of the requirements, these tax laws impose (or will impose in the future) reporting and/or withholding obligations. To the extent that the Company determines to incur the costs of compliance with tax or other laws, the Directors may require that investors whose acquisition, holding or disposal triggers the compliance requirements to share pro rata the cost to the relevant Fund of doing so with other such investors.

#### 8.14. **OECD BEPS**

In 2013 the OECD published its report on Addressing Base Erosion and Profit Shifting (**BEPS**) and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On 5 October 2015, the OECD published its final reports on the first phase of the project, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which could result in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on 8 October 2015. On 24 November 2016, more than 100 jurisdictions concluded negotiations on a multilateral instrument that will amend their

respective tax treaties (more than 2,000 tax treaties worldwide) in order to implement the tax treaty-related BEPS recommendations. The multilateral instrument was signed on 7 June 2017 and entered into force on 1 July 2018. The multilateral instrument will then enter into effect for a specific tax treaty at certain times after all parties to that treaty have ratified the multilateral instrument. The final actions to be implemented in the tax legislation of the countries in which the Company will have investments, in the countries where the Company is domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns from the Company.

In addition, Investors' attention is drawn to the taxation risks associated with investing in the Funds. See also section headed **Taxation** in section 12 of this Prospectus.

#### 8.15. **European Economic Risks**

EU Member States, European businesses, financial institutions and counterparties are currently being affected, some adversely, by severe political and economic difficulties and concerns, including in relation to sovereign and non-sovereign Companying and debt. European, IMF and bilateral emergency Companying arrangements have already been extended and/or are contemplated in respect of EU Member States and European based financial institutions.

These developments have had a negative effect in political terms and also in economic terms. Financial markets, investor sentiment and credit ratings of institutions and Member States have already been adversely affected and may continue to do so. In addition, investment activity has been affected, as has the willingness of financial institutions to extend credit and to obtain Companying.

Member States within the Eurozone, and certain other EU Member States, are in on-going discussions with a view to agreeing stricter financial disciplines. At present, it remains unclear whether agreement on these matters will be reached, and even if reached, whether adequate measures will be adopted.

There are increasing concerns that one or more Member States within the Eurozone may not be able to meet their debt obligations or Companying requirements. The depressed economic environment and cost of funding may cause short and medium term budget deficits to expand in these economies, further increasing the risk of default. A sovereign default is likely to have adverse consequences for the economy of the Member State and that of Europe and the wider world economy. The effect on creditors of a sovereign default is likely to be adverse.

The probability of Member States that have adopted the Euro abandoning or being forced to withdraw from the Euro remains. It is difficult to predict the precise nature of the consequences of a Member State leaving the Euro as there has been no legal framework put in place in preparation for such an event. It is possible that any Euro-denominated assets or obligations that the Company acquired that are converted into a new national currency would suffer a significant reduction in value if the new national currency falls in value against the Euro.

These economic developments and their consequences both in Europe and the wider global economy, have significantly increased the risk of market disruption and governmental intervention in markets. Such disruption and intervention may result in unfavourable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, trade balances and imbalances and social, economic or political instability.

Predicting the consequences of developments of this kind is difficult. Events affecting the Euro could result in either separate new national currencies, or a new single European currency, and consequently the redenomination of assets and liabilities currently denominated in Euro. In such circumstances, there would be a definite risk of the Company's Euro-denominated investments becoming difficult to value. This could result in negative consequences for the Company including suspension of calculation of Net Asset Value valuations and, consequently, redemptions. If the redenomination of accounts, contracts and obligations becomes litigious, difficult conflict of laws questions may arise.

Adverse developments of this nature may significantly affect the value of the Company's investments. They may also affect the ability of the Company to transact business including with financial

counterparties, to manage investment risk and to hedge currency and other risks affecting the Company's portfolio and individual classes. Fluctuations in the exchange rate between U.S dollars and other currencies could have a negative effect upon the performance of investments.

#### **8.16. Change in Investment Strategies**

The investment strategies, approaches and techniques of a Fund set out in the relevant Supplement herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by a Fund. Nevertheless, the investments made on behalf a Fund will be consistent with its investment objective.

#### **8.17. Borrowing and Leverage Risk**

Investors should be aware that the Funds may incur borrowings and/or leverage and that leverage may accentuate falls in the Net Asset Value of the Funds where the markets move against the Funds and thereby increase losses. The cumulative effect of the use of leverage by the Funds, directly or indirectly, in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to the Funds that would be greater than if leverage were not employed by the Fund.

The use of leverage maybe integral to the Funds' strategies, and the Funds may depend on the availability of credit in order to finance their portfolios. There can be no assurance that the Funds will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Fund to liquidate all or a portion of its portfolio at disadvantageous prices.

During the prevailing "financial crisis," the availability of financing for speculative strategies has been materially restricted. In addition, many dealers have materially increased the cost and margin requirements applicable to outstanding financing.

#### **8.18. Valuation Risk**

The Funds may invest some of its assets in other investments which are not quoted, listed or normally dealt in on a market and in investments which are so quoted, listed or normally dealt in on a market but in respect of which for any reason the closing price or quotation or, as the case may be, middle price or quotation is unavailable or in the opinion of the Company does not reflect fair market value. In such case, the value of such investments will be the probable realisation value calculated with care and in good faith by a competent person approved for that purpose by the Depository which may include the Company.

#### **8.19. Valuation Conflict of Interest**

There may be an inherent conflict of interest between the involvement of the Company or Investment Manager in determining the valuation price of such investments and the Company's and Investment Manager's interest in its management fee and performance fee which are based on the valuation price of such investments.

#### 8.20. **Trading prior to receipt of Subscription Money and prior to the Effective Date of Subscriptions.**

The Company may, in the discretion of its Investment Manager (with the consent of the Directors or the Investment Manager), begin trading at any time prior to the effective date of subscriptions for Shares on the basis of subscription applications received. In addition, without limiting the generality of the foregoing, the Funds may, in the sole discretion of its Investment Manager, trade after the effective date of a subscription on the basis of receiving funds with respect to the subscription even if such funds were not received on such effective date. An Investor or prospective Investor will be liable for any losses or costs arising out of or relating to the non-payment or late payment of subscription monies, including any losses or costs incurred as a result of the Funds trading on the basis of receipt of such money as of the effective date of a subscription. These practices could have an adverse effect on the Funds. Non-payment or late payment of subscription monies may result in losses and costs to the Funds, and the Funds may not ultimately recoup such losses or costs from the applicable Investors or prospective Investors. In addition, the Investment Manager may make investments or other portfolio decisions for the Company in anticipation of subscriptions that would not have been made were it known that the subscriptions would not be made or would be made late, which could have an adverse effect on the Funds' portfolio.

#### 8.21. **Compulsory Redemption of Shares/Deduction of Tax/Indemnity**

The attention of Investors is drawn to the section entitled **Compulsory Redemptions** in section 6 of this Prospectus, which details the circumstances in which Shareholders' Shares may be compulsorily redeemed.

#### 8.22. **Capital Erosion Risk**

Investors should note that as distributions may be charged to or paid out of the capital as well as to the income of the Funds, upon redemption of Shares, Investors may not receive back the full amount of their original investment.

#### 8.23. **Operational Risk**

The Company depends on its Investment Manager to maintain appropriate procedures to control operational risk. Operational risks arising, for example, from mistakes made in the confirmation or settlement of transactions, transactions not being properly booked, evaluated or accounted for, or other similar disruptions in the Company's operations that may cause the Funds to suffer financial loss, disruption of its businesses, liability to investors or third parties, regulatory intervention or reputational damage. The Company is highly dependent on its and its service providers' ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Company relies heavily on financial, accounting and other data processing systems. The Company depends on these systems to operate without material problems, although problems will arise from time to time and may have a material adverse effect on the Funds.

#### 8.24. **Systems Risks**

The Company depends on its Investment Manager and other service providers to maintain appropriate systems to facilitate the Company's activities. The Investment Manager relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor the portfolio and net capital and to generate risk management and other reports that are critical to oversight of the Company's activities. In addition, certain of the Investment Manager's operations interface with or depend on systems operated by third parties, including prime brokers, securities exchanges and other types of trading systems, market counterparties, custodians and other service providers. The Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Furthermore, these programs or systems may be subject to defects, failures or interruptions, including, without limitation, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on the Funds. For example, such failures could cause the settlement of trades to fail,

lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Investment Manager's ability to monitor the investment portfolios and risks.

#### 8.25. **Cyber Security Risk**

The Company and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Company, the AIFM, the Administrator or the Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the ability to calculate the Net Asset Value of the Funds; impediments to trading for the Funds' portfolios; the inability of Shareholders to transact business with the Company; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Funds invest, counterparties with which the Company engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks cannot be and/or have not been identified.

#### 8.26. **Country Risks**

Investments in securities of issuers of different nations and denominated in different currencies involve particular risks. Such risks include changes in relative currency exchange rates, political and economic developments, the imposition of exchange controls, confiscation and other governmental restrictions. The investments of the Funds which are exposed to emerging markets and countries will also involve greater risks than investments in more developed countries. In particular, emerging markets are marked by high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of ownership of such securities by a limited number of investors. Investment in securities of issuers from different countries offers potential benefits not available from investments solely in securities of issuers from a single country, but also involves certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. An issuer of securities may be domiciled in a country other than the country in whose currency such securities are denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Issuers are generally subject to different accounting, auditing and financial reporting standards, practices and requirements in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of securities may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit a Company's ability to invest in securities of certain issuers located in those countries.

Different markets also have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of the Funds is uninvested and no return is earned thereon. The inability of the Company to make intended investment purchases due to settlement problems could cause the Funds to miss attractive investment opportunities. The inability of the Company to dispose of its investments due to settlement problems could result in losses to the



Funds due to subsequent declines in the value of its investments or, if the Company has entered into a contract to sell the investments, in a possible liability to the purchaser. There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by, or to be transferred to, the Company.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, limitations on the removal of funds or other assets of the Funds, political or social instability or diplomatic developments that could affect investments in those countries.

#### **8.27. Highly Volatile Markets**

The Funds may be adversely affected by deteriorations in the financial markets and economic conditions, some of which may magnify the risks described herein and have other adverse effects. For example, economic and financial market conditions of the like seen in late 2008 into 2009 resulted in increasing volatility and illiquidity in the global credit, debt and equity markets generally. When such conditions arise, decreased risk tolerance by investors and significantly tightened availability of credit may result in certain securities becoming less liquid and more difficult to value, and thus harder to dispose of. Such conditions may be exacerbated by, among other things, uncertainty regarding financial institutions and other market participants, increased aversion to risk, concerns over inflation, instability in energy costs, complex geopolitical issues, the lack of availability and higher cost of credit and the declining real estate and mortgage markets in the United States and elsewhere.

These factors, combined with variable commodity pricing, declining business and consumer confidence, increased unemployment and diminished expectations for predictable global financial markets, may lead to a global economic slowdown and fears of a global recession. The duration and ultimate effect of any such market conditions cannot be forecast with certainty and it cannot be known whether or the degree to which such conditions may worsen. The continuation or further deterioration of any such market conditions and continued uncertainty regarding economic markets generally could result in further declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for the Funds, could prevent the Funds from successfully meeting their investment objectives or could require the Funds to dispose of investments at a loss while such unfavourable market conditions prevail. While such market conditions persist, the Funds would also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

#### **8.28. Investing in Fixed Income Securities**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. The Funds could lose money if the issuer or guarantor of a fixed income security is unable to make timely principal and/or interest payments, or to otherwise honour its obligation. The credit quality of debt instruments is often assessed by rating agencies. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of depreciation and default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments and may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations and consequently greater fluctuations in market values to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. Changes in such ratings, or the expectations of such changes, may cause changes in yield and market values.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets. Accordingly, the Funds' investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

## 8.29. **Equity Markets Risk**

Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Investment Manager may attempt to reduce these risks by utilising various techniques described in this Prospectus, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by the Funds.

## 8.30. **Market Capitalisation Risk - Micro, Small and Mid-Sized Company Shares**

The Funds may invest in equity securities of micro, small and mid-sized (by market capitalisation) companies. Investment in such securities involves special risks. Among other things, the prices of securities of micro, small and mid-sized companies generally are more volatile than those of larger companies; the securities of smaller companies generally are less liquid; and smaller companies generally are more likely to be adversely affected by poor economic or market conditions. The prices of micro-sized companies generally are even more volatile and their markets are even less liquid relative to both small and larger companies. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily are associated with more established companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports. Transactions involving such securities, particularly those transactions which are large in size, are likely to have a greater impact on the costs of running the Funds than similar transactions in securities of a company with a large market capitalisation and broad trading market due to the relatively illiquid nature of markets in securities of small and medium sized companies. The securities of smaller companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Smaller companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, smaller company shares may, to a degree, fluctuate independently of larger company shares (i.e., small and/or micro company shares may decline in price as the prices of larger company shares rise or vice versa).

## 8.31. **Debt Securities**

The prices of debt securities fluctuate in response to perceptions of the issuer's creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater are such variations. Investment in such securities is subject to credit risk (i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay). This is broadly gauged by the credit ratings of the securities in which the Funds may invest. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality. Not all government securities are backed by the full faith and credit of their national government. Some are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is at least a chance of default on these government securities in which the Funds may invest, which may subject the Funds to credit risk.

To the extent the Funds invest in medium or low-rated securities and unrated securities of comparable quality, the Funds may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as low-rated securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative

with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. Although the prices of low-rated securities are generally less sensitive to interest rate changes than are higher rated securities, the prices of low-rated securities may be more sensitive to adverse economic changes and developments regarding the individual issuer. When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing. Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers. Highly leveraged issuers may also experience financial stress during periods of rising interest rates. In addition, the secondary market for low-rated securities, which is concentrated in relatively few market makers, may not be as liquid as the secondary market for more highly rated securities. As a result, the Funds could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Therefore, prices realized upon the sale of such low-rated securities, under these circumstances, may be less than the prices used in calculating the Funds' Net Asset Value. Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the Funds may have to replace the security with a lower yielding security, resulting in a decreased return for investors.

If the Funds experience unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Funds' investment portfolio and increasing the exposure of the Funds to the risks of low-rated securities. Changes in economic conditions or developments regarding individual issuers of medium or low-rated securities are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Investment in such lower rated debt securities may limit the Funds' ability to sell such securities at fair value. Judgment plays a greater role in pricing such securities than in the case of securities having more active markets.

Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market. The ratings issued by rating agencies represent the opinions of those agencies. Such ratings are relative and subjective, and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The rating agencies may change, without prior notice, their ratings on particular debt securities held by the Funds, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities. Credit risk is more pronounced for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality. The risk of default may be greater and the market for these securities may be less active, making it more difficult to sell the securities at reasonable prices, and also making valuation of the securities more difficult. The Funds may incur additional expenses if an issuer defaults and it tries to recover some of the losses in bankruptcy or other similar proceedings.

#### **8.32. Investment Grade Debt Securities**

Some investment-grade debt securities may possess speculative characteristics and may be more sensitive to economic changes and to changes in the financial conditions of issuers.

#### **8.33. Lower-Quality Debt Securities**

Lower-quality debt securities include all types of debt instruments that have poor protection with respect to the payment of interest and repayment of principal, or may be in default. These securities are often considered to be speculative and involve greater risk of loss or price changes due to changes in the issuer's capacity to pay. The market prices of lower-quality debt securities may fluctuate more than those of higher-quality debt securities and may decline significantly in periods of general economic difficulty, which may follow periods of rising interest rates.

The market for lower-quality debt securities may be thinner and less active than that for higher-quality debt securities, which can adversely affect the prices at which the former are sold. Adverse publicity and changing investor perceptions may affect the liquidity of lower-quality debt securities and the ability of outside pricing services to value lower-quality debt securities

#### 8.34. **Risks associated with Investment in other Collective Investment Schemes (CIS)**

The Funds may invest in one or more collective investment schemes. As a shareholder of another collective investment scheme, the Funds would bear, along with other shareholders, its *pro rata* portion of the expenses of the other collective investment scheme, including management and/or other fees (excluding subscription or redemption charges). These fees would be in addition to the fees payable to the Investment Manager and other expenses which the Funds bear directly in connection with its own operations.

The Funds will not have an active role in the day-to-day management of the collective investment schemes in which they invest. Moreover, the Company will generally not have the opportunity to evaluate the specific investments made by any underlying collective investment schemes before they are made. Accordingly, the returns of the Funds will primarily depend on the performance of these unrelated underlying fund managers and could be substantially adversely affected by the unfavourable performance of such underlying fund managers.

Furthermore, some of the underlying collective investment schemes may be valued by fund administrators affiliated to underlying fund managers, or by the underlying fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that the valuations of the Funds may not reflect the true value of such underlying collective investment scheme holdings at a specific Valuation Point, which could result in significant losses for the Funds.

The Funds may be subject to risks associated with any underlying collective investment schemes which may use 'side pockets' (used to separate investments which may be difficult to sell from more liquid investments). The use of side pockets by such underlying collective investment schemes may restrict the ability of the Funds or the Shareholders to fully redeem out of the underlying collective investment scheme until such investments have been removed from the side pocket. Accordingly, the Funds may be exposed to the performance of the underlying collective investment scheme's investment for an indefinite period of time until such investment is liquidated.

#### 8.35. **Derivatives and Techniques and Instruments Risk**

While the prudent use of financial derivative instruments (**FDI**) can be beneficial, FDI also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments.

The Funds may from time to time utilize various financial instruments both for investment purposes and for risk management purposes in order to seek to: (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the currency exchange rates, securities markets and/or changes in interest rates, (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios, (v) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets, (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date or (vii) for any other reason that the Investment Manager deems appropriate.

##### *Techniques and Instruments*

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by

regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Funds' securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption requests.

### *Derivatives*

Derivatives, in general, involve special risks and costs and may result in losses to the Company. The successful use of derivatives requires sophisticated management, and the Funds will depend on the ability of the Investment Manager to analyse and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the Funds may prove not to be what the Investment Manager expected. Some derivatives are leveraged and therefore may magnify or otherwise increase investment losses to the Funds. Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the Funds' derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be closed out when desired. Over-the-counter instruments such as swap transactions also involve the risk that the other party will not meet its obligations to the Funds. The participants in over-the-counter markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange based markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss.

There is a possibility that the agreements governing the FDI techniques may be terminated due, for instance, to supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. There is also a risk if such agreements are not legally enforceable or if the derivative transactions are not documented correctly.

### *Counterparty Risk*

The Funds will be exposed to a credit risk on the counterparties with which they trade in relation to non-exchange traded contracts such as futures, options, swaps, repurchase transactions and forward exchange rate contracts. Non-exchange traded contracts are not afforded the same protections as may apply to participants trading such contracts on organised exchanges, such as the performance guarantee of an exchange clearing house. Non-exchange traded contracts are agreements specifically tailored to the needs of an individual investor which enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific company or firm involved in the transaction rather than a recognised exchange and accordingly the insolvency, bankruptcy or default of a counterparty with which a Fund trades such contracts could result in substantial losses to the Fund. If settlement never occurs, the loss incurred by the Funds will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced, the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Fund meets its settlement obligations but the counterparty fails before meeting its obligations under the relevant contract. Furthermore, if the creditworthiness of a derivative counterparty declines, the risk that the counterparty may not perform could increase, potentially resulting in a loss to the portfolio. Regardless of the measures a Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that a Fund will not sustain losses on the transactions as a result.

### *OTC Markets Risk*

Where a Fund acquires securities on OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### *Futures Contracts*

Positions in futures contracts may be closed out only on an exchange that provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if the Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Fund may be required to make delivery of the instruments underlying futures contracts it holds. The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge the Fund. The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract. The Funds also incur the risk that the Investment Manager will incorrectly predict future stock market trends. Utilisation of futures transactions by the Funds does involve the risk of imperfect or no correlation where the securities underlying the futures contracts have different maturities than the Fund's securities being hedged. It is also possible that the Funds could both lose money on futures contracts and also experience a decline in the value of its other securities. There is also a risk of loss by the Funds of margin deposits in the event of the bankruptcy of a broker with whom the Funds have an open position in a futures contract or related option. Finally, futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as daily price fluctuation limits or daily limits. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from liquidating unfavourable positions.

### *Forward Trading*

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and cash trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to the Funds.

### *Foreign Exchange Transactions*

Where the Funds utilise derivatives which alter the currency exposure characteristics of transferable securities held by the Funds, the performance of the Funds may be strongly influenced by movements in foreign exchange rates because currency positions held by the Funds may not correspond with the securities positions held.

### *Options*

Because option premiums paid or received by the Funds will be small in relation to the market value of the investment underlying the options, trading in options could cause the Fund's Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if the Funds did not utilise options. Upon the exercise of a put option written by the Company on behalf of a Fund, it may suffer a

loss equal to the difference between the price at which the Company is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by the Company on behalf of a Fund, it may suffer a loss equal to the excess of the market value of the asset at the time of the option's exercise over the price at which the Company is obliged to sell the asset, less the premium received for writing the option. No assurance can be given that the Company will be able to effect closing transactions at a time when it wishes to do so. If the Company cannot enter into a closing transaction, it may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject the Funds to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

### *Swaps*

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, the Company will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Company will succeed in pursuing contractual remedies. The Funds thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts. In addition, because swap contracts are individually negotiated and ordinarily non-transferable, there also may be circumstances in which it would be impossible for the Company to close out its obligations under the swap contract. Under such circumstances, the Company might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless the Company is able to negotiate such an offsetting swap contract, however, the relevant Fund could be subject to continued adverse developments, even after the Investment Manager has determined that it would be prudent to close out or offset the first swap contract. The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Investment Manager is incorrect in its expectations of market values or interest rates, the investment performance of the Fund would be less favourable than it would have been if this portfolio management technique were not used.

### *CFD*

Futures and options contracts can also be referred to, as well as include, contracts for differences. These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in CFD carries the same risks as investing in a future or option. Transactions in CFD may also have a contingent liability and an Investor should be aware of the implications of this as set out below.

### *Convertible Bonds*

The risks associated with convertible bonds, are similar to the risks associated with normal bonds and also options, i.e. there is interest rate risk (the risk that the interest rate associated with the bond is below the prevailing market rate), credit risk (the risk that the bond par value is not paid back in part or in full), liquidity risk (the bond may not trade frequently with a resulting large spread between the price at which bonds are sold or purchased). The risks associated with options include liquidity and also the risk that at exercise date, the strike price may be above the prevailing market price for the underlying.

### *Contingent Liability Transactions*

Contingent liability transactions which are margined require the Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Fund trades in futures, CFD or sells options, the Fund may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the Fund, the Fund may be called upon to pay substantial additional margin at short notice to maintain the position. If the Fund fails to do so within the time required, its position may be liquidated at a loss and the Fund will be liable for

any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

### *Warrants*

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. The prices of warrants can therefore be volatile. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a "covered warrant").

#### **8.36. Repurchase Agreements**

The value of the security purchased may be more or less than the price at which the counterparty has agreed to purchase the security. If the other party to a repurchase agreement should default, the Fund might suffer a delay or loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund in connection with the repurchase agreement are less than the repurchase price. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or its failure to repurchase the securities as agreed, the Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement.

#### **8.37. Reverse Repurchase Agreements**

Reverse repurchase transactions involve risks in that (a) in the event of the failure of the counterparty with which cash of the Fund has been placed there is the risk that collateral received may realise less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; and that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvestment.

#### **8.38. Stock-Lending Risk**

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. However, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. The collateral will typically be maintained at a value of at least equal to the market value of any securities loaned. However in the event of a sudden market movement there is a risk that the value of the collateral may fall below the value of the securities transferred.

#### **8.39. Collateral Risk**

Cash received as collateral may be invested in other eligible securities, including shares of a short term money market fund in accordance with the requirements of the Central Bank. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with such investments, such as failure or default of the issuer of the relevant security.

#### **8.40. Brokerage Arrangements**

In selecting brokers and dealers to effect portfolio transactions, the Company may consider such factors as price, the ability of the brokers and dealers to execute transactions efficiently, their facilities,



reliability and financial responsibility and the financial products or services provided by such brokers and dealers. Such products and services generally may be of benefit to the Company. If the Company determines in good faith that the amount of transaction costs imposed by a broker or dealer is reasonable in relation to the value of the products or services provided by such broker or dealer, the Funds may incur transaction costs from such broker or dealer in an amount greater than the amount that might be incurred if another firm were used provided that such broker or dealer has agreed to provide best execution with respect to such business.

Products or services provided to the Company may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products or services (e.g., quotation equipment and computer-related costs and expenses).

It is expected that Pareto Securities AS may be used as a broker in respect of permitted investments of the Funds, such as Norwegian corporate bonds, where it is considered appropriate to do so by the Investment Manager, such as where that entity is considered a major participant in the market for such securities. Pareto Securities AS is majority owned by Pareto AS.

A report will be included in the Company's annual and half-yearly reports describing the Company's soft commission practices.

#### 8.41. **Clearing Broker Insolvency Risk**

The AIFM, in respect of a Fund, may use the services of several brokers to clear and settle securities trades. While applicable rules and regulations may offer some protections of client assets, it is possible that, if one of that Fund's brokers becomes insolvent, the assets of that Fund held at such broker could be at risk.

#### 8.42. **Counterparty Risk**

Investors in a Fund may be exposed to a counterparty risk from Collection Account Cash Sweep Counterparties in connection with the Collection Account Cash Sweep Program.

#### 8.43. **Cash Sweep Risk**

Any overnight cash balances held with any of the Company's sub custodians may be the subject of a cash sweep program (the **Cash Sweep Program**). The Cash Sweep Program involves placing monies into one or more omnibus client accounts held with third party counterparties (the **Cash Sweep Counterparties**). Investors should note that, as a result of the Cash Sweep Program, the Fund in which they invest will have counterparty exposure to the Cash Sweep Counterparties.

#### 8.44. **Absence of Secondary Market**

There is not expected to be any secondary market for Shares. Consequently, Shareholders will be able to dispose of their Shares only by means of redemption as specified in this Prospectus and the relevant Supplement. The risk of any decline in the Net Asset Value per Share of the Shares held by a Shareholder requesting the redemption of his Shares during the period from the date of the relevant redemption request until the relevant Dealing Day will be borne by the Shareholder requesting the redemption.

#### 8.45. **Pandemic Risk**

An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which a Fund may invest, leading to changes in regional and global economic conditions and cycles which may have a negative impact on the Fund's investments and consequently its Net Asset Value. Any such an outbreak may also have an adverse effect on the wider global economy and/or markets which may negatively impact a Fund's investments more generally. In addition a serious outbreak of infectious disease may also be a force majeure event under contracts that the Company has entered into with counterparties thereby relieving a counterparty of the timely

performance of the services such counterparties have contracted to provide to the Funds (the nature of the services will vary depending on the agreement in question). In a worst case scenario, this may result with the Funds being delayed in calculating their Net Asset Value, processing dealing in Shares, undertaking independent valuations of the Funds or processing trades in respect of the Funds. However each of the Depositary, the Administrator and the AIFM have business continuity plans in place which are tested regularly and, at the date of this Prospectus, are working efficiently such that services to the Funds provided by such service providers have not been materially impacted by the outbreak of Covid-19.

#### 8.46. **Litigation and Regulatory Action**

A Fund may be subject to a lawsuit or regulatory action stemming from its activities and those of the AIFM and may incur the costs of the defence and be at risk of an unsuccessful outcome.

#### 8.47. **Conflicts of Interest**

Conflicts of interest may arise as set out under the section headed "Portfolio Transactions and Conflicts of Interest", although the intention is to ensure that any conflict is resolved fairly, this may not always be possible.

#### 8.48. **No Guarantee**

An investment in a Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of a Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Funds may fluctuate up and/or down. Preservation of principal is not guaranteed. An investment in a Fund involves certain investment risks, including the possible loss of principal.

#### 8.49. **Start-Up Periods**

A Fund may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of a Fund's portfolio may be lower than in a fully committed portfolio. The AIFM may employ different procedures for moving to a fully-committed portfolio. These procedures will be based in part on market judgement. No assurance can be given that these procedures will be successful.

#### 8.50. **Distributions out of Capital**

The Directors of the Company may in their sole discretion, consider that a Fund is holding excess cash in its portfolio, and distribute such cash by the Fund by way of dividend in accordance with the terms of this Prospectus and the relevant Supplement. In any case where distributions are made out of the capital of the Fund, Investors should be aware that they may not receive back the full amount invested by them.

#### 8.51. **Forward-Looking Statements**

This Prospectus contains forward-looking statements. These forward-looking statements reflect the Company's view with respect to future events. Actual results could differ materially from those in the forward-looking statements as a result of factors beyond the Company's control. Investors are cautioned not to place undue reliance on such statements.

#### 8.52. **Collateral Risk**

Although obtaining collateral from counterparties and any collateral management system implemented is intended to help mitigate the Fund's potential exposure to a default by or the insolvency of a counterparty, such risks cannot be completely removed. The collateral provided may not be sufficient to meet the counterparty's obligations for a number of reasons. In addition, while the collateral provided

by a counterparty will be independently valued on a daily basis, the value of certain fixed income and/or equity securities provided as collateral may not always have a live quoted price.

There is no guarantee that the collateral will be correctly and accurately valued. To the extent that the collateral is not correctly valued, the Fund may suffer a loss. Even if the collateral is correctly valued, the collateral may decrease in value between the time of default or insolvency of the counterparty and the time at which the collateral is realised. The risk of a decrease in the value of collateral may be greater for illiquid assets, due to the length of time it may take to realise such assets, and such assets may comprise all or a significant portion of the collateral provided.

#### **8.53. Collateral Operational Risk**

A counterparty's payment obligations and the collateral posted by a counterparty will be independently valued on each business day, and the amount and composition of collateral will be adjusted to meet the collateralisation requirements. While the collateral policy will be monitored by the Investment Manager, to the extent that the policy is not correctly adhered to and implemented the Fund may suffer a loss in the event of default or insolvency of the counterparty.

#### **8.54. Collateral Arrangements**

A Fund may be required to implement certain collateral arrangements, including in accordance with applicable laws and regulations to which either the relevant Fund or counterparties with whom the Fund trades may be subject.

When a counterparty posts cash collateral to the account of the Fund, the cash collateral will be placed in a segregated collateral account with the Depositary or such other bank account as may be agreed between the parties to the collateral arrangement (the "Collateral Account") and will not be used for re-investment purposes. Interest earned (if any) from the Collateral Account may not be sufficient to cover the interest required by the counterparty pursuant to the credit support annex. The interest difference will impact the Net Asset Value.

The Fund may also be required to post collateral for the benefit of counterparties. In such circumstances, less of the Fund's portfolio will be available for the Investment objective of the Fund than may have otherwise been the case. As such, the overall return to the relevant Fund may be reduced by the collateral arrangements.

A collateral management agent may be appointed to assist with the management of collateral and in the case of such appointments the fees of such agent would be payable out of the assets of the relevant Fund or as otherwise agreed.

#### **8.55. Advanced Investments**

Shareholders should note that the Investment Manager may, upon receipt by the Administrator of an application for subscription of shares in the Fund, and in advance of subscription monies having been received, make an investment for the account of the Fund in anticipation of such monies settling (Advanced Investments). It is intended that such Advanced Investments will be for the benefit of the Fund, however, in the event of a failed settlement, the Fund may become exposed to losses, including but not limited to the costs of unwinding the trade (by which time the market may have also moved unfavourably) as well as penalty interest payments in the event that the bank deposit account or relevant facility agreement of the Fund from which the money for the Advanced Investments was obtained becomes overdrawn. As a result, any losses to the Fund arising from Advanced Investments could have an adverse effect on the Net Asset Value per Share. The Investment Manager shall be liable in the event that such losses occur.

#### **8.56. Possible Effect of Repurchases and Subscriptions**

Repurchases or subscriptions may negatively impact existing Shareholders due to a mismatch between the pricing of fund orders and the execution of orders to respectively decrease or increase exposure in the Fund.

Where the Investment Manager, upon notification of an application for subscription being received in respect of a Dealing Day, and in advance of issue of Shares as at such Dealing Day makes an investment for the account of the Fund, the profit (or loss) from such investments will be allocated to the Shares held by existing Shareholders and such allocation may increase or decrease the Net Asset Value per Share as at such Dealing Day.

Similarly, where the Investment Manager liquidates investments in respect of a repurchase as at a Dealing Day to settle after such Dealing Day, the profit (or loss) from such liquidation will be allocated to the Shares held by the remaining Shareholders.

In addition, substantial repurchases of Shares at the request of Shareholders could require the Investment Manager to liquidate investments of the Fund more rapidly than might otherwise be desirable and at less favourable prices than might otherwise be obtainable in order to raise the necessary cash to fund the repurchases.

In exceptional cases, for example if a significant number of investors were to request repurchases on a single day, there could be delays in paying out all Shareholders in the anticipated timetable for repurchases.

#### **8.57. Risk Factors Not Exhaustive**

The investment and other risks set out in this Prospectus and do not purport to be exhaustive and potential Investors should be aware that an investment in any Fund may be exposed to risks of an exceptional nature from time to time.

## 9. MANAGEMENT OF THE COMPANY

### 9.1. Directors of the Company

The Directors of the Company are described below:

#### **Jim Cleary (Irish)**

Mr Cleary is the Principal of Cleary Consulting, a fund consultancy practice based in Ireland, since June 2002. He worked in public practice in London and Luxembourg focusing on the financial services sector from 1986 to 1990. He has focused directly on fund management since 1990 and has established and managed fund management offices as Head of Compliance and Regulatory Reporting in Luxembourg and Toronto for State Street Bank from February 1990 to October 1993, as director of finance of PFPC, Dublin from October 1993 to June 1997, and as Managing Director of SEI Investments, Dublin from June 1997 to June 2002. He has been a committee member of the Dublin Funds Industry Association and a member of the Alternative Investment Management Association. He has written and lectured within the industry and acts as chairman/director of a number of mutual fund companies and of a number of companies operating in the Ireland's International Financial Services Centre. He is a Fellow of the Chartered Association of Certified Accountants and received an MBA (cum laude) from the University of Limerick.

#### **Mike Kirby (Irish)**

Mr Kirby is Managing Principal at KB Associates, a firm which provides a range of advisory, and project management services to the offshore mutual funds industry. He has held senior positions at Bank of New York (previously RBS Trust Bank) (1995-2000) where he was responsible for the establishment and ongoing management of its Dublin operations and also a Director of RBS's global custody operations in Jersey. Prior to this he was Vice President product management & marketing global securities services with J P Morgan (previously Chase Manhattan Bank) (1993-1995) in London. Most recently (2000-2002) he was a Senior Vice President of Mifund Inc, a privately owned mutual Funds supermarket incorporated in the USA, and Managing Director of Mifund Services Limited its wholly owned Irish subsidiary. Mr. Kirby holds a Bachelor of Commerce (Honours) Degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland. He is a founder member of the Irish Funds Industry Association.

#### **Anna Måbäck**

Anna acts as a non-executive director to collective investment schemes in multiple jurisdictions. She joined the board of the Company in February 2017. She has been a board director of Pareto SICAV Luxembourg since 2010. She has experience in trading and analyzing fixed income instruments - such as bonds and certificates in both the private and the public sector. She has worked as a bond trader for SEB from 1985-1987, Pre Fonds AS Oslo 1987 -1990 and Carnegie AS from 1990 -1994. From 2010 - 2015 she worked for Nordic Guarantee AS Oslo doing underwriting and credit analysis of companies for the issuance of guarantees. Anna has a bachelor of Business Administration (BBA) from University of Lund Sweden and University of Colorado Boulder USA. She has been a member of Norske Finansanalytiker Forening, (Norwegian Financial Analyst Association) since 2005.

For the purposes of this Prospectus, the address of all of the Directors is the registered office of the Company.

No Director has:

- (1) any unspent convictions in relation to indictable offences; or
- (2) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or

- (3) been a director of any company which, while he or she was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (4) been a partner of any partnership, which while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (5) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (6) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

## 9.2. **AIFM and Investment Manager**

The Company has appointed Pareto Asset Management AS as alternative investment fund manager pursuant to the terms of the AIFM Agreement.

The AIFM is authorised to carry on investment business in Norway and is regulated by Finanstilsynet (The Financial Supervisory Authority of Norway). Its registered office is at the offices of Pareto Asset Management AS, Dronning Mauds gate 3, 0250, Oslo, Norway.

The principal activity of the AIFM is asset management services. The AIFM is ultimately a majority owned subsidiary of Pareto AS. The AIFM has as of 31 December 2019 approximately 45 billion NOK under management. Subject to the oversight of the Directors, the AIFM will manage the investment and re-investment of the Funds' assets.

The AIFM, in accordance with the requirements of the Central Bank, may in respect of any Fund seek the advice of or recommendation of an investment adviser, analyst, consultant or other suitably qualified person to assist it in the performance of its duties.

The AIFM is has own funds which are appropriate to cover potential liability risks arising from professional negligence.

The AIFM has a remuneration policy which is designed to ensure that the remuneration practices of the AIFM are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the relevant Fund.

The AIFM has delegated certain of its functions under the AIFMD Legislation as outlined below.

## 9.3. **Depositary**

The Company has appointed SMT Trustees (Ireland) Limited as depositary pursuant to the Depositary Agreement between the Company and the Depositary. The Depositary is a limited liability company incorporated in Ireland on 14 January 1993. Its ultimate parent is Sumitomo Mitsui Trust Holdings, Inc., a Japanese company quoted on the Tokyo Stock Exchange. The Depositary has been authorised by the Central Bank of Ireland to carry on the business of custodial operations involving the safe keeping and administration of investment instruments under the Investment Intermediaries Act 1995. The principal activity of the Depositary is to provide trustee and custodial services to collective investment schemes, such as the Company.

The key duties of the Depositary are to perform on behalf of the Company, the depositary duties referred to in Regulation 22 of the AIFM Regulations, essentially consisting of:

- monitoring and verifying the Funds' cash flows;
- safekeeping of the assets of the Funds, including inter alia verification of ownership;

- ensuring that the issue, redemption, cancellation and valuation of Shares are carried out in accordance with the Memorandum of Association and Articles and applicable law, rules and regulations;
- ensuring that in transactions involving assets of the Funds, any consideration is remitted to the relevant Fund within the usual time limits;
- ensuring that the relevant Fund's income is applied in accordance with the Memorandum of Association and Articles, applicable law, rules and regulations; and
- carrying out instructions from the AIFM unless they conflict with the Memorandum of Association and Articles or applicable law, rules and regulations.

Under the terms of the Depositary Agreement and in accordance with the AIFM Regulations, the Depositary has power to delegate certain of its depositary functions. The Depositary has appointed Skandinaviska Enskilda Banken AB (publ) (**SEB**). Save as summarised below, the liability of the Depositary shall not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. In appointing any sub-custodian, the Depositary must comply with the terms of the AIFMD Legislation.

In accordance with the AIFMD Legislation, in the case of a loss of financial instruments held in custody by a sub-custodian, pursuant to Regulation 22(11) of the AIFM Regulations, the Depositary may discharge itself of liability if it can prove that: (1) all requirements for the delegation of its custody tasks set out in Regulation 22(11) of the AIFM Regulations are met; (2) a written contract between the Depositary and the sub-custodian expressly transfers the liability of the Depositary to that the sub-custodian and makes it possible for the Company or the AIFM acting on behalf of the Company to make a claim against the sub-custodian in respect of the loss of financial instruments or for the Depositary to make such a claim on their behalf; and (3) a written contract between the Depositary and the Company or the AIFM acting on behalf of the Company expressly allows a discharge of the Depositary's liability and establishes an objective reason to contract such a discharge in accordance with the requirements of Article 102 of the Delegated Regulation.

In accordance with the AIFM Regulations, where the law of a third country requires that certain financial instruments are held in custody by a local entity and there are no local entities that satisfy the requirements laid down in Regulation 22(11)(b)(iv)(II), the Depositary can discharge itself of liability provided that all of the other requirements for delegation of its custody tasks set out in Regulation 22(11) of the AIFM Regulations and the following conditions are met: (1) the Articles expressly allow for such a discharge under the conditions set out in Regulation 22(14) of the AIFM Regulations; (2) the Shareholders have been duly informed of that discharge and of the circumstances justifying the discharge prior to their investment; (3) the Company or the AIFM on behalf of the Company instructed the Depositary to delegate the custody of such financial instruments to a local entity; (4) there is a written contract between the Depositary and the Company or the AIFM on behalf of the Company that expressly allows for such a discharge; and (5) there is a written contract between the Depositary and the sub-custodian that expressly transfers the liability of the Depositary to that local entity and makes it possible for the Company or the AIFM acting on behalf of the Company to make a claim against that local entity in respect of the loss of financial instruments or for the Depositary to make such a claim on their behalf.

The Depositary has entered into an agreement with SEB whereby it transfers its liability to SEB in accordance with the AIFM Legislation. The Company and/or the AIFM will disclose to investors before they invest in a Fund any other arrangement made by the Depositary, to contractually discharge itself of liability. In the event that there are any changes to Depositary liability, the Company will inform Shareholders of such changes without delay.

#### 9.4. **Prime Broker and Sub-Custodian**

The Company has appointed Skandinaviska Enskilda Banken AB (publ) (**SEB/ the Prime Broker**) under the terms of a Prime Brokerage Agreement (the **Prime Broker Agreement**). SEB is regulated by

Finaninspektionen and operates in the United Kingdom pursuant to an EEA passport under Section 31 and Schedule 3 of The Financial Services and Markets Act 2000. Where SEB conducts regulated business in the United Kingdom, it is subject to some of the Rules of the United Kingdom Financial Conduct Authority.

In its capacity as prime broker, SEB will settle the Funds' sales and purchases of securities executed by other brokers. In addition, SEB may provide other services including margined cash or securities financing, clearing, settlement, stock lending and foreign exchange facilities and enter into OTC derivative contracts with the Company as principal.

The Funds' obligations to SEB as Prime Broker in respect of any financing lines or facilities and in respect of any OTC derivative transactions will be secured by transferring to SEB legal title to assets to be held by SEB as collateral. Assets held by SEB under these transfer of title arrangements will become the property of SEB and may be sold, lent or otherwise used by SEB for its own purposes. While there is no limit on the extent to which the assets may be available to SRB, the assets available to SEB for such purposes are limited to those assets transferred by way of legal title to SEB. Assets of the Funds transferred to SEB and held as collateral are not required to be segregated and in the event of SEB's insolvency may not be recoverable in full.

In addition to those assets transferred to SEB as collateral, SEB may also hold some of the investments and other assets of the Funds. SEB will identify record and hold the Funds' securities in such a manner which allows the Funds' securities to be readily identifiable as held for the benefit of, the relevant Fund, and as separate from any of SEB's own property. Accordingly the Funds' securities should be unavailable to the creditors of SEB in the event of SEB's insolvency. SEB may hold the Funds' securities with a sub-custodian, depository or clearing agent. SEB will identify in its own books and records that part of the Funds' securities which are being held by a sub-custodian for the relevant Fund.

Pursuant to the terms and conditions of the custodian services agreement, as supplemented (**Sub-Custody Agreement**) entered into between SEB, the Depository and the Company (to which the Company is a party for the purpose of acknowledging the transfer of the Depository's liability to SEB and for the purposes of granting a security interest over the relevant Fund's assets to SEB), SEB will be responsible for the safekeeping of all the investments and other assets of the Funds delivered to it other than those transferred as collateral or margin (the **Custody Assets**). SEB has accepted the transfer of liability from the Depository and the parties have agreed that any claim arising as a result of a loss of financial instruments held in custody by SEB or any sub-custodian within SEB's custodial network may be brought by the Company (or the AIFM acting on behalf of the Company) against SEB.

Cash held by SEB for the Funds will be recorded on SEB's books as being that of the relevant Fund but it will not be segregated from SEB's own money and may be used by SEB in the course of SEB's own business. The Funds will therefore rank as a general creditor of SEB's in respect of its cash balances.

SEB may appoint sub-custodians and other agents to perform any of its duties under the Sub-Custody Agreement and is entitled to deposit the securities of a Fund with any sub-custodian or in any depository or clearance system. SEB will exercise reasonable care and diligence in the selection of any agent. In selecting and appointing sub-custodians, SEB shall exercise due care and diligence in choosing and appointing a sub-custodian as a safe-keeping agent so as to ensure that the sub-custodian has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. SEB shall maintain an appropriate level of supervision over the sub-custodian and make appropriate inquiries from time to time to confirm that the obligations of the sub-custodian continue to be competently discharged. Subject to the provisions of this paragraph, SEB shall not be responsible, save as to negligence in the selection of the agent and of the selection of the service provided by such agents (other than a wholly owned subsidiary) of any of the duties delegated to them by SEB.



SEB will have no decision-making responsibility relating to the Funds' investments. SEB is a service provider to the Company and is not responsible for the preparation of this document or the activities of the Funds.

SEB has financial resources in excess of €200 million and has a credit rating, as at the date of this document, of A1 from Moody's and A+ from Standard & Poor's for long term and a rating of P-1 and A-1, respectively, for short term debt from those agencies.

#### 9.5. **Administrator**

The Company has appointed SMT Fund Services (Ireland) Limited as its administrator pursuant to the terms of the Administration Agreement. The Administrator is responsible, under the supervision of the Directors, for providing administrative services required in connection with the Company's operations, including, maintaining the financial records of the Company and its Funds, compiling and publishing the Net Asset Value of the Funds and the Net Asset Value per Share, providing registrar and transfer agent services in connection with the issue, transfer and redemption of Shares and collecting subscription payments and disbursing redemption payments.

The Administrator was incorporated in 1995 in Ireland and its ultimate parent is Sumitomo Mitsui Trust Holdings, Inc., a Japanese company quoted on the Tokyo Stock Exchange, The Administrator provides services to collective investment schemes established in a number of jurisdictions.

The administration duties and functions of the Administrator will include, inter alia, the calculation of the Net Asset Value, the provision of facilities for the confirmation and registration of Shares, the keeping of all relevant records and accounts of the Company and its Funds and assisting with compliance by the Company with the reporting requirements of the Central Bank.

#### 9.6. **Paying Agents/Representatives**

Local laws/regulations in EEA Member States may require the appointment of paying agents/representatives/ distributors (**Paying Agent(s)**) and maintenance of accounts by such agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Administrator (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator for the account of the Company or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder.

## 10. PORTFOLIO TRANSACTIONS AND CONFLICTS OF INTEREST

Subject to the provisions of this section the Directors, the AIFM/Investment Manager, the Administrator, the Depositary, the Prime Broker any Advisor and any of their respective subsidiaries, affiliates, associates or group companies (each a **Connected Person**) may contract or enter into any financial, banking or other transaction with one another or with the Company. This includes, without limitation, investment by the Company in securities of any Connected Person or investment by any Connected Persons in any company or bodies any of whose investments form part of the assets comprised in the Company or be interested in any such contract or transactions. In addition, any Connected Person may invest in and deal in Shares relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else. In the event of a conflict arising, each Connected Person shall ensure that the conflict will be resolved fairly.

Each Connected person is or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company and/or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of securities (in circumstances in which fees may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Funds may invest.

In particular, the AIFM may be involved in advising or managing other investment funds which have similar or overlapping investment objectives to or with the Funds. Each Connected person will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders. The AIFM will endeavour to ensure a fair allocation of investments among each of its clients.

Any cash of the Company may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 2013 with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments to or from the Company. There will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are consistent with the best interests of the Shareholders of that Fund and:

- (i) a certified valuation by a person approved by the Depositary (or the Directors in the case of a transaction involving the Depositary) as independent and competent; or
- (ii) the relevant transaction is executed on best terms reasonably obtainable on an organised investment exchange or other regulated market in accordance with the rules of such exchange or market; or
- (iii) where the conditions set out in (i) and (ii) above are not practical, the relevant transaction is executed on terms which the Depositary is (or the Directors are in the case of a transaction involving the Depositary) satisfied conform with normal commercial terms negotiated at arm's length and are consistent with the best interests of Shareholders.

The AIFM may also, in the course of its business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The AIFM will, however, have regard in such event to its obligations under the AIFM Agreement and, in particular, to its obligations to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly as between the Company, the relevant Fund and other clients.

As the fees of the AIFM may be based on the Net Asset Value of a Fund, if the Net Asset Value of the Fund increases so too may the fees payable to the AIFM and accordingly there is a conflict of interest for the AIFM in cases where the AIFM is responsible for determining the valuation price of a Fund's investments.

In addition, where a Connected Person to the AIFM invests in and deals in Shares relating to the Company or any property of the kind included in the property of any Fund for the Connected Person's individual accounts or for the account of someone else, there may be a conflict in cases where the AIFM is responsible for determining the valuation price of that Fund's investments. The AIFM will, however, have regard in such event to its obligations under the AIFM Agreement and, in particular, to its obligations to act in the best interests of the Company and the Funds.

It is expected that Pareto Securities AS may be used as a broker in respect of permitted investments of the Funds, such as Norwegian corporate bonds, where it is considered appropriate to do so by the AIFM, such as where that entity is considered a major participant in the market for such securities. Pareto Securities AS is majority owned by Pareto AS, the AIFM's parent entity.

#### 10.1. **Soft Commissions**

In the event that the AIFM, the Depositary, the Administrator or any of their respective subsidiaries, affiliates, associates, agents or delegates does enter into soft commission arrangement(s) they shall ensure that such arrangement(s) shall (i) be consistent with best execution standards (ii) assist in the provision of investments services to the Company and (iii) brokerage rates will not be in excess of customary institutional full-service brokerage rates. Details of any such arrangement will be contained in the next following report of the Company.

It is expected that Pareto Securities AS may be used as a broker in respect of permitted investments of the Funds, such as Norwegian corporate bonds, where it is considered appropriate to do so by the Investment Manager, such as where that entity is considered a major participant in the market for such securities. Pareto Securities AS is majority owned by Pareto AS.

## 11. FEES AND EXPENSES

### 11.1. Establishment Expenses

The cost of establishing the Company and obtaining authorisation from the Central Bank were borne by its initial Fund, Pareto Total, and have been fully amortised.

The costs of establish any subsequent Funds may be charged to the relevant Fund and will be set out in its Supplement.

### 11.2. Operating & Service Providers' Fees and Expenses

The Company may pay out of the assets of each Fund the fees and expenses payable to the Investment Manager, the Administrator, the Depositary, the AIFM, the fees of sub-custodians or distributors (which will be at normal commercial rates), the fees and expenses of any investment advisers or any other delegates of the Company, the fees (if any) and expenses of the Directors, commissions, fees and reasonable out-of-pocket expenses payable to any placing agent, sales agents, consulting or professional services firm, intermediaries and/or introducing agents, tax agent, taxation service providers, paying agent, correspondent bank or distributor of the Shares, fees and reasonable out-of-pocket expenses payable in respect of money laundering reporting officer services, fees for any independent pricing vendors, any fees in respect of circulating details of the Net Asset Value, stamp duties, all taxes and VAT, VAT reclaim fees, the fees for processing PAYE fees, company secretarial fees, any costs incurred in respect of meetings of Shareholders, marketing and distribution costs, investment transaction charges, costs incurred in respect of the distribution of income to Shareholders, pricing and bookkeeping costs, the fees and expenses of any other facilities agent or representative appointed in compliance with the requirements of another jurisdiction (which will be at normal commercial rates), any amount payable under indemnity provisions contained in the Articles or any agreement with any appointee of the Company, all sums payable in respect of directors' and officers' liability insurance cover, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, tax and legal advisers, regulatory fees, the fees connected with listing the Shares on the Irish Stock Exchange, the fees incurred relating to the reporting fund status in the UK (if applicable), the fees connected with registering the Company or any Fund for sale in other jurisdictions, the fees and expenses in connection with obtaining and maintaining a credit rating for the Company, Fund, Class or Shares. The costs of printing and distributing this Prospectus, reports, accounts and any explanatory memoranda, any necessary translation fees, the costs of publishing prices and any costs incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) may also be paid out of the assets of the Funds. All recurring expenses and fees will be charged against current income or against realised and unrealised capital gains, or, where there is not sufficient income or capital gains to cover the fees and expenses of the Company, against the capital or assets of the relevant Funds in such manner and over such period as the Directors may from time to time decide.

If any Fund invests in the shares of other funds and those other funds are managed directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company shall not charge subscription, conversion or redemption fees on account of the investment of the relevant Fund in the shares of such other funds.

Particulars of the fees and expenses payable to the AIFM/Investment Manager, the Administrator, the Depositary and any other service provider out of the assets of each Fund are (where material) set out in the relevant Supplement.

The Depositary and Administrator will be entitled to additional fees to be agreed between the parties in circumstances including, but not limited to the following: additional work required, amendments to the Prospectus or the Articles; changes of other service providers to the Company; changes to the

infrastructure of other service providers to the Company which necessitate changes to the infrastructure of the Administrator/Depository; changes to the structure of the Company which necessitate changes to documents or the operations of the Administrator/Depository, termination of the Company.

**11.3. Prime Broker and Sub-Custodian**

SEB shall be entitled to fees at normal commercial rates in respect of its appointment as prime broker and sub-custodian to the Company.

**11.4. Directors Fees**

Unless and until determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. The Directors will be entitled to remuneration for their services as directors, provided however that the aggregate emoluments of such Directors shall not exceed €80,000 (excluding VAT) or such other amount as may be approved by a resolution of the Directors. In addition, all of the Directors will be entitled to be reimbursed out of the assets of each Fund for their reasonable out of pocket expenses incurred in discharging their duties as directors, including all travelling, hotel and other out of pocket expenses properly incurred by them in connection with their attendance at meetings of Directors or committees established by the Directors or separate meetings of the holders of any Fund or Class of Shares or otherwise in connection with the discharge of their duties.

**11.5. Subscription Fee**

Shareholders may be subject to a Subscription Fee as specified in the Supplement for the relevant Fund. The Directors may differentiate between Shareholders by waiving or reducing the Subscription Fee chargeable to certain Shareholders at the absolute discretion of the Directors.

**11.6. Redemption Fee**

Shareholders may be subject to a Redemption Fee as specified in the Supplement for the relevant Fund. Any such Redemption Fee will be payable to Company. The Directors may differentiate between Shareholders by waiving or reducing the Redemption Fee chargeable to certain Shareholders at the absolute discretion of the Directors.

**11.7. Exchange Fee**

The Directors are entitled to impose an exchange fee of up to 5% of the Redemption Proceeds of the Shares being exchanged for Shares in another Fund or another Share Class, which shall be payable as the Directors in their discretion determine. The Directors do not currently intend to impose any Exchange Fee.

**11.8. Anti-Dilution Levy/ Duties & Charges**

The Directors may, where there are net subscriptions or redemptions, charge an anti-dilution levy which will be deducted from the Subscription Amount or Redemption Proceeds, as applicable, to enable the relevant Fund to recover the costs of acquiring assets upon an Investor's subscription for Shares or the costs of liquidating assets upon an Shareholder's redemption of Shares and thereby enable the relevant Fund to cover dealing costs and to preserve the value of the underlying assets of the Fund. The anti-dilution levy will be paid to the relevant Fund for the benefit of all Shareholders and will not be paid to the Investment Manager. The anti-dilution levy will be charged in circumstances where the Directors, who may consult with the Investment Manager, believe it is necessary to prevent an adverse effect on the value of the assets the relevant Fund and will be will be an additional charge payable by the relevant Shareholder(s) in the case of net subscription requests and will be an additional charge deducted from the Redemption Proceeds payable to the relevant Shareholder(s) in the case of net redemption requests. The anti-dilution level may be reduced or waived, either generally or in any specific case, to take account of actual expected costs.

### 11.9. **Underlying Fund Charges**

Where any Fund invests in other collective investment schemes, the relevant Fund may be subject to its proportionate share of any fees and expenses payable by collective investment schemes in which it may invest, which will vary from scheme to scheme depending on the nature and investment strategy thereof, such as management, investment management, performance, administration and/or custody fees or charges.

Where the investment manager of an investment fund in which a Fund invests is the AIFM or an affiliate of the AIFM, the AIFM will waive any preliminary/initial sales charge which it is entitled to charge in respect of investments made by the relevant Fund in such investment funds. Where the AIFM receives any commission by virtue of investing in an investment fund, such commission shall be paid into the assets of the relevant Fund.

### 11.10. **Allocation of Fees**

Such fees, duties and charges may be charged to the relevant Fund and within such Fund to the Class or Classes in respect of which they were incurred or, where an expense is not considered by the Directors to be attributable to any one Fund or Class, the expense will be allocated by the Directors with the approval of the Depositary, in such manner and on such basis as the Directors in their discretion deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period. Information in relation to the fees applicable to any Share Class is available upon request.

## 12. TAXATION

### 12.1. General

The following statements are by way of a general guide to potential Investors and Shareholders only and do not constitute tax advice. Shareholders and potential Investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Shareholders and potential Investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this document and proposed regulations and legislation in draft form. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

Prospective Shareholders should familiarise themselves with and, where appropriate, consult and take advice from their professional advisers on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and repurchase of, Shares in the places of, and under the laws of their country of incorporation, citizenship, residence and domicile.

### 12.2. Ireland

#### **Tax on income and capital gains**

##### **The Company**

On the basis that the Company or a sub-fund of the Company does not hold IREF assets as defined in Section 739K of the TCA and does not intend to hold such assets or conduct an IREF business, the Company or a sub-fund shall not be an IREF for the purposes of Part 27 Chapter 1B of the TCA.

The Company will only be subject to tax on chargeable events in respect of Shareholders who are Taxable Irish Persons (generally persons who are resident or ordinarily resident in Ireland for tax purposes - see Certain Tax Definitions section below for more details).

A chargeable event occurs on for example:

- (i) a payment of any kind to a Shareholder by the Company;
- (ii) a transfer of Shares; and
  
- (iii) on the eighth anniversary of a Shareholder acquiring Shares and every subsequent eighth anniversary

but does not include any transaction in relation to Shares held in a clearing system recognised by the Irish Revenue Commissioners, certain transfers arising as a result of an amalgamation or reconstruction of fund vehicles and certain transfers between spouses or former spouses.

If a Shareholder is not a Taxable Irish Person at the time a chargeable event arises no Irish tax will be payable on that chargeable event in respect of that Shareholder.

Where tax is payable on a chargeable event, subject to the comments below, it is a liability of the Company which is recoverable by deduction or, in the case of a transfer and on the eight year rolling chargeable event by cancellation or appropriation of Shares from the relevant Shareholders. In certain circumstances, and only after notification by the Company to a Shareholder, the tax payable on the eight year rolling chargeable event can at the election of the Company become a liability of the Shareholder rather than the Company. In such circumstances the Shareholder must file an Irish tax return and pay the appropriate tax (at the rate set out below) to the Irish Revenue Commissioners.

In the absence of the appropriate declaration being received by the Company that a Shareholder is not a Taxable Irish Person or if the Company has information that would reasonably suggest that a

declaration is incorrect, and in the absence of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with (or following the withdrawal of, or failure to meet any conditions attaching to such approval), the Company will be obliged to pay tax on the occasion of a chargeable event (even if, in fact, the Shareholder is neither resident nor ordinarily resident in Ireland). Where the chargeable event is an income distribution tax will be deducted at the rate of 41%, or at the rate of 25% where the Shareholder is a company and the appropriate declaration has been made, on the amount of the distribution. Where the chargeable event occurs on any other payment to a Shareholder, not being a company which has made the appropriate declaration, on a transfer of Shares and on the eight year rolling chargeable event, tax will be deducted at the rate of 41% on the increase in value of the shares since their acquisition. Tax will be deducted at the rate of 25% on such transfers where the Shareholder is a company and the appropriate declaration has been made. In respect of the eight year rolling chargeable event, there is a mechanism for obtaining a refund of tax where the Shares are subsequently disposed of for a lesser value.

An anti-avoidance provision increases the 41% rate of tax to 60% (80% where details of the payment/disposal are not correctly included in the individual's tax return) if, under the terms of an investment in a fund, the investor or certain persons associated with the investor have an ability to influence the selection of the assets of the fund.

Other than in the instances described above the Company will have no liability to Irish taxation on income or chargeable gains.

### **Shareholders**

Shareholders who are neither resident nor ordinarily resident in Ireland in respect of whom the appropriate declarations have been made (or in respect of whom written notice of approval from the Revenue Commissioners has been obtained by the Company to the effect that the requirement to have been provided with such declaration from that Shareholder or class of shareholders to which the Shareholder belongs is deemed to have been complied with) will not be subject to tax on any distributions from the Company or any gain arising on redemption, repurchase or transfer of their shares provided the shares are not held through a branch or agency in Ireland. No tax will be deducted from any payments made by the Company to those Shareholders who are not Taxable Irish Persons.

Shareholders who are Irish resident or ordinarily resident or who hold their shares through a branch or agency in Ireland may have a liability under the self-assessment system to pay tax, or further tax, on any distribution or gain arising from their holdings of Shares. In particular where the Company has elected to not deduct tax at the occasion of the eight year rolling chargeable event a Shareholder will have an obligation to file a self-assessment tax return and pay the appropriate amount of tax to the Irish Revenue Commissioners.

Refunds of tax where a relevant declaration could be made but was not in place at the time of a chargeable event are generally not available except in the case of certain corporate Shareholders within the charge to Irish corporation tax.

### **Stamp duty**

No Irish stamp duty will be payable on the subscription, transfer or redemption of Shares provided that no application for Shares or re-purchase or redemption of Shares is satisfied by an in specie transfer of any Irish situated property.

### **Capital acquisitions tax**

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

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



## Certain Tax Definitions

### Residence – Company

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in the State will be regarded as resident for tax purposes in the State, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in the State set out in the revised section 23A TCA 1997.

The new incorporation rule for determining the tax residence of a company incorporated in the State will apply to companies incorporated on or after 1 January 2015. For companies incorporated in the State before this date, a transition period will apply until 31 December 2020. The changes are relatively complex and we would recommend that any Irish incorporated company that considers it is not Irish tax resident seeks professional advice before asserting this in any tax declaration given to the Company.

### Residence – Individual

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

- (i) Spends 183 or more days in the State in that tax year;

or

- (ii) has a combined presence of 280 days in the State, taking into account the number of days spent in the State in that tax year together with the number of days spent in the State in the preceding year.

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two year test. Up to 31 December, 2008, presence in the State for a day means the personal presence of an individual at the end of the day (midnight). **From 1 January 2009, presence in the State for a day means the personal presence of an individual at any time during the day.**

### Ordinary Residence – Individual

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

An individual who has been resident in the State 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 the State ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in the State in 2020 and departs from the State in that tax year will remain ordinarily resident up to the end of the tax year in 2023.

### Intermediary

this means a person who:-

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

**Taxable Irish Person** means any person other than:

- (i) a Foreign Person;
- (ii) an intermediary, including a nominee, for a Foreign Person;
- (iii) a qualifying within the meaning of section 739B TCA;
- (iv) a specified company within the meaning of section 734 TCA;
- (v) an investment undertaking within the meaning of section 739B of the TCA;
- (vi) an investment limited partnership within the meaning of Section 739J TCA;
- (vii) an exempt approved scheme or a retirement annuity contract or trust scheme within the provisions of sections 774, 784 or 785 TCA;
- (viii) a company carrying on life business within the meaning of section 706 TCA;
- (ix) a special investment scheme within the meaning of section 737 TCA;
- (x) a unit trust to which section 731(5)(a) TCA applies;
- (xi) a charity entitled to an exemption from income tax or corporation tax under section 207(1)(b) TCA;
- (xii) a person entitled to exemption from income tax and capital gains tax under section 784A(2) TCA , section 7871 TCA or section 848E TCA and the units held are assets of an approved retirement Fund, an approved minimum retirement Fund, a special savings incentive account or a personal retirement savings account (as defined in section 787A TCA);
- (xiii) the Courts Service;
- (xiv) a Credit Union;
- (xv) a company within the charge to corporation tax under section 739G(2) TCA, but only where the Company is a money market Company;
- (xvi) a company within the charge to corporation tax under section 110(2) TCA;
- (xvii) the National Asset Management Agency;
- (xviii) the Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018);
- (xix) the National Treasury Management Agency or a Fund investment vehicle within the meaning of section 739D(6)(kb) TCA;
- (xx) the National Pensions Reserve Company Commission or a Commission investment vehicle (within the meaning given by section 2 of the National Pensions Reserve Company Act 2000 as amended);
- (xxi) the State acting through the National Pensions Reserve Company Commission or a Commission investment vehicle within the meaning given by section 2 of the National Pensions Reserve Company Act 2000 (as amended); and
- (xxii) any other person as may be approved by the directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the Company in respect of that Shareholder under Part 27, Chapter 1A of the TCA

in respect of each of which the appropriate declaration set out in Schedule 2B TCA or otherwise and such other information evidencing such status is in the possession of the Company on the appropriate date.

**Foreign Person** means (i) a person who is neither resident nor ordinarily resident in Ireland for tax purposes who has provided the Company with the appropriate declaration under Schedule 2B of the TCA and the Company is not in possession of any information that would reasonably suggest that the declaration is incorrect or has at any time been incorrect, or (ii) the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with in respect of that person or class of shareholder to which that person belongs, and that approval has not been withdrawn and any conditions to which that approval is subject have been satisfied.

**TCA** means the Irish Taxes Consolidation Act, 1997, as amended from time to time;

### 12.3. **Other tax matters**

The income and/or gains of the Company from its securities and assets may suffer withholding tax in the countries where such income and/or gains arise. 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 repayment to that Company, the net asset value of the Company will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

#### **Automatic exchange of information**

Irish reporting financial institutions, which may include the Company have reporting obligations in respect of certain investors under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

#### **FATCA**

With effect from 1 July 2014 the Company is obliged to report certain information in respect of U.S. investors in the Company to the Irish Revenue Commissioners who will the share that information with the U.S. tax authorities.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (**FATCA**), impose a 30% US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement (**IGA**) with the United States to Improve International Tax Compliance and to Implement FATCA. Under this agreement Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014, as amended (the **Irish Regulations**) implementing the information disclosure obligations Irish financial institutions such as the Company are required to report certain information with respect to U.S. account holders to the Revenue Commissioners. The Revenue Commissioners will automatically provide that information annually to the IRS. The Company (and/or the Administrator on behalf of the Company) must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for Shares in a Fund. It should be noted that the Irish Regulations require the collection of information and filing of

returns with the Irish Revenue Commissioners regardless as to whether the Company holds any U.S. assets or has any U.S. investors.

While the IGA and Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such, Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

### **Common Reporting Standard**

The Common Reporting Standard (**CRS**) framework was first released by the OECD in February 2014. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the **Standard**) was published, involving the use of 2 main elements, the Competent Authority Agreement (**CAA**) and the CRS. The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (**FIs**) relating to account holders tax resident in other participating countries. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while Section 891F and 891G of the TCA contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the **CRS Regulations**), gave effect to the CRS from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891G of the TCA contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "Regulations"), gave effect to DAC II from 1 January 2016.

Under the Regulations reporting financial institutions are required to collect certain information on accountholders and on certain controlling persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie).

## 13. GENERAL INFORMATION

### 13.1. Reports and Accounts

The Company's year-end is 31 December in each year. The annual report and audited accounts of the Company will be prepared in accordance with IFRS and will be made available to Shareholders, where applicable, within four months after the conclusion of each accounting year and at least 21 days before the general meeting of the Company at which they are to be submitted for approval. In any event, the annual report and audited accounts of the Company will be sent to Shareholders or prospective Investors on request. The first annual report and the first audited annual accounts were published in respect of the year ending 31 December 2014.

### 13.2. Directors' Confirmation – Commencement of Business

The Directors confirm that the Company was incorporated on 24 June 2013. The Company does not have any subsidiaries at the date of this Prospectus.

### 13.3. Incorporation and Share Capital

The Company was incorporated and registered in Ireland under the Companies Acts as an investment company with variable capital on 24 June 2013 with registered number 529413. The Company has adopted an umbrella structure which may be comprised of different Funds with segregated liability between its Funds.

At the date hereof the authorised share capital of the Company is two subscriber shares of €1 each and 1,000,000,000,000 unclassified participating shares of no par value.

### 13.4. Memorandum and Articles of Association

Clause 2 of the Memorandum of Association provides that the sole object of the Company is the collective investment the collective investment of its funds and property with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds.

The Articles contain provisions to the following effect:

13.4.1. **Directors' Authority to Allot Shares.** The Directors are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, including fractions thereof, up to an amount equal to the authorised but as yet unissued share capital of the Company;

13.4.2. **Variation of rights.** Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the Holders of three-fourths in number of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the Holders of the shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons present in person or by proxy holding or representing at least one-third in nominal value of the issued shares of the class in question and the quorum at an adjourned meeting shall be one person holding shares of the class in question or his proxy.

13.4.3. **Voting Rights.** Subject to any rights or restrictions for the time being attached to any Class or Classes of Shares, on a show of hands every Shareholder who is present in person or by proxy shall have one vote and the holder(s) of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue. On a poll every Shareholder present in person or by proxy shall have one vote for every Share of which he is the holder and every holder of a subscriber share present in person or by proxy shall have one vote in respect of his holding of subscriber shares. Shareholders who hold a fraction of a

Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such fraction of a Share;

- 13.4.4. **Alteration of Share Capital.** The Company may from time to time by ordinary resolution increase the share capital by such amount and/or number as the resolution may prescribe;

The Company may also by ordinary resolution:

-consolidate and divide all or any of its share capital into Shares of larger amount;

-subdivide its Shares, or any of them, into Shares of smaller amount or value;

-cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the Shares so cancelled; or

-redenominate the currency of any Class of Shares.

- 13.4.5. **Directors' Interests.** Provided that the nature and extent of his interest shall be disclosed as set out below, no Director or intending Director shall be disqualified by his office from contracting with the Company nor shall any such contract or any contract or arrangement entered into by or on behalf of any other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, at the first meeting of the Directors held after he becomes so interested.

A Director shall not vote at a meeting of the Directors or of any committee established by the Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material (other than an interest arising by virtue of his interest in Shares or debentures or other securities or otherwise in or through the Company or another company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

- 13.4.6. **Borrowing Powers.** The Directors may exercise all of the powers of the Company to borrow or raise money and to mortgage, or charge its undertaking, property and assets (both present and future) and uncalled capital or any part thereof as collateral security for any debt, liability or obligation of the Company or any Fund provided that all such borrowings shall be within the limits and conditions laid down by the Central Bank;

- 13.4.7. **Delegation to Committee.** The Directors may delegate any of their powers to any committee whether or not consisting of Directors. Any such delegation may be made subject to any conditions the Directors may impose and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of the Articles of Association regulating the proceedings of Directors so far as they are capable of applying;

- 13.4.8. **Retirement of Directors.** The Directors shall not be required to retire by rotation or by virtue of their attaining a certain age;

13.4.9. **Directors' Remuneration.** Unless and until otherwise determined from time to time by the Company in general meeting, the ordinary remuneration of each Director shall be determined from time to time by resolution of the Directors. Any Director who is appointed as an executive director (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of fees, commission or otherwise as the Directors may determine. The Directors may be paid all travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees established by the Directors or general meetings or separate meetings of the holders of any Class of Shares of the Company or otherwise in connection with the discharge of their duties;

13.4.10. **Transfer of Shares.** Subject to the restrictions set out below, the Shares of any holder may be transferred by instrument in writing in any usual or common form or any other form, which the Directors may approve.

The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of Shares including, but not limited to, the following situations:

- (1) any transfer of a Share to a person who is a person under (i) to (x) in the section entitled Compulsory Redemptions in section 6 of this Prospectus;
- (2) any transfer to or by a minor or person of unsound mind;
- (3) any transfer unless the transferee of such Shares would following such transfer be the holder of Shares with a value at the then current Issue Price equal to or greater than the Minimum Initial Investment Amount;
- (4) any transfer in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding;
- (5) any transfer in regard to which any payment of taxation remains outstanding;
- (6) any transfer to a person or entity who or which does not provide all necessary anti-money laundering documentation or clear such anti-money laundering checks as the Directors or their delegate may determine;
- (7) any transfer where the transferee has failed to provide the Company or its agent with any documentation reasonably required by the Company or its agent;
- (8) any transfer to a person or entity who failed to provide the Company with a completed application form or who breached or falsified representations on subscription documents or failed to provide information requested by the Company or its agent; or
- (9) any transfer unless the transferee has provided the Company with a certificate to the effect that he is a Qualifying Investor (or Accredited Investor as the case may be), that he is aware of the risks involved in the proposed investment and of the fact that inherent in such investment is the potential to lose all of the sum involved.

The Directors may decline to recognise any instrument of transfer if it is in respect of one Class of Share only, is in favour of not more than four transferees and is lodged at the registered office or at such other place as the Directors may appoint;

13.4.11. **Right of Redemption.** Shareholders have the right to request the Company to redeem their Shares in accordance with the provisions of the Articles of Association;

13.4.12. **Dividends.** The Articles of Association permit the Directors to declare such dividends on any Class of Shares as appear to the Directors to be justified by the profits of the relevant Fund. The Directors may satisfy any dividend due to Shareholders of Shares in whole or in part by distributing to them in specie any of the assets of the relevant Fund and, in particular, any investments to which the relevant Fund is entitled. A Shareholder may require the Directors instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the holder of the net proceeds of same. Any dividend unclaimed for six years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Fund;

13.4.13. **Share Exchanges.** Subject to the provisions of the Articles, a Shareholder holding Shares in any Class on any Dealing Day shall have the right from time to time to exchange all or any of such Shares for Shares of another Class (such Class being either an existing Class or a Class agreed by the Directors to be brought into existence with effect from that Dealing Day);

13.4.14. **Winding up.** The Articles contain provisions to the following effect:

Subject to the provisions of the Companies Acts, if the Company shall be wound up the liquidator shall apply the Assets in such manner and order as he thinks fit in satisfaction of creditors' claims.

The assets available for distribution amongst the Shareholders shall be applied as follows:

- (1) those assets attributable to each Class of Share shall be distributed to the Holders of Shares in the relevant Class ( ) in the proportion that the number of Shares held by each Shareholder bears to the total number of Shares relating to each such Class of Shares in issue as at the date of commencement to wind up;
- (2) any balance then remaining and not attributable to any of the Classes of Shares shall be apportioned pro-rata as between the Classes of Shares based on the Net Asset Value of each Class of Shares as at the date of commencement to wind up and the amount so apportioned to a class (or series of a class) shall be distributed to Shareholders pro-rata to the number of Shares in that class of Shares held by them.

13.4.15. **Share Qualification.** The Articles do not contain a share qualification for Directors.

13.4.16. **Termination of Funds.** A Fund and/or a Class of Shares may be terminated by the Directors, in their sole and absolute discretion, by notice in writing to the Depositary in any of the following events:-

- (1) if at any time the Net Asset Value of the relevant Fund or class shall be less than such amount as may be determined by the Directors in respect of that Fund or class;
- (2) by not less than 30 days' nor more than 60 days' notice to Holders if, within 90 days from the date of the Depositary serving notice of termination of the Depositary Agreement, another Depositary acceptable to the Company and the Competent Authority has not been appointed to act as Depositary;
- (3) if any Fund shall cease to be authorised or otherwise officially approved;
- (4) if a special resolution is passed by the Shareholders of the relevant Fund or class;
- (5) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund or class;
- (6) if such termination is provided for in the relevant Supplement;



- (7) if the Directors consider that it is in the best interests of the Holders of the Fund or class;  
or
- (8) if there is a change in material aspects of the business or in the economic or political situation relating to the relevant Fund which the Directors consider would have material adverse consequences on the Holders and/or the Fund or class of Shares.

### 13.5. **Litigation and Arbitration**

Since incorporation the Company has not been involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

### 13.6. **Preferential Treatment**

To ensure fair treatment of Shareholders in the Company, the AIFM does not intend to offer preferential treatment to any Shareholders as compared to any other Shareholders. This would not preclude the AIFM from issuing more than one Class of Shares which have different features.

### 13.7. **Directors' Interests**

- 13.7.1. There are no service contracts in existence between the Company and any of its Directors, or are any such contracts proposed;
- 13.7.2. At the date of this Prospectus, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Company and no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

### 13.8. **Material Contracts**

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the Company and are or may be material:

- 13.8.1. the AIFM Agreement between the Company and the AIFM dated 16 March 2015, as amended; this Agreement provides that the appointment of the AIFM will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Agreement may be terminated immediately by either party provided that the appointment of the AIFM shall continue in force until a replacement alternative investment fund manager approved by the Central Bank has been appointed and provided further that if within a period of 180 days from the date on which the AIFM notifies the Company of its desire to retire or from the date on which the Company notifies the AIFM of its intention to remove the AIFM, no replacement AIFM shall have been appointed or the Company has not applied to be authorised pursuant to the AIFM Regulations, the Company shall be entitled to repurchase all of the Shares; this Agreement contains certain indemnities in favour of the AIFM which are restricted to exclude matters arising by reason of negligence of the AIFM in the performance of its duties;
- 13.8.2. the Depositary Agreement between the Company and the Depositary. This Agreement provides that the appointment of the Depositary shall continue until terminated by either party on not less than 90 days' prior written notice or earlier upon certain breaches or the insolvency of either party. The Depositary Agreement contains provisions governing the responsibility and limitations on the responsibility of the Depositary and provides for its indemnification in certain circumstances, which are restricted to exclude matters arising by reason of its negligent or intentional failure to properly fulfil the obligations under the AIFMD Legislation, the Act and the Central Bank Requirements or any loss for which the Depositary is liable for under the terms of the Depositary Agreement; and

- 13.8.3. the Administration Agreement between the Company and the Administrator. The Administration Agreement provides that the appointment of the Administrator shall continue unless terminated by either party on not less than ninety days' notice or earlier upon certain breaches or the insolvency of either party. In the absence of fraud, negligence, recklessness, bad faith or wilful default, the Administrator will not be liable for any loss arising as a result of the performance or non-performance by the Administrator of its obligations and duties under the Administration Agreement. The Company has agreed to indemnify the Administrator against losses suffered by the Administrator in the performance or non-performance of its duties and obligations under the Administration Agreement, except for losses arising out of the fraud, recklessness, negligence, bad faith or wilful default of the Administrator in the performance or non-performance of its duties under the Administration Agreement.
- 13.8.4. The Prime Brokerage Agreement dated 18 July 2013 between the Company and SEB, as amended, further details of which are set out in section 10.5 of this Prospectus. The Prime Brokerage Agreement provides that the appointment of the SEB as prime broker shall continue unless terminated by either party on not less than thirty days' notice or earlier upon certain breaches or the insolvency of either party. In the absence of fraud, negligence, recklessness or wilful default, the SEB will not be liable for any loss or damage arising as a result of the performance or non-performance by SEB of its duties under the Prime Brokerage Agreement. The Company has agreed to indemnify SEB, its officers, directors and employees from and against any stamp, documentary and other similar duties and taxes, all and any withholding and similar taxes and all claims, proceedings, expenses, costs, losses, damages and liabilities of every description (including legal fees, accountant's fees, fines and penalties) which may be sustained or incurred by, or asserted against, the Prime Broker, its officers, directors or employees in connection with or arising out of the performance of the services provided pursuant to this Agreement.

### 13.9. **Miscellaneous**

Save as disclosed under the section entitled Incorporation and Share Capital above, no share or loan capital of the Company has been issued or agreed to be issued, is under option or otherwise. As of the date of this Prospectus, the Company does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantee or other contingent liabilities which are material in nature.

Save as disclosed under the Portfolio Transactions and Conflicts of Interest section above, no commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the Company.

### 13.10. **Documents Available for Inspection**

Copies of the Memorandum and Articles of Association of the Company, Prospectus, after publication thereof, the periodic reports and accounts may be obtained free of charge on request from the Administrator.

The following will be disclosed, at least, annually to the Shareholders at the time the annual report and audited accounts of the Company are made available:

- i. the percentage of a Fund's assets which are subject to special arrangements arising from their illiquid nature (if any);
- ii. the current risk profile of a Fund and the risk management systems employed to manage those risks;
- iii. the total amount of leverage employed by a Fund.

Shareholders will also be notified by direct correspondence by email of the following:

- i. any new arrangements for managing the liquidity of a Fund, including material changes to the liquidity management systems and procedures of a Fund and where the Company activates gates, side pockets or similar arrangements or the where the calculation of the Net Asset Value is suspended;
- ii. any change to the maximum level of leverage which a Fund may employ as well as any right to reuse collateral or any guarantee granted under the leveraging arrangement.

Historical performance of the Funds is available by direct correspondence by email or at such other place as may be determined by the Directors and or the AIFM from time to time.

14. **DIRECTORY**

**Registered Office**

25-28 North Wall Quay  
Dublin 1  
Ireland

**Company Secretary**

Goodbody Secretarial Limited  
IFSC North Wall Quay  
Dublin 1  
Ireland

**Administrator**

SMT Fund Services (Ireland)  
Limited  
Block 5, Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

**Alternative Investment  
Fund Manager**

Pareto Asset Management AS  
Dronning Mauds Gate 3  
0250, Oslo  
Norway

**Depository**

SMT Trustees (Ireland) Limited  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

**Auditors**

Grant Thornton  
24-26 City Quay  
Dublin 2  
Ireland

**Prime Broker and  
Sub-Custodian**

Skandinaviska Enskilda Banken  
S-106 40 Stockholm, Sweden  
acting through its London branch  
2-6 Cannon Street  
London  
EC4M 6XX  
United Kingdom

**Legal Advisers in Ireland**

A&L Goodbody  
IFSC  
North Wall Quay  
Dublin 1  
Ireland