

The Directors whose names appear on page v accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## **BNP PARIBAS EASY ICAV**

**an umbrella fund with segregated liability between sub-funds**

*(an open-ended Irish collective asset management vehicle which is constituted as an umbrella fund with variable capital and segregated liability between its sub-funds and registered in Ireland with registration number C-496041 and authorised by the Central Bank of Ireland as a UCITS)*

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## **PROSPECTUS**

**Dated 27 March 2023**

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE ICAV AND THE FUNDS AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR BROKER, INTERMEDIARY, BANK MANAGER, LEGAL ADVISER, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER.**

*Certain terms used in this Prospectus are defined in the section of this document entitled "Definitions".*

#### **Central Bank Authorisation**

***The ICAV has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations. The authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the ICAV by the Central Bank does not constitute a warranty as to the performance of the ICAV and the Central Bank shall not be liable for the performance or default of the ICAV or of any Fund. The ICAV is an umbrella fund with segregated liability between Funds.***

#### **Investment Risks**

***There can be no assurance that a Fund will achieve its investment objective. It should be appreciated that the value of the Shares and any income from them is not guaranteed and may go down as well as up. An investment in a Fund involves investment risks, including possible loss of the amount invested. Where a Subscription Fee and/or Redemption Fee is provided for in a Fund Supplement the difference at any one time between the sale and repurchase price of Shares in the Fund means that the investment in the Fund should be viewed as medium to long term. An investment in the ICAV should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. The capital return and income of the Funds are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, a Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. Fluctuations in the rate of exchange between the currency in which the Shares are denominated and the currency of investment may also have the effect of causing the value of an investment in the Shares to diminish or increase. Investors' attention is drawn to the specific risk factors set out in the section entitled "Risk Factors".***

#### **Listing on a Stock Exchange**

*The intention of the ICAV is for each of the Funds to qualify as exchange-traded funds through listing and trading Shares on one or more Relevant Stock Exchange(s).*

*The approval of any listing particulars pursuant to the listing requirements of the Relevant Stock Exchange does not constitute a warranty or representation by such Relevant Stock Exchange as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the Shares for investment or for any other purpose.*

*Neither the admission of the Shares to the Relevant Stock Exchange(s) nor the approval of any relevant listing particulars pursuant to the listing requirements of the Relevant Stock Exchange(s) shall constitute a warranty or representation by the Relevant Stock Exchange(s) as to the competence of the service providers or any other party connected with the ICAV, the adequacy of information contained in the relevant listing particulars or the Prospectus or the suitability of the ICAV or any of its Funds (or Classes thereof) for investment purposes. Neither the delivery of the listing particulars, nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus.*

*It is possible that in certain jurisdictions, parties entirely unaffiliated with the ICAV or the Manager, may make the Shares of any Fund available for investment by investors in those jurisdictions through off market (or over the counter) trading mechanisms. Neither the ICAV, nor the Manager, endorse*

or promote such activities and are not in any way connected to such parties or these activities and do not accept any liability in relation to their operation and trading.

For details of where the Funds are listed or admitted for trading, please refer to [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

### **Distribution and Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to purchase or subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and subscribing, holding or disposing of such Shares and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile, including any requisite government or other consents and the observing of any other formalities.

### **United States**

The Shares have not been, and will not be, registered under the 1933 Act or the securities laws of any of the states of the US and the ICAV has not been, and will not be, registered under the 1940 Act or the laws of any of the states of the US. Accordingly, the Shares may not be offered or sold directly or indirectly in the US or to or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. The Shares will only be available to US Persons who are “**qualified institutional buyers**” under Rule 144A under the 1933 Act and “**qualified purchasers**” within the meaning of Section 2(a)(51) of the 1940 Act and who make certain representations. Any re-offer or resale of any of the Shares in the US or to US Persons may constitute a violation of US law. In the absence of such exemption or transaction, each applicant for Shares will be required to certify that it is not a US Person.

The ICAV will not be registered under the 1940 Act, but will be exempt from such registration pursuant to Section 3(c)(7) thereunder. Section 3(c)(7) exempts non-US issuers who are not making or proposing to make a public offering of their securities in the US. The outstanding securities of those issuers, to the extent that they are owned by US Persons (or transferees of US Persons), must be owned exclusively by persons who, at the time of acquisition of such securities, are **qualified purchasers** within the meaning of Section 2(a)(51) of the 1940 Act. Any US purchaser of the Shares must therefore be both a **qualified institutional buyer** under Rule 144A under the 1933 Act and a **qualified purchaser** within Section 2(a)(51) of the 1940 Act.

Applicants for Shares will be required to certify that they are not US Persons.

Under general Irish tax principles, the ICAV must hold a Relevant Declaration in respect of Shareholders who are neither Irish Residents nor Irish Ordinary Residents and, in respect of those Shareholders who are Irish Residents or Irish Ordinary Residents, to the extent that those Shareholders are not exempted Irish investors. In the absence of a Relevant Declaration, the ICAV will be under an obligation to deduct tax on the happening of a chargeable event.

It should be noted that a Relevant Declaration or approval in relation to appropriate equivalent measures under the Finance Act 2010 provisions are not required to be made where the Shares,

*the subject of the application for subscription or registration of transfer, are held in a Recognised Clearing System so designated by the Revenue Commissioners. In this regard, the Directors and the Administrator have determined that the ICAV will require a completed Relevant Declaration from each Investor that has purchased Shares directly from the ICAV. It is the intention of the Directors that all of the Shares will be held in a Recognised Clearing System unless otherwise stated in a Fund Supplement.*

*Where Shares are held in certificated form outside a Recognised Clearing System, prospective Investors for Shares on subscription and proposed transferees of Shares will be required to complete a Relevant Declaration as a pre-requisite to being issued Shares in the ICAV or being registered as a transferee of the Shares (as the case may be). Furthermore, the existing Investors will also be required to make a Relevant Declaration (prior to the Shares ceasing to be held in a Recognised Clearing System) as a pre-requisite to being permitted to remain as holders of Shares. A Relevant Declaration will not be required to be completed in this regard where the ICAV has received approval under the Finance Act 2010 provisions where appropriate equivalent measures have been put in place.*

### **Marketing Rules**

*Distribution of this Prospectus is not authorised unless it is accompanied by a copy of the latest annual report if any and, if published thereafter, the latest half-yearly report. However, potential Investors should note that the auditors do not accept or assume responsibility to any person other than the ICAV, the Shareholders as a body and any other person as may be agreed in writing by the auditors, for their audit work, their report or the opinions they have formed. Shares are offered only on the basis of the information contained in the current Prospectus and, as appropriate, the latest annual report or half-yearly report of the ICAV.*

*Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.*

*This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland. This Prospectus should be read in its entirety before making an application for Shares.*

## BNP PARIBAS EASY ICAV

### **Directors**

Vincent Dodd  
Caroline Carty  
Frédérique Decourt-Poenz  
Diane Terver Agazzotti

### **Depositary**

BNP PARIBAS S.A., Dublin Branch  
Termini  
3 Arkle Road  
Sandyford  
Dublin 18  
D18 T6T7  
Ireland

### **Registered Office of the ICAV**

10 Earlsfort Terrace  
Dublin 2  
D02 T380  
Ireland

### **Administrator**

BNP Paribas Fund Administration Services  
(Ireland) Limited  
Termini  
3 Arkle Road  
Sandyford  
Dublin 18  
D18 T6T7  
Ireland

### **The Manager and Promoter**

BNP Paribas Asset Management France  
8, rue du Port  
92000 Nanterre  
France

### **Auditors**

Deloitte Ireland LLP  
Deloitte & Touche House,  
29 Earlsfort Terrace,  
Dublin 2

### **Secretary to the ICAV**

Bradwell Limited  
10 Earlsfort Terrace  
Dublin 2  
D02 T380  
Ireland

### **Listing Sponsor**

Arthur Cox LLP  
10 Earlsfort Terrace  
Dublin 2  
D02 T380  
Ireland

### **Legal Advisers**

Arthur Cox LLP  
10 Earlsfort Terrace  
Dublin 2  
D02 T380  
Ireland

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## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

<b>“1933 Act”</b>	means the US Securities Act of 1933, as amended;
<b>“1940 Act”</b>	means the US Investment Company Act of 1940, as amended;
<b>“Administration Agreement”</b>	means the agreement dated 27 March 2023 between the ICAV, the Manager and the Administrator as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, pursuant to which the latter acts as administrator of the ICAV;
<b>“Administrator”</b>	means BNP Paribas Fund Administration Services (Ireland) Limited or any successor administrator appointed by the Manager in accordance with the requirements of the Central Bank;
<b>“Authorised Investor”</b>	means an entity specifically approved by the Directors to be able to instruct subscriptions to and redemptions directly from the ICAV (i.e. on the Primary Market), thereby being deemed an Authorised Participant;
<b>“Authorised Participant”</b>	means a market maker, broker entity or institutional investor which is registered with the ICAV as an authorised participant and therefore able to instruct subscriptions and redemptions directly from, the ICAV for Shares in a Fund (i.e. in the Primary Market), a list of which is available on <a href="https://www.bnpparibas-am.com">https://www.bnpparibas-am.com</a> ;
<b>“Authorised Participant Agreement”</b>	means the agreement entered into by the ICAV and/or the Manager with each Authorised Participant in respect of subscription for and redemption of Shares;
<b>“Base Currency”</b>	means the base currency of each Fund as specified in the relevant Fund Supplement;
<b>“Benchmark Regulation”</b>	means the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) no 596/2014;
<b>“Business Day”</b>	means such day or days as the Directors may from time to time determine and as set out in the relevant Fund Supplement and / or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders;

<b>“Cash Component”</b>	means, in relation to a Fund, the cash component of the Portfolio Composition File which is made up of four elements, namely, (i) the accrued dividend attributable to Shareholders of the Fund (generally dividends and interest earned less fees and expenses incurred since the previous distribution), (ii) cash amounts representing amounts arising as a result of rounding the number of Shares to be delivered, cash held by the Fund or amounts representing differences between the weightings of the Portfolio Composition File and the Fund, (iii) cash in lieu of any Investments set out in the Portfolio Composition File, and (iv) any Duties and Charges which may occur in relation to the issue and/or redemption of Shares;
<b>“Central Bank”</b>	means the Central Bank of Ireland;
<b>“Central Bank Regulations”</b>	means the S.I. No. 230 of 2019, Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, (as amended, consolidated or substituted from time to time) and any regulations or guidelines issued by the Central Bank pursuant thereto for the time being in force;
<b>“Central Securities Depository”</b>	means local central securities depositories (which may include, but are not limited to, the CREST system, Euroclear Netherlands, Clearstream Banking AG, Frankfurt/Main, SIS Segma Intersectle AG and Monte Titoli SPA) and Euroclear Bank S.A. which operates as an ICSD;
<b>“CHF”</b>	means Swiss francs, the lawful currency of Switzerland;
<b>“Clearing Agent”</b>	means any entity affiliated with one or more Relevant Stock Exchanges and which facilitates the validation, delivery and settlement of transactions in the ICAV’s Shares;
<b>“Clearstream”</b>	means Clearstream Banking Société Anonyme, Luxembourg and any such successor in business thereto, as operator of the ICSDplus clearing system, a Recognised Clearing System;
<b>“Clearstream Participant”</b>	means an accountholder in Clearstream (which may include Authorised Participants, their nominees, agents, CSDs or ICSDs) and who hold their interest in Shares settled and/or cleared through Clearstream;
<b>“Class Currency”</b>	means the currency of denomination of each Class in a Fund as specified in the relevant Fund Supplement;
<b>“Class”</b>	means any class of Shares from time to time issued by the ICAV;
<b>“Creation Units”</b>	means the minimum number of Shares for subscription in kind or the minimum number of Shares for redemption in kind, which shall be set out in the Supplement for the relevant Fund and as may be lowered by the Directors either generally or in any particular case;
<b>“CSD”</b>	means Central Securities Depository;
<b>“Dealing Day”</b>	means a day on which Shares may be subscribed for and/or redeemed as specified in the relevant Fund Supplement provided that there shall be at least two Dealing Days per month;



<b>“Delegated Regulation”</b>	the Commission Delegated Regulation of 17 December 2015 supplementing Directive 2009/65/EU of the European Parliament and of the Council of 23 July 2014 with regard to obligations of depositaries, once it has entered into force and is directly effective in Ireland;
<b>“Dematerialised Form”</b>	in relation to Shares, means Shares the title to which is permitted to be transferred by means of a relevant system operated by an operator approved or recognised under the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (S.I. No. 68 of 1996) and that is a participating security for the purpose of such regulations;
<b>“Depositary”</b>	means BNP PARIBAS S.A., Dublin Branch or any successor depositary appointed by the ICAV in accordance with the requirements of the Central Bank;
<b>“Depositary Agreement”</b>	means the agreement dated 27 March 2023 between the ICAV, the Manager and the Depositary as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, pursuant to which the latter acts as depositary of the ICAV;
<b>“Depositary Receipt”</b>	means an equity-related security which evidences ownership of underlying securities. Depositary Receipts may include American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”);
<b>“Directors”</b>	means the directors of the ICAV for the time being and any duly constituted committee thereof;
<b>“Distribution Date”</b>	for any distributing Shares, a date on which distributions are to be declared, the frequency of which shall be disclosed in the relevant Fund Supplement;

**“Duties and Charges”**

means in relation to subscriptions and/or redemptions of Shares of any Fund on the Primary Market, the costs which may be charged to applicants in connection with the subscription or redemption of Shares, such as part or all of any of Transaction Costs; stamp and other duties; taxes; governmental charges; valuation fees; property management fees; agents fees; brokerage fees; bank charges; foreign exchange spreads; interest; depositary charges (relating to subscriptions and redemptions); transfer fees; registration fees; and all other duties and charges which, for the avoidance of doubt, includes, any provision for spreads (to take into account the difference between the price at which Investments were valued for the purpose of calculating the Net Asset Value and the actual or estimated price at which such Investments are or shall be bought as a result of a subscription or sold as a result of a redemption), whether in connection with the original acquisition or increase of the Investments of the relevant Fund or the subscription, issue, sale, purchase, transfer, conversion or redemption of Shares, or the purchase or proposed purchase of Investments or otherwise which may have become or will be payable in respect of or prior to or in connection with or arising out of or upon the occasion of any transaction or dealing in respect of which such duties and charges are payable on the issue and/or redemption of Shares, any charges associated with payments of cash in lieu of securities delivery as part of the Cash Component of a Portfolio Composition File, and any costs associated with the acquisition or disposition of Investments while the relevant Regulated Market for the securities is closed, and costs associated with short settlement, long settlement, or any other non-standard settlement of subscriptions, redemptions, conversions or transfers of Shares;

**“EEA”**

means the European Economic Area;

**“Eligible Collective Investment Scheme”**

means UCITS established in Member States which are authorised under the UCITS Directive and which may be listed on a Regulated Market in the EU and/or any of the following open-ended collective investment schemes:

**UCITS established in Member States which are authorised under the Schemes”**

schemes established in Guernsey and authorised as Class A schemes;  
schemes established in Jersey as recognised funds;  
schemes established in the Isle of Man as authorised schemes;  
retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations; and  
alternative investment funds authorised in the EU, the EEA, the US, Jersey, Guernsey or the Isle of Man and which comply, in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations;

**“EMIR”**

means the European Market Infrastructure Regulation (Regulation (EU No. 648/2012/195 amended));

<b>“ESG”</b>	means Environmental, Social and Governance;
<b>“ESMA Register”</b>	means the register of administrators and benchmarks maintained by the European Securities and Markets Authority under the Benchmark Regulation;
<b>“EU”</b>	means the European Union;
<b>“EU Money Market Fund Regulation”</b>	means Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds and any delegated regulation published pursuant to it;
<b>“Euroclear”</b>	means Euroclear Bank S.A. N.V. Belgium and any such successor in business thereto, as operator of the Euroclear clearing system, a Recognised Clearing System;
<b>“Euro” or “euro” or “eur”</b>	means the currency unit referred to in the Second Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro;
<b>“Euronext Dublin”</b>	means the Irish Stock Exchange plc trading as Euronext Dublin;
<b>“FDI”</b>	means a financial derivative instrument (including an OTC derivative) permitted by the UCITS Regulations;
<b>“Funds”</b>	means the sub-funds of the ICAV listed in the Fund Schedule Supplement and “Fund” shall mean any one of them;
<b>“Fund Schedule Supplement”</b>	means a supplement to this Prospectus containing a list of the Funds established by the ICAV;
<b>“Fund Supplement”</b>	means a supplement to the Prospectus prepared for the purposes of offering Shares in a Fund and containing a description of the terms of such Fund;
<b>“GBP”</b>	means British Pounds, the lawful currency of the United Kingdom;
<b>“Hedged Class” or “(H)”</b>	means a Class of Shares which aims to hedge the currency exposure of some or all of a Fund’s investments to the Base Currency of the relevant Fund ;
<b>“ICAV”</b>	means BNP PARIBAS EASY ICAV;
<b>“ICAV Act”</b>	means the Irish Collective Asset-management Vehicles Act 2015, as may be amended, supplemented or replaced from time to time, including any regulations made by ministerial order thereunder;
<b>“ICSD”</b>	means an International Central Securities Depository;
<b>“Index”</b>	means the index which a Fund may aim to track or replicate, pursuant to its investment objective and in accordance with its investment policies, as described in the relevant Fund Supplement;
<b>“Index Fund”</b>	means each Fund that aims to track and replicate an index;

<b>“Index Provider”</b>	means the entity or person who by itself or through a designated agent compiles, calculates or publishes information on the relevant Index;
<b>“Initial Offer Period”</b>	means the period set out by Directors in each relevant Fund Supplement in relation to any Fund or Class as the period during which such Shares are initially on offer unless such period is shortened or extended and notified to the Central Bank;
<b>“Instrument of Incorporation”</b>	means the instrument of incorporation of the ICAV;
<b>“Intermediary”</b>	means a person who: (i) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (ii) holds shares in an investment undertaking on behalf of other persons;
<b>“Investment”</b>	means any investment which is permitted by the UCITS Regulations and the Instrument of Incorporation;
<b>“Investment Grade”</b>	in reference to a security, means the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody’s or the equivalent or higher from another NRSRO or that the security is not rated but is considered by the Investment Manager to be of similar quality;
<b>“Investment Manager”</b>	means unless otherwise disclosed in a Fund Supplement, the Manager;
<b>“Investment Management Agreement”</b>	means any agreement appointing an Investment Manager as specified in a Fund Supplement;
<b>“Investor”</b>	means a Shareholder and/or a beneficial holder of Shares who is not a Shareholder;
<b>“Manager”</b>	means BNP PARIBAS ASSET MANAGEMENT France or any successor appointed by the ICAV in accordance with the requirements of the Central Bank;
<b>“Management Agreement”</b>	means the agreement dated 27 March 2023 between the ICAV and the Manager as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, pursuant to which the latter acts as manager of the ICAV;
<b>“Member State”</b>	means a member state of the EU;
<b>“Minimum Redemption Amount”</b>	means the minimum amount which may be redeemed in a Class of a Fund at any one time. For each Class, the Minimum Redemption Amount shall be specified in the relevant Fund Supplement and shall be specified as either (i) a number of Shares or (ii) a cash amount in respect of which the applicable number of Shares shall at least equate in value to the cash amount specified. The Minimum Redemption Amount may be reduced by the ICAV and/or the Manager in any case at its discretion;

<b>“Minimum Subscription Amount”</b>	means the minimum amount which may be subscribed for in a Class of a Fund, at any one time. For each Class, the Minimum Subscription Amount shall be specified in the relevant Fund Supplement and shall be specified as either (i) a number of Shares or (ii) a cash amount in respect of which the applicable number of Shares shall at least equate in value to the cash amount specified. The Minimum Subscription Amount may be reduced by the ICAV and/or the Manager in any case at its discretion;
<b>“Money Market Fund”</b>	means an Eligible Collective Investment Scheme that invests in money market instruments and authorised under the EU Money Market Fund Regulation;
<b>“Money Market Instruments”</b>	means instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time and which comply with the requirements of the Central Bank (including, but not limited to, certificates of deposit and commercial paper);
<b>“Moody’s”</b>	means Moody’s Investors Service, Inc.;
<b>“Net Asset Value”</b>	means the net asset value of a Fund or Class, as appropriate, calculated as described herein;
<b>“Net Asset Value per Share”</b>	means, in respect of any Shares, the Net Asset Value attributable to the Shares issued in respect of a Fund or Class, divided by the number of Shares in issue in respect of that Fund or Class;
<b>“OECD”</b>	means the Organisation for Economic Co-operation and Development;
<b>“Portfolio Composition File”</b>	means the file setting out the Investments and Cash Component which the ICAV is willing to accept on a subscription for Shares in satisfaction of the price of Shares thereof or which the ICAV will provide in respect of a properly submitted redemption request in satisfaction of the payment of redemption proceeds;
<b>“Primary Market”</b>	means a market on which the Shares of a Fund are subscribed for or redeemed (off exchange) directly with the ICAV;
<b>“Qualified Holder”</b>	means any person, corporation or entity other than a person, corporation or entity whose holding might result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the ICAV or the Investors as a whole specifically (i) a U.S. Person; (ii) an ERISA Plan; or (iii) a custodian, nominee, or trustee for any person, corporation or entity described in (i) and (ii) above;

<b>“Recognised Clearing System”</b>	means any clearing system for the settlement of transactions in relation to the securities designated by the Revenue Commissioners of Ireland as a recognised clearing system for the purposes of Chapter 1(a) of Part 27 of the Taxes Consolidation Act, 1997 which at the date hereof comprise Clearstream Banking SA, Clearstream Banking AG, Euroclear, Crest UK, National Securities Clearing System, Sicovam SA, SIS Sega Inter-settle AG and NECIGEF (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.-the Dutch central institute for giro transferred securities), BNY Mellon, Central Securities Depository SA/NV, Central Moneymarkets Office, Depository Trust Company of New York, Deutsche Bank AG, Depository and Clearing System, Japan Securities Depository Centre, Monti Titoli SPA, National Securities Clearing System, The Canadian Depository for Securities Ltd. and VPC AB;
<b>“Redemption Fee”</b>	means the charge, if any, payable in respect of a Fund (if any) on a redemption for Shares as specified in the relevant Fund Supplement;
<b>“Register”</b>	means the Shareholder register of the ICAV;
<b>“Regulated Market”</b>	means a stock exchange or regulated market which is provided for in the Instrument of Incorporation, details of which are set out in Schedule I;
<b>“Relevant Declaration”</b>	means a declaration in the prescribed form confirming that the Investor or prospective Investor is not an Irish resident and not a person ordinarily resident in Ireland in respect of whom it is necessary to deduct tax;
<b>“Relevant Stock Exchange(s)”</b>	means in respect of a Fund, the stock exchange(s) on which Shares of such Fund will be listed and/or admitted to trading;
<b>“Return Hedged Class” or “(RH)”</b>	means a Class of Shares which aims to hedge the portfolio return from Base Currency of the relevant Fund to the currency denomination of the relevant Class Currency;
<b>“Revenue Commissioners”</b>	means the Revenue Commissioners of Ireland;
<b>“Secondary Market”</b>	means a market on which Shares of the Funds are traded between investors rather than with the ICAV itself, which may either take place on a Relevant Stock Exchange or over the counter;
<b>“Securities Financing Transaction” or “SFT”</b>	means (i) a repurchase transaction; (ii) securities or commodities lending and securities or commodities borrowing; (iii) a buy-sell back transaction or sell-buy back transaction; or (iv) a margin lending transaction, each as defined in the SFTR;
<b>“Securities Financing Transaction Regulation” or “SFTR”</b>	means Regulation (EU) 2015/2365 of the securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;
<b>“Settlement Time”</b>	means the relevant time specified for the settlement of subscription or redemption applications in the relevant Fund Supplement;

<b>“SFDR”</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and any associated regulatory technical standards, as may be amended;
<b>“Shares”</b>	means participating shares in the ICAV and includes, where the context so permits or requires, the Shares in a Fund which may be divided into different Classes;
<b>“Shareholder”</b>	means a registered holder of Shares;
<b>“Significant Markets”</b>	means, in respect of each Fund (and unless otherwise specified in respect of a specific Fund in the relevant Fund Supplement), (i) in relation to a Fund obtaining exposure to an Index principally through the use of FDIs, any market or combination of markets on which more than 20% of the constituents of that Index are regularly traded, or (ii) in relation to a Fund which principally invests directly in the constituents of an Index, any market or combination of markets where a Fund has invested 20% or more of its assets;
<b>“Subscriber Shares”</b>	means the subscriber shares issued by the ICAV;
<b>“Subscription Fee”</b>	means the charge, if any, payable in respect of a Fund (if any) on subscription for Shares as specified in the relevant Fund Supplement;
<b>“Substitute Basket”</b>	<p>means, in the context of synthetic replication, a basket of securities comprising equity securities and/or debt securities, the performance of which is exchanged (through the use of FDI) for the exposure of an Index, as further detailed in the relevant Fund Supplement;</p> <p>The sub-fund will invest in a basket of securities called ‘substitute basket’ composed of equities and/or, debt securities and on an ancillary basis in, cash and/or short-term deposits . ESG criteria are applied on the ‘substitute basket’ as detailed in the section “Investment Policy,</p>
<b>“Sustainability Risk”</b>	means an environmental, social or governance event or condition that, if it occurs, could cause a material negative impact on the financial value of the investment, as defined under the SFDR;
<b>“Trade Cut-Off Time”</b>	means the relevant cut-off time for subscriptions or redemptions in respect of the relevant Dealing Day as specified in the Supplement for the relevant Fund;
<b>“Transaction Costs”</b>	Means any costs and expenses incurred in respect of the buying and selling of portfolio securities and financial instruments as Investments, including but not limited to brokerage fees and commissions, interest and taxes payable in respect of such purchase and sale transactions;

<b>“Taxonomy Regulation”</b>	Means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as may be amended from time to time;
<b>“UCITS”</b>	means an undertaking for collective investment in transferable securities established pursuant to the UCITS Regulations;
<b>“UCITS Directive”</b>	means Directive No. 2009/65/EC of the European Parliament and of the Council of 13 July 2009 as amended by Directive No. 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as may be amended or replaced;
<b>“UCITS Regulations”</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended by European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 as may be amended or replaced;
<b>“UCITS Rules”</b>	means the UCITS Regulations and the Central Bank Regulations, as such may be amended, supplemented or replaced;
<b>“UK”</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>“US”</b>	means the United States of America, its territories, possessions and all other areas subject to its jurisdiction;
<b>“USD”</b>	means US dollar, the lawful currency of the US;
<b>“US Government Securities”</b>	means any security or securities issued or guaranteed by the US government, its agencies or instrumentalities;
<b>“US Person”</b>	means (i) a citizen or resident of the US; (ii) a partnership organised or existing in or under the laws of the US; (iii) a corporation organised under the laws of the US; (iv) any estate or trust which is subject to US federal income tax on its income regardless of its source;
<b>“Valuation Point”</b>	means the day and times at which the assets and liabilities of a Fund will be valued for the purposes of calculating the Net Asset Value which is specified in the relevant Fund Supplement; which will always occur after the Trade Cut-Off Time of the relevant Fund.



## INTRODUCTION

The ICAV is an open-ended investment vehicle with variable capital organised under the laws of Ireland as an ICAV. The ICAV has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations on 27 March 2023. It was registered on 19 July 2022 under registration number C-496041. Its sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 68 of the UCITS Regulations of capital raised from the public and which operates on the principle of risk spreading.

The ICAV is structured as an umbrella fund with segregated liability between Funds. The Instrument of Incorporation provides that the ICAV may offer separate Classes of Shares, each representing interests in a Fund with each Fund comprising of a distinct portfolio of Investments. In addition, each Fund may be further divided into a number of different Classes within the Fund.

The Funds are exchange-traded funds. At least one Class of Shares in each Fund will be listed on one or more stock exchanges. Application will be made for certain Classes of Shares to be admitted to trading on at least one of the following stock exchanges: Euronext Paris, Borsa Italiana, Deutsche Börse and the London Stock Exchange.

Applications for Shares will only be considered on the basis of this Prospectus and the latest published annual report and audited financial statements (if any) and, if published after such report, a copy of the latest semi-annual report and unaudited financial statements. These reports will form part of this Prospectus and will be available for inspection free of charge, at the offices of the ICAV in Dublin at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays in Ireland respectively).

No person has been authorised to give any information or to make any representation in connection with the offering or placing of Shares other than those contained in this Prospectus and the reports referred to above and, if given or made, such information or representation must not be relied upon as having been authorised by the ICAV. The delivery of this Prospectus (whether or not accompanied by the reports) or any issue of Shares shall not, under any circumstances, create any implication that the affairs of the ICAV have not changed since the date of this Prospectus. Any subscription for Shares is made on the basis of this Prospectus and prospective Investors should not rely on marketing materials issued by any third party.

With the prior approval of the Central Bank, the ICAV from time to time may create an additional Fund or Funds. The creation of further Classes shall be notified to the Central Bank.

### **Translations**

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

### **Qualified Holders**

Investors are required to notify the Administrator immediately in the event that they cease to be a Qualified Holder.

## INVESTMENT OBJECTIVE AND POLICIES

### General

The investment objective and policy for each Fund will be set out in the relevant Fund Supplement.

The transferable securities and liquid financial assets in which each Fund may invest generally must be listed and/or traded on a Regulated Market except that up to 10% of the Net Asset Value of a Fund may be invested in transferable securities and liquid financial assets which are not so listed and/or traded. The Regulated Markets in which a Fund's investments will be listed and/or traded are set out in Schedule 1.

The Investment Manager may, on behalf of any Fund and where consistent with its investment policy, acquire unlisted Investments, invest in open-ended collective investment undertakings (whether listed or unlisted, including other Funds of the ICAV), equity and equity-related securities (such as shares of companies and Depositary Receipts), fixed income securities (such as government bonds and / or corporate bonds) and Money Market Instruments (including certificates of deposit and commercial paper).

Certain Funds, where set out in the Relevant Supplement, may invest in Eligible Collective Investment Schemes, subject to the limits set out in Schedule 2 (which, for the avoidance of doubt, may include UK-domiciled collective investment schemes to the extent permitted by the Central Bank). Such investment in Eligible Collective Investment Schemes includes investing in other Funds. However, a Fund may not invest in another Fund which itself holds Shares in other Funds for more than 10% of the Net Asset Value. Where a Fund invests in another Fund, the investing Fund may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other Fund.

If the limits on investments contained in Schedule II are exceeded for reasons beyond the control of the ICAV, or as a result of the exercise of subscription rights, it shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of Investors. Each Fund is also subject to the relevant investment policies as outlined herein and, in the case of a conflict between such policies and Schedule II, the more restrictive limitation shall apply.

Any change in the investment objective and any material change in investment policies will be subject to the prior consent of Shareholders evidenced either by a majority vote at a meeting of Shareholders of the relevant Fund or by the written consent of all of the Shareholders. In the event of a change in the investment objective and/or investment policy of a Fund a reasonable notification period shall be provided by the ICAV to the Shareholders to enable Investors to redeem their Shares prior to the implementation of the change. Please see the section of the Prospectus entitled "**Meetings and Votes of Shareholders**" for details regarding the procedures around meetings of Shareholders.

### Passively-Managed Funds

Where a Fund's objective is to deliver a return based on the performance of an Index it may either "track" or "replicate" the Index in question.

In "tracking" the performance of an Index, the Investment Manager does not necessarily seek to replicate the composition of the Index (i.e. the full list of constituents in the same or substantially the same proportions as they are weighted within the Index). Instead, the Investment Manager is simply aiming to track the performance of the Index. The Investment Manager may use optimisation/sampling techniques ("**Optimised Replication**") whereby direct investments are made in physical assets:

- Optimising techniques enable a Fund to invest in (or gain exposure to) either a representative sample of Index constituents and/or assets unrelated to the Index constituents in each case where the relevant Investments (when taken together) resemble the risk and return characteristics of constituents of the Index or of the Index as a whole.

Optimising techniques enable the Investment Manager to reflect anticipated changes in an Index in the Fund's portfolio (resulting in for example, Index constituents and corporate actions being reflected in the Fund's portfolio, Index constituents being sold or purchased in anticipation of those constituents being included or removed from the relevant Index, or weightings of Index constituents (vis-à-vis the actual Index composition) being varied).

- Sampling techniques result in the selection of Index constituents in order to obtain a representative sample of Index components. This is generally achieved through the use of quantitative analysis with the level of sampling techniques used by any Fund being determined by the nature of the Index components. Where the Investment Manager deems it to be appropriate, there may also be instances where the Fund holds securities which are not component securities in the Index.

In "replicating" the performance of an Index, the Investment Manager will seek to invest directly in (or gain exposure to) at least 90% of the Index constituents in the same or substantially the same proportions as they are weighted within the Index ("**Full Replication**")

A Fund may replicate the performance of an Index indirectly by way of FDIs ("**Synthetic Replication**") Such strategy will be disclosed in the relevant Fund Supplement.

### **Actively-Managed Funds**

Where a Fund's objective is other than to deliver an Index-based return, it may be structured with an active management strategy. This may result in a Fund seeking to out-perform an index or a basket of reference assets or to engage in a discretionary asset management strategy (i.e. one not linked to the constituents of an index). Full details on the approach for such a strategy will be set out in the relevant Fund Supplement.

### **Constraints on the Investment Objectives and Policies of the Funds**

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

- (a) each Fund is subject to the UCITS Regulations which include, inter alia, certain restrictions on the proportion of that Fund's value which may be held in individual securities. Depending on the concentration of the Index, a Fund may be restricted from investing to the full concentration level of the Index.
- (b) the constituent securities of the Index change from time to time including as a result of the Index being rebalanced. The Investment Manager may adopt a variety of strategies when trading an Index Fund to bring it in line with the changed Index which may incur costs for the relevant Index Fund. For example, (a) for equity funds, where an equity security which forms part of the Index is not available or a market for such security does not exist, a Fund may instead hold depository receipts relating to such securities (e.g. ADRs and GDRs); (b) for fixed income funds, where a fixed income security which forms part of the Index is not available or a market for such security does not exist, a Fund may hold some fixed income securities which provide similar performance (with matching risk profile) even if such fixed income securities are not themselves constituents of the Index.
- (c) from time to time, equity securities in the Index may be subject to corporate actions. The Investment Manager has discretion to manage these events in the most efficient manner.
- (d) a Fund may hold ancillary liquid assets and will normally have dividend/income receivables.
- (e) equity securities held by a Fund and included in the Index may, from time to time, become illiquid or otherwise unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities whose returns, individually or collectively, are seen to be well-correlated to desired constituents of the Index.

- (f) the Investment Manager will have regard to the costs of any proposed portfolio transaction. It may not necessarily be efficient to execute transactions which bring a Fund perfectly in line with the Index at all times.

#### **Efficient Portfolio Management Techniques**

The Investment Manager may also, on behalf of each Fund and subject to the provisions of Schedule II and the conditions and limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities, Money Market Instruments and money market collective investment schemes for the purposes of efficient portfolio management. Such transactions may achieve a reduction in risk, a reduction in costs or an increase in capital or income returns to a Fund with a level of risk which is consistent with the risk profile of the Fund. The techniques and instruments which may be used are investments in futures (which may be used to manage cash flows on a short term basis by holding the future to gain exposure to an asset class pending direct investment), options (which may be used to achieve cost efficiencies or to manage currency risk or interest rate risk), swaps, forward currency exchange contracts (both of which may be used to manage currency risk, interest rate risk or to achieve cost efficiencies) and total return swaps. In circumstances where a Fund may use further techniques and instruments, these will be disclosed in the relevant Fund Supplement. Any financial derivative instruments not included in the risk management process will not be used until such time as a revised risk management process has been provided to the Central Bank. Where such techniques and instruments are used, they will be utilised in accordance with the requirements of the Central Bank, the UCITS Directive and the Eligible Assets Directive 2007/16/EC.

## INDICES

### General

The Index Funds intend to track or replicate the performance of an Index. The securities that an Index Fund will gain exposure to are generally defined by the relevant Index. The constituents of an Index may change over time. Potential investors in an Index Fund may obtain a breakdown of the constituents of an Index Fund from the relevant Index Provider's website, as disclosed in the relevant Fund Supplement.

There is no assurance that an Index will continue to be calculated and published on the basis described in this Prospectus or that it will not be amended significantly. The past performance of each Index is not necessarily a guide to future performance.

### Substitution or Replacement of an Index

The ICAV maintains robust written plans setting out the actions that it would take in the event that an Index materially changes or ceases to be provided. The Directors reserve the right, if they consider it in the interests of the ICAV or any Index Fund to do so, to substitute the Index with another Index (which new index will be in compliance with the requirements of the Central Bank) if:

- (i) the weightings of constituent securities of the particular Index would cause the Fund (if it were to follow the Index closely) to be in breach of the UCITS Regulations;
- (ii) the particular Index (or Index series) ceases to be compliant with the UCITS Regulations (for reasons including those related to rebalancing);
- (iii) the particular Index (or Index series) requires to be capped in order to remain compliant with the UCITS Regulations;
- (iv) the particular Index (or Index series) ceases to exist or the methodology or constituents of the Index or Index series are materially changed;
- (v) a new index becomes available which supersedes the existing Index;
- (vi) a new index becomes available which is, in the opinion of the Directors, more cost effective for a Fund and/or is regarded as the market standard for investors in the particular market and/or would be regarded as of greater benefit to Investors (for reasons including a reduction on transaction costs) than the existing Index;
- (vii) it becomes difficult to invest in securities comprised within the particular Index or it becomes difficult or inefficient to enter into FDIs in relation to the Index;
- (viii) the Index Provider increases its charges to a level which the Directors consider too high or if any Index licence provided by an Index Provider in connection with the use of the Index is terminated;
- (ix) the quality of a particular Index (including, but not limited to, the accuracy of published Index data, the availability of published index methodologies and other supporting materials and matters relating to the management and calculation of the Index by the Index Provider) has, in the opinion of the Directors, deteriorated; or
- (x) a liquid futures market in which a particular Fund is investing ceases to be available.

Where a change in an Index would result in a material difference between the constituents of the Index and the proposed index, advance Shareholder approval will be sought. In circumstances where immediate action is required and it is not possible to obtain Shareholder approval in advance of a change in an Index, Shareholder approval will be sought for either the change in the Index or the winding up of the Fund as soon as practicable and reasonable.

The Directors may change the name of a Fund, particularly if its Index is changed. Any change to the name of a Fund will need to be approved in advance by the Central Bank and documentation pertaining to the relevant Fund will be updated to reflect the new name.

Any change in an Index will be notified in advance to the Central Bank, will be reflected in the relevant Fund Supplement within a reasonable period after the change in Index and will be noted in the annual and semi-annual reports of the relevant Fund issued after any such change takes place.

### **Index Rebalancing, Reweighting and Associated Costs**

Index Providers will periodically change the composition and/or weighting of the securities constituting an Index, depending on the relevant Index rules, referred to as “rebalancing”. Details of the rebalancing frequency for each Index are set out in the relevant Fund Supplement.

Where a Fund engages in the physical tracking or replication of an Index by investing directly in the constituents of the Index, any rebalancing of the Index by an Index Provider will ordinarily require that Fund to make corresponding adjustments or rebalancings to its holdings in order to preserve its ability to closely track the Index. In such cases, the Investment Manager will in a timely manner and as efficiently as possible, but subject to its overall discretion in accordance with the investment policies of the relevant Fund, seek to rebalance the composition and/or weighting of the Investments held by a Fund from time to time and, to the extent practicable and possible, seek to conform its exposure to the changes in the composition and/or weighting of securities constituting the Index. Other rebalancing measures may be taken from time to time to seek to maintain the correspondence between the performance of a Fund and the performance of the Index.

In order to realign the exposures or Investments of a physically investing Fund to its Index following a rebalancing, Investments must be bought and sold. The rebalancing will therefore incur costs that are not reflected in the theoretical calculation of the Index return and may impact on such a Fund’s ability to provide returns consistent with those of the Index. Such costs will be borne by a Fund, can be direct or indirect and include (but are not limited to) Transaction Costs, custody fees, exchange costs and commissions (including foreign exchange spreads) and stamp duty.

The Investment Manager will rely solely on each Index Provider for information as to the composition and/or weighting of the securities within each Index. If the Investment Manager is unable to obtain or process such information in relation to any Index on any Business Day, then the most recently published composition and/or weighting of that Index will be used for the purpose of all adjustments.

Where a Fund invests directly in the constituents of an Index, Investors should note that it may not be possible, practicable or even desirable for a Fund to purchase all of the securities comprising such Index in their proportionate weightings or to purchase them at all due to various factors, including costs and expenses involved and the concentration limits described in Schedule III to this Prospectus or the fact that the relevant Fund may employ a representative sampling/optimisation strategy (see also the section below entitled “*Circumstances where the weighting of an Index constituent exceeds the applicable concentration limits prescribed by the UCITS Regulations*”).

### **Circumstances where the weighting of an Index constituent exceeds the applicable concentration limits prescribed by the UCITS Regulations.**

#### *Funds which track an Index by investing directly in the constituents of an Index*

Where a Fund invests directly in the constituents of an Index and the weighting of an Index constituent exceeds the investment restrictions prescribed by the UCITS Regulations as a result of market movements, the Investment Manager will seek to reduce the Fund’s holdings of the relevant security so as to seek to ensure that the Fund at all times operates within the permitted limits. In these circumstances, the Investment Manager of a Fund may, in such circumstances, decide to hold a representative sample of the securities contained in an Index. To achieve this, the Investment

Manager may, in respect of a Fund, utilise sampling techniques. Sampling techniques result in the selection of Index constituents in order to obtain a representative sample of Index components. This is generally achieved through the use of quantitative analysis with the level of sampling techniques used by any Fund being determined by the nature of the Index components. Where the Investment Manager deems it to be appropriate, there may also be instances where the Fund holds securities which are not component securities in the Index. A Fund may also invest in FDIs, other collective investment undertakings and hold ancillary liquid assets, in each case subject to the restrictions set out in Schedule III to this Prospectus.

### **Tracking error**

“Tracking error” can be defined as the volatility of the difference between the return of a Fund which tracks/replicates an Index versus the return of the relevant Index which it tracks or replicates, whereas “tracking difference” can be defined as the total return difference between such a Fund and the relevant Index which it tracks or replicates over a certain period of time. Unless otherwise stated, an Index tracking/replicating Fund is not expected to track the performance of its Index at all times with perfect accuracy and there can be no assurance that any Fund will achieve any particular level of accuracy in tracking or replicating an Index. Each Fund that seeks to track or replicate an Index is, however, expected to provide investment results that, before fees and expenses are applied, generally correspond to the price and yield performance of its Index.

While a relevant Fund will always seek to track or replicate its Index as closely as possible, an Index often does not reflect the operational complexities of buying and holding the components securities in a Fund. The factors that may adversely affect the tracking error and/or tracking difference of such a Fund versus its Index include (but are not limited to) the various tracking error and tracking difference related factors described in the section of this Prospectus entitled “Risk Factors”, in addition to the following:

- (a) a relevant Fund will be required to pay various fees and expenses which are not reflected in the performance of the Index. Such fees and expenses may include the Manager’s fee, the Investment Manager’s fee and any portfolio Transaction Costs such as brokerage commissions, custody charges, stamp duty, tax treatment and any fees payable to counterparties under the terms of any FDI or other techniques or instruments used for direct investment or for efficient portfolio management purposes;
- (b) a relevant Fund may be required to comply with regulatory constraints that do not affect the performance of its Index;
- (c) a relevant Fund may not be able to obtain exposure to the constituent securities of its Index at particular times;
- (d) there may be a difference between the time when an Index reflects the event of any declared dividends and when the relevant Fund tracking or replicating that Index reflects the event of such dividends;
- (e) the composition of a relevant Fund’s portfolio of Investments (which may include exposure under FDIs) may not be identical to the composition of the Index which it seeks to track/replicate (particularly, where a representative sampling/optimisation strategy is employed) including where the composition of a Fund’s portfolio of Investments is underweighted or overweighted with regards to various securities by comparison to its Index; and/or
- (f) a Fund may be unable to enter into an FDI transaction which is, in the opinion of the Investment Manager, appropriate for the Funds.

An estimate of the anticipated level of tracking error that is anticipated by the Investment Manager in normal market conditions will be set out in each relevant Supplement. In normal market conditions, the performance of an Index tracking/replicating Fund is intended to provide a total return corresponding with the performance of its Index less the TER and other expenses. The figures set out in each relevant Fund Supplement are based on the average actual tracking error for the relevant Fund during the specified observation period unless otherwise specified in respect of a particular

Fund. Neither the ICAV, the Manager nor the Investment Manager shall be liable for any discrepancies between the anticipated level of tracking error, as estimated for a relevant Fund and disclosed in a Fund Supplement, and the actual realised tracking error for that Fund at any time.

### **Index Providers**

The indices used by the Index Funds in accordance with the Benchmarks Regulation are each provided by an administrator (as defined in the Benchmark Regulation) which is either included on the ESMA Register that is maintained in accordance with Article 36 of the Benchmark Regulation, or is in the process of applying for inclusion on the ESMA Register.



## CLASS ACTION POLICY

The Manager has defined a class action policy applicable to funds under its management (the “Class Action Policy”). For the purpose of the Class Action Policy, a class action can typically be described as a collective legal procedure, seeking compensation for multiple persons having been harmed by the same (illegal) activity.

In connection with the Class Action Policy, the Manager:

- does, in principle, not participate in active class actions (i.e., the Manager does not initiate, act as a plaintiff or otherwise take an active role in a class action against an issuer);
- may participate in passive class actions in jurisdictions where the Manager considers, in its sole discretion, that: (i) the class action process is sufficiently effective (e.g. where the anticipated revenue exceeds the predictable cost of the process); (ii) the class action process is sufficiently predictable; and (iii) the relevant data required for the assessment of eligibility to the class action process are reasonably available and can be efficiently and robustly managed; and
- transfers any monies which are paid to it in the context of a class action, net of external costs, to the Funds which are involved in the relevant class action.

The Manager may at any time amend the Class Action Policy and may deviate from the principles set out therein in specific circumstances.

The Class Action Policy is available on the website of the Manager <https://www.bnpparibas-am.com/en/footer/class-actions-policy/>.

## ESG-RELATED DISCLOSURES

### *SFDR classification*

The Funds are categorised as follows, as detailed in the relevant Fund Supplement:

- Funds promoting environmental or social characteristics (referred to as “**Article 8**”): These Funds promote among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices;
- Funds having a sustainable investment as their objectives (referred to as “**Article 9**”): Sustainable investment is defined as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance or
- Funds categorised as neither Article 8 nor Article 9.

### *Integration of Sustainability Risks*

Pursuant to SFDR, the Manager is required to disclose the manner in which Sustainability Risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Funds.

Unless otherwise disclosed in the relevant Fund Supplement, the Funds are passively managed and hold securities included in the Index which they track or replicate.

Sustainability Risks are integrated when selecting the underlying ESG index for a Fund categorised as either Article 8 or Article 9 as defined in SFDR. For the choice of an ESG index, the following elements are analysed: (i) source and quality of ESG data used; (ii) legitimacy and expertise of the ESG data and/or Index Provider(s); (iii) ESG index methodology including ESG sector exclusions and integration of ESG criteria for securities’ selection and weightings; (iv) portfolio diversification across sectors and countries; (v) scalability and liquidity of the index; (vi) compliance with the Benchmark Regulation; (vii) ESG rating of the index versus the relevant investment universe; (viii) requirements of the relevant benchmark in terms of ESG disclosure; and/or (ix) Paris Aligned Benchmark (PAB) or Climate Transition Benchmark (CTB) classification.

The objective of Index Funds categorised as either Article 8 or Article 9 is to offer exposure with positive ESG characteristics compared to a parent index or a relevant investment universe (such as lower carbon footprint, higher ESG score as disclosed) in the relevant Fund Supplement.

For Index Funds applying Full Replication or Optimised Replication, the investment process consists in investing in the securities that belong to the selected ESG index or, in the case of Index Funds with an equity focus, equity-related securities the underlyings of which belong to the ESG Index, and in accordance with the investment principles of the Investment Objectives and Policies section.

For Index Funds applying Synthetic Replication, in addition to the selection process for the ESG index, the integration of the analysis of the relevant sustainability issues and risks into the

investment decisions is made when selecting securities for the Substitute Basket' as further detailed in the relevant Fund Supplement.

#### *Transparency of adverse sustainability impacts*

As further detailed in the relevant Fund Supplement, the Funds consider principal adverse impacts on sustainability factors ("PAIs").

PAIs are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Due to the nature of the Funds, consideration of PAI may differ between Funds depending on the Index family, the index provider's ESG integration methodology and chosen replication method, as detailed in the relevant Fund Supplement.

For Funds applying Full Replication or Optimised Replication, the consideration of PAI is the same as that of the Index being tracked or replicated and so depends on the ESG methodology of the Index.

For Funds applying Synthetic Replication, the consideration of PAI is:

- at the level of the Index as the relevant Fund is exposed to the performance of the Index (through the use of FDI); and
- at the level of the Substitute Basket, in line with BNP PARIBAS ASSET MANAGEMENT's sustainability approach\*, when selecting securities for the Substitute Basket.

The Manager may use the methodology for the relevant Index or family of indices, if applicable, to determine which PAIs are considered and addressed or mitigated for each Fund.

\*In the Manager's sustainability approach framework, three main pillars are used to analyse how PAIs are considered for the Funds: (i) exclusions to remove industries and behaviours that present a high risk of adverse impacts in violation of international norms and conventions and issuers that are involved in activities presenting an unacceptable risk to society and/or the environment; (ii) the use of ESG ratings in the investment process; and (iii) engagement and voting rights. The Manager's sustainability approach is set out in the Global Sustainability Strategy Policy available on the Manager's website.

The exact list of PAIs that the Manager takes into account for each Fund will depend on the underlying assets of the relevant Fund. The full list of PAIs which the Manager may take into account is set out below and the definition of each PAI can be found in SFDR:

Corporate mandatory indicators:

1. GHG Emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector

7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Corporate voluntary indicators:

Environment

4. Investments in companies without carbon emission reduction initiatives

Social

4. Lack of a supplier code of conduct
9. Lack of a human rights policy

Sovereign mandatory indicators:

15. GHG intensity
16. Investee countries subject to social violations

#### *Taxonomy-related Disclosures*

Where the Funds neither promote environmental characteristics nor have sustainable investment as their objective, as disclosed in the relevant Fund Supplement, their underlying investments do not take into account the EU criteria for environmentally sustainable economic activities as per the Taxonomy Regulation.

Where the Funds invest in an economic activity that contributes to an environmental objective as set out in the relevant Fund Supplement, such Funds are required to disclose certain information about the environmental objective(s) set out in the Taxonomy Regulation to which the investments of the Fund contribute and about the investments in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. These details are set out in the relevant Fund Supplement.

## **BORROWINGS**

The ICAV on behalf of the Funds may not borrow money, grant loans or act as guarantor on behalf of third parties, except as follows:

- (a) foreign currency may be acquired by means of a back-to-back loan. Foreign currency obtained by means of a back-to-back loan is not classified as borrowing for the purposes of the UCITS Regulations provided that the offsetting deposit equals or exceeds the value of the foreign currency loan outstanding. Where foreign currency obtained by means of a back-to-back loan exceeds the value of the offsetting deposit this shall be treated as borrowing for the purpose of the UCITS Regulations; and
- (b) borrowings not exceeding 10% of the total Net Asset Value of a Fund may be made on a temporary basis and the assets of the Fund may be charged as security for such borrowings.

## **DISTRIBUTION POLICY**

The Directors are empowered by the Instrument of Incorporation to declare and pay dividends in respect of the Shares in any Fund in the ICAV out of the net income of the relevant Fund less accrued expenses of the ICAV.

The dividend arrangements relating to each Fund (or Class thereof) will be decided by the Directors at the time of the creation of the relevant Fund (or Class thereof) and the details thereof shall be set out where applicable in the relevant Fund Supplement. It is not the current intention of the ICAV to pay dividends for capitalisation Classes. Prior to a Fund changing its dividend policy from capitalisation to distribution or vice versa, the Fund will notify Shareholders in advance and all further details will be provided in an updated Fund Supplement where relevant.

Where dividends are paid, they shall be paid out of the: (i) net income; (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 of the relevant Fund which is attributable to the relevant Class and shall be paid by way of electronic transfer. The source of dividends will be disclosed in the relevant Fund Supplement.

Dividends payable in respect of any particular Class shall be paid in the Class Currency. Where the Class Currency differs from the Base Currency, dividends shall be converted into the Class Currency and any costs associated with such conversion shall be charged to the relevant Class.

### **Income Equalisation**

The ICAV may implement income equalisation arrangements with a view to ensuring that the level of income derived from Investments is not affected by the issue, switching or redemption of Shares during the relevant accounting period. Further information may be found in the Fund Supplement for any Fund that applies income equalisation.

### **Currency of Payment and Foreign Exchange Transactions**

The ICAV may (in its sole and absolute discretion) accept requests by Shareholders for payments in respect of dividends to be made in a major currency other than the Class Currency. The foreign exchange conversion will be executed at prevailing exchange rates at the cost and risk of the relevant Shareholder. The ICAV may arrange for such transactions to be carried out by an affiliate of the Investment Manager or the Administrator.

### **Unclaimed distributions**

Distributions which have not been claimed within six years of their payment date shall no longer be payable to the beneficiaries and shall revert to the Fund.

## **INVESTMENT RESTRICTIONS**

The Funds' Investments will be limited to investments permitted by the UCITS Regulations, as set out in Schedule II. If the UCITS Regulations are altered during the life of the ICAV, the investment restrictions may be changed to take account of any such alterations but any such changes shall be in accordance with the Central Bank's requirements, reflected in an updated version of the Prospectus and will be subject to approval by the majority of votes of Shareholders passed at a general meeting or by all of the Shareholders by way of a written resolution. Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the ICAV.

## USE OF DERIVATIVES AND HEDGING

The Funds may employ investment techniques and financial derivative instruments for investment purposes and for the purpose of hedging currency exposure, subject to the conditions and within the limits from time to time set forth in Schedule III. Details of the risks associated with derivative instruments are set out in the section entitled "Risk Factors" below. The expected effect of the investment techniques and financial derivative instruments to be used is to gain exposure to different global currencies in order to benefit from the Investment Manager's research into currency movements and/or to hedge currency exposure.

The ICAV employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with such investment techniques and instruments. Any financial derivative instruments not included in the risk management process will not be used until such time as a revised risk management process has been provided to the Central Bank.

The ICAV shall supply to a Shareholder on request supplementary information relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

A list of the Regulated Markets on which the financial derivative instruments may be quoted or traded is set out in Schedule I. A description of the current conditions and limits laid down by the Central Bank in relation to financial derivative instruments is set out in Schedule III.

The policy that will be applied to collateral arising from OTC derivative transactions relating to any Fund is to adhere to the requirements set out in Schedule III. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received include cash and non-cash assets such as equities, debt securities and Money Market Instruments. From time to time, and subject to the requirements in Schedule III, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Investment Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the assets received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Investment Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements in Schedule III. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received is re-invested, the relevant Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the relevant Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other Investments of the ICAV. For further details see the section of the Prospectus and any Fund Supplement entitled "Risk Factors".



## TYPES AND DESCRIPTIONS OF DERIVATIVES

Below are the types of derivatives that a Fund may purchase.

### **Forward Foreign Exchange Contracts**

A forward foreign exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a Fund's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. A Fund may enter into these contracts to hedge against exchange risk, or to shift exposure to currency fluctuations from one currency to another. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that a Fund will engage in such transactions at any given time or from time to time. Also, such transactions may not be successful and may reduce any chance for a Fund to benefit from favourable fluctuations.

### **Futures**

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of an underlying asset at a specified price, date, and time. Entering into a contract to buy an underlying asset is commonly referred to as buying a contract or holding a long position in the asset. Entering into a contract to sell an underlying asset is commonly referred to as selling a contract or holding a short position in the asset. Futures contracts traded OTC are frequently referred to as forward contracts. The Funds may buy or sell financial futures and forwards contracts, index futures and foreign currency forward contracts.

### **Options**

The purpose behind the purchase of call options by a Fund is to provide exposure to increases in the market (e.g. with respect to temporary cash positions) or to hedge against an increase in the price of securities or other investments that a Fund intends to purchase. The purpose behind the purchase of put options by a Fund is to hedge against a decrease in the market generally or to hedge against the price of securities or other investments held by a Fund.

A Fund may purchase options on futures contracts in lieu of writing or buying options directly on underlying securities or purchasing and selling underlying futures contracts. In order to hedge against a possible decrease in the value of its portfolio securities, a Fund may purchase put options on futures contracts rather than sell futures contracts. In order to hedge against a possible increase in the price of securities which a Fund expects to purchase, a Fund may purchase call options on futures contracts as a substitute for the purchase of futures contracts. For example, currency options or options on currency futures, may be used to take a positional view on currency volatility whereby a Fund could, for example, sell volatility on a daily basis across a range of currency pairs provided the price of volatility was above a specified level.

### **Swaps**

Swap agreements are bilateral contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange returns (or differentials in rates of return) calculated with respect to a "notional amount", e.g., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency. Swap contracts may expose a Fund to substantial risk of loss.

### **Securities Financing Transactions Regulation Disclosure**

Where disclosed in the relevant investment policy, a Fund may enter into the following transactions:

- (a) total return swaps;
- (b) repurchase agreements;
- (c) reverse repurchase agreements; and
- (d) securities lending arrangements.

The proportion of a Fund's Net Asset Value expected to be invested in Securities Financing Transactions will be set out in the relevant Fund Supplement.

Where disclosed in the relevant Fund Supplement, a Fund may enter into Securities Financing Transactions for efficient portfolio management purposes only.

If the Fund invests in Securities Financing Transactions, the reference assets may comprise equity or debt securities, Money Market Instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. Any investment in Securities Financing Transactions will be subject to the investment restrictions in Schedule II or any limitations in the relevant Fund Supplement.

The Fund may only enter into Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in paragraph 4 and 22 of Schedule III.

The categories of collateral which may be received by a Fund is set out in Schedule III and includes cash and non-cash assets such as equities, debt securities and Money Market Instruments. Collateral received by Fund will be held by the Depositary or its Sub-Custodian and valued in accordance with the valuation methodology set out under the section entitled "Determination of the Net Asset Value". Collateral received by a Fund will be marked-to-market daily and daily variation margins will be used.

Where a Fund receives collateral as a result of entering into Securities Financing Transactions, there is a risk that the collateral held by that Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to secure a counterparty's obligations under a Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to Securities Financing Transactions, see the section entitled "Risk Factors".

The Fund may provide certain of its assets as collateral to counterparties in connection with Securities Financing Transactions. If the Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

In the case of non-cash collateral received by a Fund, in the event of a default on the part of the counterparty, the Fund is exposed to the risk that the collateral received is illiquid.

The criteria for selecting counterparties is set out in paragraph 4 of Schedule III.

There are legal risks involved in entering into Securities Financing Transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down by the Central Bank as set out in paragraphs 28 to 31 of Schedule III, the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

Direct and indirect operational costs and fees arising from Securities Financing Transactions may be deducted from the revenue delivered to the Fund. These costs and fees do not and should not include hidden revenue. All the revenues arising from Securities Financing Transactions and any other efficient portfolio management techniques shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising.

The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Investment Manager or the Depositary.

Where a Fund undertakes securities lending the relevant Fund Supplement will disclose the proportion of the revenue generated which will remain with the Fund and the proportion of the revenue generated (representing the attendant direct and indirect operational costs and fees of any securities lending) which will be retained by the Manager. Such direct and indirect operational costs and fees shall not include hidden revenue.

## RISK FACTORS

Investors' attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to an investment in the ICAV and Investors' attention is drawn to the description of the instruments set out in the section entitled "Investment Objective and Policies".

Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Fund Supplement. Potential investors should also pay attention to the applicable fees, charges and expenses of a Fund.

Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their own financial, tax, accounting, legal and other appropriate advisers before making an application for Shares.

Prospective investors are advised that 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. Past performance of the ICAV or any Fund should not be relied upon as an indicator of future performance.

The attention of potential investors is drawn to the taxation risks associated with investing in the ICAV. Please refer to the Section of the Prospectus entitled "Taxation". The financial instruments in which the ICAV invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

There can be no guarantee that the investment objective of a Fund will actually be achieved.

### 1. Risks Relating to a Fund's Investments

#### *General*

There can be no assurance that each Fund will achieve its investment objective. The value of Shares and the income therefrom may rise or fall as the capital values of a Fund's investments fluctuate. The investment income of a Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, a Fund's investment income may be expected to fluctuate in response to changes in such income or expenses.

#### *Equity Risk*

The risks associated with investments in equity securities include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Moreover, such fluctuations are often exacerbated in the short-term. The risk that one or more companies suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors will see an appreciation in value. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment.

Some Funds may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, a Fund may hold IPO shares for a very short period of time, which may increase a Fund's expenses. Some investments in IPOs may have an immediate and significant impact on a Fund's performance.

A Fund investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over

short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

#### *Depository Receipts Risk*

Depository receipts may be less liquid than the underlying shares in their primary trading market. Any distributions paid to the holders of depository receipts are usually subject to a fee charged by the depository. Holders of depository receipts may have limited voting rights, and investment restrictions in certain countries may adversely impact the value of depository receipts because such restrictions may limit the ability to convert the equity shares into depository receipts and vice versa. Such restrictions may cause the equity shares of the underlying issuer to trade at a discount or premium to the market price of the depository receipts.

#### *Market Risk*

The Investments of a Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation will occur. Stock markets can be volatile and stock prices can change substantially. Debt securities are interest rate sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates and general market liquidity. Since investment in securities may involve currencies other than the Base Currency or Class Currency, the Net Asset Value of the relevant Fund or Class may also be affected by changes in currency rates and exchange control regulations, including currency blockage. For actively-managed Funds, the performance of a Fund or Class may depend in part on the ability of the Investment Manager to anticipate and respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

#### *Currency Risk*

A Fund may invest in assets that are denominated in a currency other than the Base Currency of that Fund or the relevant Class Currency of the relevant Class which will create currency exposure which may not be hedged. Additionally, where a Fund obtains foreign currency by means of a back-to-back loan which exceeds the value of the offsetting deposit this will create currency exposure. Accordingly, the value of a Shareholder's investment may be affected favourably or unfavourably by fluctuations in the rates of the different currencies. Shareholders should also note that, in respect of unhedged Classes, any currency conversions will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates. Shareholders should be aware that an unhedged Class may be exposed to hedging of currency exposures at the Fund level. Where a Fund has Hedged Classes, the hedging is typically carried out at the Class level but may also be carried out at the Fund level. Hedged Classes seek to hedge the currency exposure arising from the Class being denominated in a currency other than (i) the Fund's Base Currency or (ii) the currencies in which the Fund's Investments are denominated. Whilst these hedging strategies are designed to ensure that the value of the Hedged Class generally moves in line with the value of the underlying assets of the Fund, the use of hedging strategies may substantially limit Investors in the Hedged Class from benefiting if that currency rises against the currencies in which the Fund's Investments are denominated. With respect to a Hedged Class, it is intended that the gains/losses on, and the costs of, the relevant derivatives entered into for hedging purposes will accrue to the relevant Hedged Class. Any currency exposure of a Hedged Class will not be combined with or offset with that of any other Class of the Fund. The accounting methodology used by the ICAV is designed to prevent contagion so that unrealised gains and losses of a Hedged Class will be limited only to the Hedged Class. Similarly, the monitoring of each Hedged Class to identify the assets, liabilities and profit or loss to the relevant Classes from an operational perspective and the monitoring of the over-hedged positions and the counterparties with whom the derivatives are entered into are designed to ensure that any losses arising from potential operational or counterparty risk do not exceed the value of the Hedged Class. However, the assets and liabilities attributable to a Hedged Class are not "ring-fenced" from the liabilities attributable to other Classes within the same Fund due to the fact that there is no legal segregation of assets

between Classes of a Fund. For Hedged Classes in a Fund, the derivatives used to implement such strategies shall be assets or liabilities of the Fund as a whole. Accordingly, in the unlikely event of a Fund being unable to meet liabilities attributable to any Hedged Class out of the assets attributable to that Hedged Class, the excess liabilities would have to be met out of the assets attributable to the other Classes of the same Fund and in those circumstances other Classes within the Fund may be adversely affected by the hedging transactions undertaken in respect of the Hedged Classes.

#### *Volatility Risk*

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, climate, changes in interest rates, and the inherent volatility of the market place. Volatility may also be due to the fluctuations in the exchange rate of currencies. During periods of uncertain market conditions the combination of price volatility and the less liquid nature of securities markets may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

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

As at the date of this Prospectus, global financial markets have undergone pervasive and fundamental disruptions and significant instability which has led to governmental intervention. Regulators in certain jurisdictions have implemented or proposed a number of emergency regulatory measures. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to implement a Fund's investment objective.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Manager cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on a Fund, the European or global economy and the global securities markets. The Investment Manager is monitoring the situation.

#### *Political Risks*

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements.

#### *Off-Exchange Transactions*

While some off-exchange markets are highly liquid, transactions in off-exchange, or non-transferable, derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and, consequently, it may be difficult to establish what a fair price is.

#### *Extra-financial Criteria and Sustainable Investments Risk*

An extra-financial approach may be implemented in a different way by Index Providers when setting extra-financial objectives (i.e. the ESG objectives of the relevant Index). This also means that it may be difficult to compare strategies integrating extra-financial and sustainability criteria

to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the extra-financial and sustainability criteria, the Index Provider may also use data sources provided by external extra-financial research providers (i.e. third party ESG data providers). Given the evolving nature of extra-financial, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards in the investment process may lead to the exclusion of securities of certain issuers. Consequently, a Fund's financial performance may at times be better or worse than the performance of comparable funds and/or indices that do not apply such standards.

Unmanaged or unmitigated Sustainability Risks can impact the returns of financial products. For instance, should an environmental, social or governance event or condition occur, it could cause an actual or a potential material negative impact on the value of an investment. The occurrence of such event or condition may lead as well to the reshuffle of a Fund's investment strategy/index composition by the index provider, including the exclusion of securities of certain issuers.

Specifically, the likely impact from Sustainability Risks can affect issuers via a range of mechanisms including: 1) lower revenue; 2) higher costs; 3) damage to, or impairment of, asset value; 4) higher cost of capital; and 5) fines or regulatory risks. Due to the nature of Sustainability Risks and specific topics such as climate change, the chance of Sustainability Risks impacting the returns of financial products is likely to increase over longer-term time horizons.

## **2. Emerging Markets Risks**

Funds which invest in emerging market securities may be subject to the following additional risk factors:

### *Political and economic factors*

There is in some emerging market countries a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of Investments in those countries.

The economies of many emerging market countries can be heavily dependent on international trade and accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

### *Counterparty risk and liquidity factors*

There can be no assurance that there will be any market for any Investments acquired by the Fund or, if there is such a market, that there will exist a secure method of delivery against payment which would, in the event of a sale by or on behalf of the Fund, avoid exposure to counterparty risk on the buyer. It is possible that, even if a market exists for such investment, that market may be highly illiquid. Such lack of liquidity may adversely affect the value or ease of disposal of such Investments. There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur.

### *Legal factors*

The legislative framework in emerging market countries for the purchase and sale of investments and in relation to beneficial interests in those investments may be relatively new and untested and there can be no assurance regarding how the courts or agencies of emerging market

countries will react to questions arising from the Fund's investment in such countries and arrangements contemplated in relation thereto.

There is no guarantee that any arrangements made, or agreement entered into, between the Depositary and any correspondent (i.e. an agent or sub-custodian) will be upheld by a court of any emerging market country, or that any judgement obtained by the Depositary or the ICAV against any such correspondent in a court of any jurisdiction will be enforced by a court of any emerging market country.

#### *Reporting and valuation factors*

There can be no guarantee of the accuracy of information available in emerging market countries in relation to Investments which may adversely affect the accuracy of the value of Shares in the Fund. Accounting practices are in many respects less rigorous than those applicable in more developed markets. Similarly, the amount and quality of information required for reporting by companies in emerging market countries is generally of a relatively lower degree than in more developed markets.

#### *Exchange control and repatriation factors*

It may not be possible for a Fund to repatriate capital, dividends, interest and other income from emerging market countries or it may require government consents to do so. A Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

#### *Settlement factors*

There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of the Depositary, any relevant sub-custodian or the ICAV as the holder of securities. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by a Fund, including those related to dividends, can be realised.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and to counterparty risk for that period of time.

#### *Custody factors*

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances, the Fund may not be able to recover some of its Investments. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. In addition, in the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Irish Regulations, the Depositary may not be liable to the ICAV or its Shareholders for the loss of a financial instrument (as referred to in the Irish Regulations) belonging to a Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary. Accordingly, while the liability of



the Depository is not affected by the fact that it has entrusted the custody of the ICAV's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, a Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Depository may have no liability. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation.

The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

### **3. Risks Associated with investment in China and China A-shares**

Certain Funds may invest in Chinese domestic securities market, e.g. China A-Shares, debt instruments traded on the China Interbank Bond market and other permitted domestic securities (being, China B-shares, China H-shares, red chips and p-chips) in accordance with the investment policies of the relevant Fund. Investing in the People's Republic of China ("PRC") carries a high degree of risk. Apart from the usual investment risks, investing in the PRC is also subject to certain other inherent risks and uncertainties.

#### *Government intervention and restriction risk*

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, state of development, growth rate, control of foreign exchange and allocation of resources. Such interventions or restrictions by the PRC government may affect the trading of Chinese domestic securities and have an adverse effect of the relevant Fund.

The PRC government has in recent years implemented economic reform measures emphasising the utilisation of market forces in the development of the PRC's economy and a high level of management autonomy. However, there can be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC as well as on overseas companies which trade with or invest in the PRC.

Moreover, the PRC government may intervene in the economy, possible interventions include restrictions on investment in companies or industries deemed sensitive to relevant national interests. In addition, the PRC government may also intervene in the financial markets by, such as but not limited to, the imposition of trading restrictions or the suspension of short selling for certain stocks. Such interventions may induce a negative impact on the market sentiment which may in turn affect the performance of a Fund.

The PRC legal system may not have the level of consistency or predictability as in other countries with more developed legal systems. Due to such inconsistency and unpredictability, if a Fund is involved in any legal dispute in the PRC, it may experience difficulties in obtaining legal redress or in enforcing its legal rights. Thus, such inconsistency or future changes in legislation or the interpretation thereof may have adverse impact upon the investments and the performance of a Fund in the PRC.

#### *PRC Political, Economic and Social Risks*

The economy of the PRC has experienced significant growth in the past twenty years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government may from time to time adopt corrective measures to control inflation and restrain the rate of economic growth, which may also have an adverse impact on the capital growth and performance of a Fund. Further, political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including the

expropriation of assets, confiscatory taxes or nationalisation of some or all of the investments held by the underlying securities in which a Fund may invest.

#### *Government control of cross-border currency conversion and future movements in exchange rates*

Currently, the RMB is traded in two different and separated markets, i.e. one in the Mainland China, and one outside the Mainland China (primarily in Hong Kong). The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. While the RMB traded outside the Mainland China, the CNH, is subject to different regulatory requirements and is more freely tradable, the RMB traded in the Mainland China, the CNY, is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the central government of the Mainland China, that could possibly be amended from time to time, which will affect the ability of a Fund to repatriate monies. Investors should also note that such restrictions may limit the depth of the RMB market available outside of Mainland China. If such policies or restrictions change in the future, the position of a Fund or its Shareholders may be adversely affected. Generally speaking, the conversion of CNY into another currency for capital account transactions is subject to SAFE ("State Administration of Foreign Exchange") approvals. Such conversion rate is based on a managed floating exchange rate system which allows the value of CNY to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Any divergence between CNH and CNY may adversely impact investors who intend to gain exposure to CNY through investments in a Fund.

#### *Accounting and Reporting Standards*

PRC companies which may issue RMB securities to be invested by a Fund are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in accordance with international accounting standards. As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, less information may be available to a Fund and other investors. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

#### *PRC Taxation Risk*

Investment in a Fund may involve risks due to uncertainty in tax laws and practices in the PRC. According to PRC tax laws, regulations and policies ("**PRC Tax Rules**"), a non-PRC tax resident enterprise (such as FIIs and certain eligible foreign institutional investors) without a permanent establishment or place in the PRC (such as FIIs) will generally be subject to withholding income tax of 10% on its PRC sourced income, subject to below elaboration:

#### *Capital gain*

According to a tax circular issued by the Ministry of Finance of the PRC ("MoF"), SAT and CSRC dated 31 October 2014, capital gain derived from the transfer of PRC equity investment assets such as China A-Shares on or after 17 November 2014 is temporarily exempt from PRC income tax. However, capital gain realised by FIIs prior to 17 November 2014 is subject to PRC income tax in accordance with the provisions of the laws. The MoF, the SAT and the CSRC also issued joint circulars in 2014 and 2016 to clarify the taxation of the Stock Connect, in which capital gain realized from the transfer of China A-Shares via Stock Connect is temporarily exempt from PRC income tax.

Based on verbal comments from the PRC tax authorities, gains realized by foreign investors (including FIIs) from investment in PRC debt securities are non-PRC sourced income and thus

should not be subject to PRC income tax. However, there are no written tax regulations issued by the PRC tax authorities to confirm that interpretation. As a matter of practice, the PRC tax authorities have not levied PRC income tax on capital gains realised by FIIs from the trading of debt securities, including those traded via CIBM.

#### *Dividend*

Under the current PRC Tax Rules, non-PRC tax resident enterprises are subject to PRC withholding income tax on cash dividends and bonus distributions from PRC enterprises. The general rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

#### *Interest*

Unless a specific exemption is applicable, non-PRC tax resident enterprises are subject to PRC withholding tax on the payment of interests on debt instruments issued by PRC tax resident enterprises, including bonds issued by enterprises established within the PRC. The general withholding tax rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

Interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from income tax under PRC Tax Rules.

According to a tax circular jointly issued by the Ministry of Finance of the PRC (“MoF”) and the State Administration of Taxation of the PRC (“SAT”) on 7 November 2018, foreign institutional investors are temporarily exempt from PRC income tax with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and imposed on a retrospective basis, or that no new tax regulations and practice in China specifically relating to the PRC bond market will not be promulgated in the future.

#### *Value-added tax (“VAT”)*

VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. According to the latest PRC Tax Rules, the gains derived from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT.

According to a tax circular, foreign institutional investors are temporarily exempt from VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and imposed on a retrospective basis, or that no new tax regulations and practice in China specifically relating to the PRC bond market will not be promulgated in the future.

Dividend income or profit distributions on equity investment derived from PRC are not included in the taxable scope of VAT.

There are no specific PRC Tax Rules which govern the taxation of gains on the disposal of other investments, and the current practice of exemption may not be consistently applied to all such investments and is based on verbal comments and practice of the tax administration. The PRC Tax Rules may not be interpreted and applied as consistent and transparent as those of more developed countries and may vary from city to city and in some cases certain taxes which could be considered payable are not actively enforced for collection, nor is any mechanism provided for payment. Moreover, the existing PRC Tax Rules and practices may be changed or amended in the future, e.g.: the PRC government may abolish temporary tax incentives that are currently offered to foreign investors, and they may be changed with retrospective effect and could be

applied along with penalties and / or late payment interest. Such new PRC Tax Rules may operate to the advantage or disadvantage of the investors.

In light of the uncertainty and in order to meet the potential tax liability, the ICAV reserves the right to adjust such provision as deemed necessary. Investors should be aware that the net asset value of the Fund as at any Valuation Point may not accurately reflect Chinese tax liabilities. Depending on the tax liabilities payable, it may bring positive or negative impact to the performance and net asset value of a Fund. In the event penalties or late payment interest could be applicable due to factors such as retrospective amendments, changes in practice or uncertain regulations, this could impact the net asset value at the time of settlement with the PRC tax authorities. In the case where the amount of tax provisions made is less than the tax liabilities payable, the amount of shortfall will be deducted from a Fund's assets and affecting a Fund's Net Asset Value adversely. In the opposite case where the amount of tax provisions made is more than the tax liabilities payable, the release of extra tax provision will affect a Fund's Net Asset Value positively. This will only benefit existing investors. Investors who have redeemed their Shares before the tax liabilities amount is determined will not be entitled to any part of such release of extra tax provision.

#### *Specific risks related to investments in Mainland China equity securities*

In common with other emerging markets, the Chinese market may be faced with relatively low transaction volumes, and endure periods of lack of liquidity or considerable price volatility. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by a Fund and the Net Asset Value of a Fund may be adversely affected if trading volumes on markets for China A-Shares (Shanghai Stock Exchange and Shenzhen Stock Exchange) are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to government intervention or in the case where a particular stock resumes trading at a very different level of price after its suspension). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of a Fund. Subscriptions and redemptions of Shares in a Fund may also be disrupted accordingly.

#### *Trading limitations Risk*

Trading band limits are imposed by the stock exchanges in the PRC on China A-Shares, where trading in any China A-Share on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. Considering that PRC securities markets can be frequently affected by trading halts and low trading volume, investors should be aware that A-share markets are more likely to suffer from illiquidity and greater price volatility, which is mostly due to greater government restriction and control relating to A-share markets. A suspension (or a sequence of suspensions) will render the management of the securities involved complicated or make it impossible for the Investment Manager to liquidate positions and/or sell its positions at a favorable price at the worst moment.

#### *Risks related to Stock Connect*

##### *Eligible securities*

Stock Connect comprises a Northbound trading link and a Southbound trading link. Under the Northbound trading link, Hong Kong and overseas investors will be able to trade certain stocks

listed on the Shanghai Stock Exchange (“SSE”) and the Shenzhen Stock Exchange (“SZSE”) markets. These include:

1. All the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index
2. All the constituent stocks from time to time of the SZSE Component Index and SZSE Small / Mid Cap Innovation Index with market capitalization at least RMB 6 billion
3. All the SZSE-listed China A-Shares and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices, which have corresponding H-Shares listed on Hong Kong Exchanges and Clearing Limited (“SEHK”), except the following:
  - (a) SSE/SZSE-listed shares which are not traded in RMB;
  - (b) SSE/SZSE-listed shares which are risk alert shares; and
  - (c) SZSE-listed shares which are under delisting arrangement.

It is expected that the list of eligible securities will be subject to review. If a stock is recalled from the scope of eligible securities for trading via Stock Connect, the stock can only be sold and cannot be bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible securities as provided and renewed from time to time by SSE, SZSE and SEHK.

#### *Differences in trading day*

Stock Connect will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but a Fund cannot carry out any China A-Shares trading. A Fund may be subject to a risk of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result. This may adversely affect a Funds’ ability to access mainland China and effectively pursue their investment strategies. This may also adversely affect a Funds’ liquidity.

#### *Settlement and Custody*

The Hong Kong Securities Clearing Company Limited (“HKSCC”) will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through Stock Connect are issued in scriptless form, so Funds will not hold any physical China A-Shares. Funds should maintain the China A-Shares with their brokers’ or custodians’ stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

#### *Trading fees*

In addition to paying trading fees in connection with China A-Shares trading, a Fund may be subject to new fees which are yet to be determined by the relevant authorities.

#### *Quota limitations*

The Stock Connect is subject to quota limitations. In particular, once the Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a Fund’s ability to invest in China A-Shares through Stock Connect on a timely basis, and a Fund may not be able to effectively pursue its investment strategies.

#### *Operational risk*

The Stock Connect provides a channel for investors from Hong Kong and overseas to access the China stock market directly. Market participants are able to participate in this program subject

to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Due to their recent implementation and the uncertainty about their efficiency, accuracy and security, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. A Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected. Consequently, investors in the China A-Share market should be aware of the economic risk of an investment in those shares, which may lead to a partial or total loss of the invested capital.

#### *Clearing and settlement risk*

The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. Should ChinaClear be declared as a defaulter, HKSCC's liabilities in trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In that event, a Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### *Regulatory risk*

The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong from time to time. The regulations are untested and there is no certainty as to how they will be applied.

#### *Ownership of China A-Shares*

China A-Shares acquired by a Fund through the Stock Connect are recorded in the name of HKSCC in its omnibus account held with ChinaClear. The China A-Shares are held in custody under the depository of ChinaClear and registered in the shareholders' register of the relevant listed Companies. HKSCC will record such China A-Shares in the CCASS stock account of the clearing participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner (nominee owner) of the China A-Shares, holding the beneficial entitlement to the China A-Shares on behalf of the relevant clearing participant.

Under PRC law there is a lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership". The regulatory intention appears to be that the concept of "nominee owner" is recognised under PRC laws and that the overseas investors should have proprietary rights over the China A-Shares. However, as the Stock Connect is a recent initiative there may be some uncertainty surrounding such arrangements. Accordingly, a Fund's ability to enforce its rights and interests in the China A-Shares may be adversely affected or suffer delay.

#### *Investor compensation*

Since the Funds will carry out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about Stock Connect is available online at the website: <http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en>

#### **4. Risks Associated with the Use of Derivatives and Securities Financing Transactions**

A Fund may make use of swaps, currency forward contracts or currency futures for the purposes of hedging currency exposure. The use of derivative instruments such as swaps, currency forward contracts or currency futures involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterised by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realise gains or to limit losses. The pricing relationships

between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Use of derivatives involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited. The prices of all derivative instruments are highly volatile. Price movements are influenced by, among other things, interest rates, changing supply and demand relationships giving rise to liquidity risks, trade, fiscal, monetary and exchange control programmes and policies of governments, legal risks and national and international political and economic events and policies. The value also depends upon the price of the securities underlying them. There is also the risk of failure of any of the exchanges on which these instruments are traded or of their clearing houses. The following is a more detailed description of the risks associated with the use of derivatives.

#### *Correlation risk*

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, the relevant Fund's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by a Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the relevant Fund's Investments under disadvantageous conditions.

#### *Insolvency*

A derivative broker's insolvency or default, or that of any other brokers involved with a Fund's transactions, may lead to positions being liquidated or closed out without the relevant Fund's consent. In certain circumstances, the relevant Fund may not get back the actual assets which it lodged as collateral and that Fund may have to accept any available payment in cash.

#### *Liquidity risk*

Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

#### *Position (market) risk*

There is a possibility that derivative instruments will be terminated unexpectedly as a result of events outside the control of the ICAV, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

#### *Settlement risk*

A Fund is also subject to the risk of failure of any of the exchanges on which the FDI are traded or of their clearing house.

#### *Legal risks*

There are legal risks involved in using derivative instruments which may result in loss due to the unexpected application of a law or regulation or because contracts or clauses therein are not legally enforceable or documented correctly.

*Securities financing transactions (temporary purchase and sale of securities, total return swaps) risk and financial guarantees (collateral) risk*

Securities financing transactions (SFT) and related collateral may create risks for the Funds such as: (i) counterparty risk (as described above), ii) legal risk, iii) custody risk, iv) liquidity risk (i.e. risk resulting from the difficulty to buy, sell, terminate or value an asset or a transaction due to a lack of buyers, sellers, or counterparties), and, if relevant, v) risks arising from the reuse of such collateral (i.e. mainly the risk that such collateral posted by the Fund might not be returned due to the failure of the counterparty for example).

*Securities lending and repurchase or reverse repurchase agreement transactions risk*

The Funds may enter into securities lending and repurchase or reverse repurchase agreement transactions, and may be subject to counterparty risk. The loaned securities may not be returned or returned in a timely manner and/or at a loss of rights in the collateral if the borrower or the lending agent defaults or fails financially. The Funds may suffer significant losses.

## **5. Risks relating to Funds that seek to track or replicate an Index**

*Non-Correlation Risk*

An Index Fund's return may not match the return of the relevant Index for a number of reasons. For example, an Index Fund incurs operating expenses not applicable to the Index, and may incur costs in buying and selling securities, especially when rebalancing an Index Fund's portfolio holdings to reflect changes in the composition of the Index. In addition, an Index Fund's portfolio holdings will not exactly replicate the securities included in the relevant Index or the ratios between the securities included in the Index. An Index Fund may also hold uninvested assets in the form of cash. In addition, there may be timing differences between when the relevant Index reflects the declaration of dividends and when an Index Fund reflects the declaration of dividends. Certain securities comprising the Index may be unavailable for purchase.

The limits on the investments made by an Index Fund imposed by the UCITS Regulations may also mean that a Fund may not fully replicate the performance of the relevant Index if the concentration or type of investments in the Index contravenes those limits.

*Dividends*

A Fund will only receive dividends declared in respect of the Investments which it actually holds, which Investments may not fully reflect the composition of the Index being tracked by the Fund. This may result in the Fund receiving from time to time a net amount which is either more or less than the amounts that would have been received as dividends if the Fund held all of the constituent securities of the Index within its portfolio in the same proportions as such securities are weighted within the Index. Additionally, there may be a difference between the time when the Index is adjusted to reflect the event of any dividend declared by a constituent company of the Index and the time when the Fund's Net Asset Value reflects the event of such dividend. Therefore, Investors should not expect that such Fund's Investments will, on a like-for-like basis, reflect the accrual of dividends declared by the constituent companies of the Index being tracked.

*Index rebalancing, reweighting and associated costs*

Any reweighting or rebalancing of an Index being tracked by a Fund may mean that such Fund's Investments need to be adjusted in order to ensure that the Fund continues to closely track the performance of the Index. Unless otherwise stipulated in a relevant Fund Supplement, transaction costs are not reflected in the return of the Index tracked by a Fund. Accordingly, a Fund's ability to closely track its Index will be impacted by any such transaction costs.

*Portfolio adjustments and associated costs*



The Investment Manager may make, as part of its general replication strategy, periodic adjustments to a Fund's portfolio of Investments independently of any reweighting or rebalancing of the relevant Index. Any such periodic adjustments will also incur transaction costs that are not reflected in the performance of the Index and will impact upon the Fund's ability to closely track the Index.

#### *Replication Management Risk*

An Index Fund is exposed to additional market risk due to its policy of investing principally in the equity securities included in the relevant Index. As a result of this policy, equity securities held by an Index Fund will generally not be bought or sold in response to market fluctuations and the equity securities may be issued by companies concentrated in a particular industry. Therefore, an Index Fund will generally not sell an equity security because its issuer is in financial trouble, unless that equity security is removed or is anticipated to be removed from the relevant Index.

#### *Intellectual Property Risk*

Each Index Fund relies on one or more licenses and related sublicenses that permit the Fund to use and refer to its corresponding Index, any underlying industry sector data relating to that Index and associated trade names, trademarks and service marks (the "**Intellectual Property**") in connection with the name and investment strategies of the Fund. Such licenses and related sublicenses may be terminated by the Index Provider and/or other relevant service provider (together, the "**IP Providers**"), and, as a result, the Index Fund may lose its ability to use the Intellectual Property. There is also no guarantee that the IP Providers have all rights to license the Intellectual Property to the ICAV and its affiliates. Accordingly, in the event that one or more of the licenses or sub-licenses to use the Intellectual Property is terminated or the IP Provider does not have rights to license the Intellectual Property, it may have a significant effect on the operation of the relevant Fund and the Fund may require to be terminated. A Fund may also be terminated if its corresponding Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Index, subject to the section of the Prospectus entitled "*Substitution or Replacement of an Index*".

#### *Passive Investment Risk*

No Index Fund is actively managed. An Index Fund may be affected by a general decline in certain market segments relating to its Index. An Index Fund invests in securities included in or representative of its Index regardless of their investment merit. An Index Fund generally will not attempt to take defensive positions in declining markets.

#### *Index Methodology Risk*

As the Index Provider will retain discretion in relation to the methodology of the Index, there can be no assurance that the Index will continue to be calculated and published on the basis described in the rules or methodology published by the Index Provider or that the Index will not be amended significantly. Such changes may be made by the Index Provider at short notice and therefore the ICAV may not always be able to inform investors and Shareholders in advance of such a change becoming effective. Notwithstanding that, such changes will be notified to investors on the website as soon as is practicable. Any changes to the Index, such as the composition and/or weighting of its constituent securities, may require the Fund to make corresponding adjustments or rebalancings to its investment portfolio. *Tracking Error Risk*

The performance of a Fund may deviate from the actual performance of an Index due to factors including but not limited to liquidity of the Index constituents, possible suspensions, trade band limits decided by the stock exchanges, changes in taxation of capital gains and dividends, discrepancies between the tax rates applied to a Fund and to the Index on capital gains and dividends, limitations or restrictions on foreign investors ownership of shares imposed by the governments, fees and expenses, changes to the underlying index and operational

inefficiencies. In addition, a Fund may not be able to invest in certain securities included in an Index or invest in them in the exact proportions they represent of the Index due to legal restrictions imposed by the governments, a lack of liquidity on stock exchanges or other reasons.

#### *European Benchmark Regulation*

The Benchmark Regulation introduces authorisation and registration requirements for the administrators of benchmarks (as defined in the Benchmark Regulation). These requirements apply from 1 January 2018 however transitional arrangements can be relied upon until 1 January 2020. Updated information, if required, regarding the authorisation and registration of the administrator of any benchmark referred to in this Prospectus shall be provided by 1 January 2020.

In respect of each of the relevant Funds, the ICAV is working with the applicable benchmark administrator for each benchmark used by the Fund to confirm that the benchmark administrators are, or intend to procure that they are, included in the register maintained by ESMA under the Benchmark Regulations.

A plan has been adopted by the ICAV to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the Benchmarks Regulation.

## **6. Risks relating to the operation of the Funds**

### *Charging of Duties and Charges as a Fixed Amount*

Where, pursuant to the provisions of the Prospectus and the relevant Fund Supplement, Duties and Charges are levied in the form of a fixed amount, as the case may be, any excess in the estimated sum for Duties and Charges is retained by the Fund. However, any shortfall in the sum charged in respect of Duties and Charges will be paid out of the assets of the Fund which will result in the reduction in value of the holding for all Investors.

### *Risk of Substantial Redemptions*

Substantial redemptions by Shareholders could require a Fund to liquidate securities positions or other Investments more rapidly than would otherwise be desirable, possibly reducing the value of the relevant Fund's Investments and/or, where relevant, its Index tracking strategy. In particular, substantial redemptions typically require that a representative proportion of a Fund's Investments are liquidated to finance any redemption payments. In circumstances where any of the Funds' Investments are subject to a prolonged limit or other restriction in trading, a suspension or other form of disruption and the relevant Fund is unable to liquidate such Investments, and/or the Fund is unable to liquidate such Investments at prices which the Directors (or their delegates) deem to be their then-current fair or probable realisation value, in order to finance any redemption application that has been accepted, the Fund in question may need to liquidate a higher proportion of its other Investments, pay redemption proceeds out of its cash assets or borrow cash on a temporary basis.

In such circumstances, there is a risk that the fair or probable realisation value determined by the Directors (or their delegates) for a particular illiquid Investment at the point at which any redemption price for Shares in the Fund is determined may subsequently be determined to be less than originally valued, and may in certain circumstances, including but not limited to circumstances where the relevant Investment remains illiquid on a more permanent basis than originally anticipated by the Directors, be determined to have a zero value. Where a Fund has made redemption payments based on a fair or probable realisation value determined for an Investment and the subsequent market value is later determined to be less, the Fund will incur losses. Such losses may be substantial where the aggregate value of redemption requests accepted for the relevant Dealing Day are significant.

Reduction in the size of a Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

In addition, there is a risk that the level of redemptions in a Fund may become such that the remaining Investments of the Fund are not at a level that makes proper management of the Fund viable. In these circumstances, the Investment Manager may, acting in the best interests of remaining Shareholders, sell underlying positions and manage the Fund on a cash basis in anticipation of a decision by the Directors or the Shareholders to terminate the Fund.

#### *Temporary Suspension of Valuation of the Shares and of Sales, Repurchases and Conversions*

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be temporarily suspended. During any suspension it may be difficult for Investors to buy or sell Shares on the secondary market and the secondary market price of Shares may not reflect the Net Asset Value per Share. In the event that the ICAV has to suspend the subscription and/or redemption of Shares of a Fund or Class, or if a stock exchange on which a Fund's underlying investments are traded is closed, it is expected that larger discounts or premiums to the Net Asset Value per Share of the relevant Class could arise.

#### *Lack of Operating History*

The newly formed Funds will have no operating history upon which Investors can evaluate their likely performance.

#### *Potential conflicts relating to determination of probable realisation value*

There is no prohibition on the Depositary, the Administrator, the Investment Manager or any other party related to the ICAV acting as a "competent person" for the purposes of determining the probable realisation value of an asset of a Fund in accordance with the valuation provisions outlined in the section of this Prospectus entitled "*Determination of the Net Asset Value*". Investors should note however, that in circumstances where fees payable by the ICAV to such parties are calculated based on the Net Asset Value of the relevant Fund, a conflict of interest may arise as such fees will increase if the Net Asset Value of the Fund increases. Any such party will endeavour to ensure that such conflicts are resolved fairly and in the best interests of the Investors.

#### *Cyber Security Risk*

Like other business enterprises, the use of the internet and other electronic media and technology exposes the ICAV, the ICAV's service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the ICAV and the Investors, and cause a Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures. A cyber-event may cause the ICAV, a Fund, or the ICAV's service providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a Fund or allow subscriptions or redemptions by Investors) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the ICAV

and the ICAV's service providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund's Investments to lose value.

## **7. Risks relating to the Secondary Market for Shares**

### *Secondary Market for Shares*

While Shares of the Funds may be listed on the Euronext Dublin, it is not expected that an active trading market for such Shares will develop. Although it is contemplated that the Shares of each Fund will be listed for trading on one or more additional Relevant Stock Exchanges, there can be no assurance that an active trading market for such Shares will develop or be maintained. Trading in Shares on a Relevant Stock Exchange may be halted due to market conditions or for reasons that, in the view of the Relevant Stock Exchange, make trading in Shares inadvisable. There can be no assurance that the requirements of the Relevant Stock Exchanges will continue to be met or will remain unchanged.

### *Authorised Participant Concentration Risk*

Only an Authorised Participant may engage in subscription and redemption transactions directly with the ICAV with respect to Shares. A limited number of institutions act as Authorised Participants. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to Shares of a Fund and no other Authorised Participant is able to step forward to create or redeem, in either of these cases, Shares may trade on the Secondary Market at a discount to the Net Asset Value per Share and possibly face delisting.

### *Market Maker Risk*

If a Class of Shares has lower average daily trading volumes, it may rely on a small number of third-party market makers to provide a market for the purchase and sale of such Shares. Any trading halt or other problem relating to the trading activity of these market makers could result in a decrease in the price at which the Shares of the Class are trading on a stock exchange compared with the Class's Net Asset Value per Share. In addition, decisions by market makers or authorised participants to reduce their role or step away from these activities in times of market stress could inhibit the effectiveness of the arbitrage process in maintaining the relationship between the underlying values of a Fund's portfolio securities and the price at which the Shares of the Class are trading on stock exchanges. This reduced effectiveness could result in Shares trading at a discount to the Class's Net Asset Value per Share and also in greater than normal intraday bid-ask spreads for the Shares on exchange.

### *Settlement risk*

A Fund is also subject to the risk of the failure of any of the exchanges on which these instruments are traded or of their clearing houses. The exchanges will have different clearance and settlement procedures and in certain markets, there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlements could result in temporary periods when assets of a Fund are uninvested and no return is earned thereon.

### *Fluctuation of Net Asset Value*

The Net Asset Value of each Fund and Class will generally fluctuate with changes in the market value of such Fund's holdings. The market prices of Shares will generally fluctuate in accordance with changes in Net Asset Value as well as the relative supply of and demand for Shares on the Secondary Market. The Investment Manager cannot predict whether Shares will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces at work in the Secondary Market for Shares will be closely related to, but not identical to, the same forces influencing the prices of the Investments of the Fund trading individually or in the aggregate at any point in time. However, given that the Funds are open-

ended and Shares can generally be purchased and redeemed on demand by Authorised Participants subject to the terms of this Prospectus (unlike shares of closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their net asset value), the Directors believe that large discounts or premiums to the Net Asset Value per Share should not be sustained.

#### *Inaction by Clearstream*

An Investor in Shares will not be a registered Shareholder in the ICAV. Rather, they will hold an indirect beneficial interest in such Shares. The rights of such Investor, where such person is a Clearstream Participant, shall be governed by the terms and conditions applicable to the arrangement between such Clearstream Participant and Clearstream and where the holder of the indirect beneficial interests in the Shares is not a Clearstream Participant, shall be governed by the terms and conditions applicable to their arrangement with their respective nominee, broker, CSD or ICSD (as appropriate, which may be a Clearstream Participant or have an arrangement with a Clearstream Participant). The ICAV will issue any notices and associated documentation to the registered holder of the Shares (i.e. Clearstream), with such notice as is given by the ICAV in the ordinary course when convening general meetings. Clearstream will in turn relay such notices received from the ICAV to Clearstream Participants in accordance with its rules and procedures. Clearstream is contractually bound to collate all votes received from Clearstream Participants and is obligated to vote in accordance with such instructions. The ICAV has no power to ensure that Clearstream relays notices of votes in accordance with the instructions of Clearstream Participants. The ICAV cannot accept voting instructions from any persons other than Clearstream.

#### *Risk to Payments made through Clearstream*

Any dividends declared and any liquidation and mandatory redemption proceeds are paid by the ICAV or its authorised agent to Clearstream (as the registered holder of Shares). Investors, where they are Clearstream Participants, must look solely to Clearstream for their share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the ICAV or, where they are not Clearstream Participants, they must look to their respective nominee, broker, CSD or ICSD (as appropriate, which may be a Clearstream Participant or have an arrangement with a Clearstream Participant) for any share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the ICAV that relates to their investment.

Investors shall have no claim directly against the ICAV in respect of dividend payments and any liquidation and mandatory redemption proceeds due on Shares that are paid to Clearstream and the obligations of the ICAV will be discharged by payment to Clearstream.

#### *Secondary Market – Direct Redemption*

Shares of a Fund purchased on the Secondary Market cannot usually be sold directly back to the ICAV. Investors must buy and sell Shares on a Secondary Market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, Investors may pay more than the current Net Asset Value when buying Shares and may receive less than the current Net Asset Value when selling them. Investors should consult the section of the Prospectus entitled “SECONDARY MARKET DEALING OF SHARES” for details on the limited circumstances where Shares of a Fund purchased on the Secondary Market may be sold directly back to the ICAV.

### **8. Umbrella Structure of the ICAV and cross liability risk**

A Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The ICAV is an umbrella fund with segregated liability between Funds and under Irish law the ICAV generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there

can be no assurance that, should an action be brought against the ICAV in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

## 9. Taxation

Statements in this Prospectus concerning the taxation of Shareholders and Investors, the ICAV or a Fund are based on law and our understanding of the practice of the Revenue Commissioners as at the date of this Prospectus. Any change in the tax status of the ICAV or a Fund, or in accounting standards, or a change in tax legislation or the tax regime, or in the practice relating to, the interpretation or application of tax legislation applicable to the ICAV, a Fund or the Investments of a Fund, could affect the value of the Investments held by the Fund, the Fund's ability to achieve its stated objective, the Fund's ability to provide dividends to Shareholders and/or alter the post-tax returns to Shareholders. It is possible that any legislative changes may have retrospective effect. The information contained in this Prospectus is intended as a guide only and is not a substitute for professional advice. An Investor that is eligible for an exemption from Irish withholding tax is required to provide a Relevant Declaration to the ICAV confirming their status as a condition of obtaining the exemption. Investors are advised to consult their own tax advisors in relation to their personal circumstances and suitability of this investment. Please see the section headed "Taxation".

## 10. Counterparty and credit risk

### *Counterparty Risk to the Depositary*

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

The Depositary shall also be liable to the ICAV and its Shareholders for all other losses suffered by the ICAV and/or its Shareholders as a result of the Depositary's negligent or intentional failure to fully fulfil its obligations pursuant to the Irish Regulations. In the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations, the Depositary may not be liable to the ICAV or its Shareholders for the loss of an asset of a Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary.

The liability of the Depositary is not affected by the fact that it has entrusted the custody of the ICAV's assets to any third party. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation. Local custody services remain underdeveloped in many emerging market countries and there are risks involved in dealing in such markets. In certain circumstances, the Fund may not be able to recover some of its Investments. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title.

As noted above, in the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations, the Depositary may not be liable to the ICAV or its Shareholders for the loss of a financial instrument (as defined in the Irish Regulations) belonging to a Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary. Accordingly, while the liability of the Depositary is not affected by the fact that it has entrusted

the custody of the ICAV's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, a Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Depositary may have no liability.

#### *Counterparty Risk (generally)*

Where a Fund enters into transactions in over-the counter derivative markets or engages in efficient portfolio management transactions (such as repurchase/reverse repurchase transactions and securities lending transactions), this will expose a Fund to the credit of its counterparties and their ability to satisfy the terms of such contacts. The ICAV will typically seek to reduce the credit risk to that counterparty by ensuring the value of such transactions are marked to market on a daily basis and, where a Fund has an exposure to the counterparty, seeking cash collateral or other eligible collateral (of a quality determined to be acceptable for UCITS funds by the Central Bank) from the counterparty where such exposure exceeds the limits prescribed by the Central Bank under the UCITS Regulations. In accordance with standard industry practice, it is the policy of the ICAV to, in relation to each Fund, net exposures against its counterparties therefore limiting potential loss.

In the event of a bankruptcy or other default of a counterparty, a Fund could experience both delays in liquidating any collateral held by it. There is a risk that the value of the collateral may fall below the value of the transaction entered into with the counterparty. A Fund could thus lose money in the event of a decline in the value of the collateral provided or of the investments made with cash collateral. This could have the effect of reducing levels of capital and income in the Fund and could result in lack of access to income during this period as well as the Fund being obliged to incur a degree of expense to enforce its rights.

A Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank. A Fund investing collateral will be exposed to the risk associated with such Investments, such as failure or default of the issuers of the relevant Investments. For example, a Fund may invest cash collateral received in certain money market funds, and it will therefore be exposed to the risk associated with investing in a money market fund such as financial services industry risk.

In addition, a Fund may have to transact with counterparties on standard terms which it may not be able to negotiate and may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction or if the transaction becomes unenforceable due to relevant legislation and regulation or because the contract with the counterparty does not accurately reflect the intention of the parties, is otherwise not documented correctly or is legally unenforceable.

There is also a possibility that ongoing derivative transactions may be terminated unexpectedly as a result of events outside the control of the ICAV, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

#### *Credit Risk*

Each Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default.

The ICAV will seek to reduce a Fund's credit and settlement default risk by ensuring that direct subscriptions for or redemptions of Shares are only made by Authorised Participants and that all such subscriptions and redemptions are settled through a Recognised Clearing and Settlement System on a delivery versus payment basis.

### *European Market Infrastructure Regulation*

A Fund may enter into OTC derivative contracts. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (“EMIR”) establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalised and it is therefore not possible to be definitive, Investors should be aware that certain provisions of EMIR impose obligations on the Funds in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for the Funds include, without limitation, the following:

- (a) clearing obligation: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a “CCP”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
- (b) risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Funds will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost of the Funds pursuing its investment strategy (or hedging risks arising from its investment strategy); and
- (c) reporting obligations: a Fund’s derivative transactions must be reported to a trade depository or the European Securities and Markets Authority. This reporting obligation may increase the costs to the Funds of utilising derivatives.



## THE SHARES

The following is a description of the Classes of Shares offered by the Company. Additional details on the Classes of Shares offered for each Fund can be found in the relevant Fund Supplement.

The purpose proceeds of the various Share Classes of each Fund are invested in one common underlying pool of investments, but the Net Asset Value of each Share Class will be different as a result of the differences in the issue price, fee structure, currency denomination, any hedging arrangements and the applicable distribution policy. ***Fee Structure***

Unless otherwise disclosed in the relevant Fund Supplement, the ICAV has a fee structure where, in respect of each Share Class, fees and expenses are paid as a single fee, referred to as the TER. Further information on the fee structure of the Share Classes is available in the section of this Prospectus titled "Fees, Costs and Expenses".

### **Currency Denomination**

Each Fund may offer Share Classes in the Base Currency or any other relevant currencies as determined by the Directors from time to time and as further disclosed in each relevant Fund Supplement.

### ***Hedging***

Each Fund may offer Hedged (H) Classes and Return Hedged (RH) Classes. All Classes that are not identified as Hedged (H) Classes or Return Hedged (RH) Classes are unhedged currency Share Classes.

The purpose of Hedged (H) Classes is to hedge the currency exposure of some or all of a Fund's investments to the Base Currency of the relevant Fund, while the purpose of Return Hedged (RH) Classes is to hedge the portfolio return against currency risk at a Class level to the Base Currency of the relevant Fund.

The FDIs which may be used by the Funds are forward currency contracts, options on currencies, futures and swaps may be utilised if a Fund engages in such hedging. In circumstances where a Fund may use further techniques and instruments these will be disclosed in the relevant Fund Supplement. Any financial derivative instruments not included in the risk management process will not be used until such time as a revised risk management process has been provided to the Central Bank.

To the extent that hedging is successful, the performance of the Class is likely to move in line with the performance of the Fund's investments. However, there can be no assurance that currency hedging transactions will be effective. Although a Fund may utilise currency hedging transactions in respect of Classes, it shall not be obliged to do so and to the extent that it does employ strategies aimed at hedging certain Classes, there can be no assurance that such strategies will be effective. The costs and related liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular Class of a Fund shall be attributable exclusively to the relevant Class.

Exposure resulting from currency hedging transactions will not be permitted to exceed 105% of the Net Asset Value of the relevant Class and will not be permitted to fall below 95% of the portion of the Net Asset Value of the relevant Class which is to be hedged against currency risk. All transactions will be clearly attributable to the relevant Class and currency exposures of different Classes will not be combined or offset. The ICAV does not intend to have under-hedged or over-hedged positions,

however, due to market movements and factors outside the control of the ICAV, under-hedged and over-hedged positions may arise from time to time. Hedged positions will be kept under review to seek to ensure that over-hedged positions do not exceed 105% of the Net Asset Value of the relevant Class and that under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the relevant Class which is to be hedged against currency risk, such reviews which will seek to ensure that under-hedged positions and hedged positions materially in excess of 100% of the Net Asset Value of the relevant Class are not to be carried forward from month to month. In the event that the hedging in respect of a Class exceeds 105% of the Net Asset Value of the relevant Class or falls short of 95% of the portion of the Net Asset Value of the relevant Class which is to be hedged against currency risk due to market movements or subscriptions/redemptions, the Investment Manager shall adjust such hedging appropriately as soon as possible thereafter.

### ***Distribution and Capitalisation Share Classes***

Shares can be issued as Distribution (DIS) Shares or Capitalisation (CAP) Shares.

The Directors intend to distribute the distributable income attributable to Distribution (DIS) Shares in the manner and frequency described in the relevant Fund Supplement.

No distribution of dividends shall be made in respect of Capitalisation (CAP) Shares and the income attributable to those Shares will be reflected in the value of the Capitalisation (CAP) Shares.

Further information on the distribution policy of the Classes of Shares is available in the section of the Prospectus entitled "Distribution Policy".

### ***Distribution Frequency***

Distribution (DIS) Shares may distribute the distributable income attributable to such Shares on a monthly basis (MD), quarterly basis (QD), semi-annual or annual basis.

## SUBSCRIPTIONS AND REDEMPTIONS

The Funds are exchange-traded funds which means that at least one Class of each Fund is a Class of Shares that is listed and actively traded on one or more stock exchanges. The ICAV may issue Shares of any Class of any Fund and on such terms as it may from time to time determine.

As with other Irish vehicles limited by shares, the ICAV is required to maintain a register of Shareholders.

The settlement of trading in Shares of the Funds is centralised in the ICSD+ settlement structure operated by Clearstream which provides centralised issuance in Clearstream and allows for centralised settlement in the ICSD structure jointly operated by Clearstream and Euroclear. Shares in the Funds will not be issued in Dematerialised Form but no temporary documents of title or share certificates will be issued in respect of Shares. The ICAV will apply for admission for clearing and settlement through Clearstream. Whilst Shares will be issued in Clearstream, settlement will be facilitated within Clearstream, Euroclear and other CSDs which are Clearstream Participants.

Fractional Shares will not be issued.

Each Fund may issue different Classes. **In order for an Investor to be a Shareholder of a Class in a Fund and to exercise the rights associated with being a Shareholder, it must be registered in the ICAV's register of Shareholders.** Investors in Shares should have regard to the sections of the Prospectus entitled "**Meetings and Votes of Shareholders**". All subscriptions and redemptions are dealt on a forward pricing basis (i.e. by reference to the Net Asset Value per Share calculated as at the Valuation Point for the relevant Dealing Day).

The Primary Market is the market on which Shares are issued by the ICAV in respect of applications from Authorised Participants, BNP PARIBAS group entities or entities nominated by the Manager providing seed capital or Authorised Investors or redeemed by the ICAV on instruction from Authorised Participants, BNP PARIBAS group entities or entities nominated by the Manager providing their seed capital or Authorised Investors. Only Authorised Participants and Authorised Investors are able to instruct the subscription or redemption of Shares directly with the ICAV.

There is an obligation on one or more members of the relevant exchange to act as market makers, offering prices at which the Shares can be purchased or sold by Investors on the secondary market. Certain Authorised Participants may also act as market makers. All Authorised Participants are expected to subscribe for Shares in order to be able to offer to buy Shares from or sell Shares to their customers as part of their broker dealer business. Through such Authorised Participants being able to subscribe for or redeem Shares, a liquid and efficient secondary market may develop over time on one or more relevant stock exchanges as they meet secondary market demand for such Shares. Through the operation of such a secondary market, persons who are not Authorised Participants will be able to buy Shares from or sell Shares to other secondary market investors or makers, broker/dealers, or other Authorised Participants.

Any specific terms and conditions and/or procedures and settlement details applicable to the subscription and redemption of Shares of a particular Class which supplement and/or vary the procedures described below will be set out in the relevant Fund Supplement. The Directors reserve the right to issue amended or additional procedures relating to subscription and redemption of Shares, which will be notified to Shareholders in advance.

## SUBSCRIPTIONS

### General

The ICAV (or its delegates) has absolute discretion to accept or reject in whole or in part any subscription for Shares without assigning any reason therefor. The ICAV may impose such restrictions as it believes necessary to ensure that no Shares are acquired by persons who are not Qualified Holders.

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

Applications for subscriptions received by the Administrator for any Dealing Day before the applicable Trade Cut-Off Time will be processed by the Administrator for that Dealing Day. Any applications received after the applicable Trade Cut-Off Time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day (at the discretion of the Directors or their delegates) provided that such applications are received prior to the Valuation Point for such Dealing Day. An application for subscription, if received by the Administrator by the relevant Trade Cut-Off Time, will generally be irrevocable by the applicant and, following acceptance of such application by the ICAV, will generally be binding on both the applicant and the ICAV.

The subscription price of Shares is based on the Net Asset Value per Share together with Duties and Charges and Subscription Fee, if any. The maximum Subscription Fee that can be applied to a Fund is set out in the relevant Fund Supplement.

In circumstances where the exact provision for Duties and Charges cannot be ascertained in sufficient time in advance of the applicable settlement date for the issue of the relevant Shares as specified in the relevant Fund Supplement, the Duties and Charges paid in respect of the subscription may be estimated. In such circumstances, following the acquisition of Investments by the ICAV, the applicant shall reimburse the ICAV for any shortfall in the estimated sum for Duties and Charges received by the ICAV or, as the case may be, the ICAV shall reimburse the applicant for any excess in the estimated sum for Duties and Charges received by the ICAV in a timely manner and no interest shall accrue or be payable by the ICAV in respect of such excess. The applicant shall reimburse the ICAV for any shortfall in the estimated sum for Duties and Charges received by the ICAV in a timely manner and the ICAV may charge the applicant interest or for costs incurred if the applicant fails to reimburse the ICAV in a timely manner.

Where set out in the relevant Fund Supplement, a fixed amount may be charged in respect of Duties and Charges. Following the acquisition of Investments by the Fund, any shortfall in the amount charged in respect of Duties and Charges shall be borne by the Fund and any excess in the estimated sum for Duties and Charges shall be retained by the Fund.

In the context of each application for subscription for Shares, the Manager (or its appointed delegate) shall have sole discretion as to whether Duties and Charges are charged as a fixed amount or charged to match the exact cost to the ICAV of purchasing the relevant underlying Investments.

The ICAV may charge a Subscription Fee as set out in the relevant Fund Supplement which may be waived in whole or in part at the discretion of the ICAV and/or the Manager (or its appointed delegates).

The Administrator and/or the ICAV reserves the right to request further details from an applicant for Shares. Each applicant must notify the Administrator of any change in their details and furnish the ICAV with whatever additional documents relating to such change as it may request. Amendments to an applicant's registration details and payment instructions will only be effected upon receipt by the Administrator of original documentation signed by the authorised signatories on the account.

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

The Trade Cut-Off Time and the Settlement Time for all subscriptions are set out below unless set out in the relevant Fund Supplement.

### **Shares (Primary Market) - Subscriptions**

Only Authorised Participants and Authorised Investors may instruct a subscription for Shares directly with the ICAV.

During any Initial Offer Period determined by the Directors in relation to each Class of Shares, such Shares will be offered at an Initial Offer Price, as set out in the relevant Fund Supplement. Outside of the Initial Offer Period, Shares may be applied for by Authorised Participants or Authorised Investor on each Dealing Day at the Net Asset Value per Share plus Duties and Charges and a Subscription Fee where set out in the relevant Fund Supplement.

Authorised Participants, given the nature of the settlement model for Shares, will not appear on the register of Shareholders. However, Authorised Participants will have rights as beneficial holders of Shares. Authorised Participants who are Participants may exercise their rights as beneficial owners in accordance with the terms and conditions applicable to the arrangement between them, in their capacity as a Participant, and Euroclear or Clearstream (as relevant). Authorised Participants who are not Participants may exercise their rights as beneficial owners in accordance with the terms and conditions applicable to the arrangement between them and their respective nominee, broker or Central Securities Depository (as appropriate) which may be a Participant or have an arrangement with a Participant.

#### *(Primary Market) - Subscription Procedure*

All applicants, being Authorised Participants, applying for the first time to create Shares in any Fund must first enter into an Authorised Participant Agreement with the ICAV or the Manager which may be obtained from the Investment Manager and complete an Application Form obtained from the Administrator that shall be submitted to the Administrator by fax, or pdf attached to any email as agreed with the Administrator with the original to follow promptly by post to the Administrator. No Shares shall be issued or redeemed until the Investor has evidenced to the Administrator the execution of an Authorised Participant Agreement with the ICAV or the Manager and completed and delivered an original Application Form and supporting anti-money laundering documentation as described below. The ICAV has absolute discretion to accept or reject any Authorised Participant Agreement.

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

The Administrator reserves the right to request further details or evidence of identity from an applicant for Shares. Authorised Participants must provide such declarations as are reasonably required by the ICAV, including, without limitation, declarations as to matters of Irish and US taxation. In this regard, Authorised Participants should take into account the considerations set out in the sections entitled "Declaration as to Status of Investor" and "Taxation".

Once the Authorised Participant Agreement and supporting anti-money laundering documentation has been processed by the Administrator and accepted by, or on behalf of, the ICAV, an applicant may submit a dealing request to subscribe for Shares in a Fund by an electronic order entry facility or by submitting a dealing form via email or facsimile to the Administrator. Dealing forms may be obtained from the Administrator. The use of the electronic order entry facility is subject to the prior

consent of the Investment Manager or the Administrator and must be in accordance with and comply with the requirements of the Central Bank. Telephone calls may be recorded. Subscription orders are subject to the Trade Cut-Off Time. Deal instructions received after the Trade Cut-Off Time may be accepted for that Dealing Day, at the discretion of the Directors or their delegate, in exceptional circumstances, provided they are received prior to the Valuation Point.

All applications are at the applicant's own risk. Dealing forms and dealing requests, once submitted, shall be irrevocable save with the consent of the Directors or their delegate (which may be withheld at their discretion). The ICAV, the Manager, the Investment Manager and the Administrator shall not be responsible for any losses arising in the transmission of Authorised Participant Agreements and dealing forms or for any losses arising in the transmission of any dealing request by facsimile or through the electronic order entry facility.

The ICAV has absolute discretion to accept or reject in whole or in part any subscription for Shares without assigning any reason therefor.

#### *(Primary Market) – Cash Subscriptions*

Subscription orders for Shares will normally be accepted in amounts equal to, or at least, the Minimum Subscription Amount listed for each of the Funds in the relevant Fund Supplement.

During any Initial Offer Period determined by the Directors in relation to each Class of Shares, such Shares will be offered at an Initial Offer Price, as set out in the relevant Fund Supplement. Outside of the Initial Offer Period, Shares may be subscribed for by Authorised Participants on each Dealing Day at the Net Asset Value per Share plus Duties and Charges and a Subscription Fee where set out in the relevant Fund Supplement.

Cash subscriptions shall be made in the relevant Class Currency.

The Trade Cut-Off Time and the Settlement Time for all subscriptions are as set out in the relevant Fund Supplement.

#### *Directed Transactions*

In connection with cash subscriptions for Shares, where agreed in advance with the ICAV (or its appointed delegate), an Authorised Participant may request that the ICAV (on behalf of the relevant Fund) enter into a transaction for the purchase of the underlying relevant Investments with the Authorised Participant or one or more brokers designated by such Authorised Participant (each, an “**AP Designated Broker**”) and/or in one or more particular markets (each such transaction, a “**Directed Transaction**”). The ability to avail of the Directed Transaction facility shall at any time be at the sole discretion of the ICAV (or its appointed delegate).

If any Authorised Participant wishes to avail of the Directed Transaction facility, the Authorised Participant is required to indicate its preference to avail of the Directed Transaction facility at the point of application and, prior to the applicable Trade Cut-Off Time (and in accordance with the procedures established by the ICAV (or its appointed delegate)), contact both the Investment Manager and the relevant portfolio trading desk of the AP Designated Broker to arrange the Directed Transaction.

If an application for a cash subscription for Shares is accepted on the basis that a Directed Transaction will be permitted, as part of the Authorised Participant's settlement obligations, the Authorised Participant shall be responsible for ensuring that the AP Designated Broker transfers to the ICAV (via the Depository) the relevant underlying Investments. For the avoidance of doubt, Duties and Charges shall reflect the cost to the ICAV of purchasing the relevant underlying Investments in connection with a subscription for Shares, whether the relevant underlying Investments in connection with the relevant subscription for Shares are purchased solely from the AP Designated Broker or some of such Investments are purchased from other brokers selected by the Investment Manager (for example, where not all of the relevant underlying Investments are

available for purchase from the AP Designated Broker). The ICAV, the Manager, the Investment Manager and the Administrator (and their respective delegates) shall not be responsible, and shall have no liability, if the execution of a Directed Transaction with an AP Designated Broker and, by extension, an Authorised Participant's subscription application, is not carried out due to an omission, error, failed or delayed trade or settlement on the part of the Authorised Participant or the AP Designated Broker.

#### *Failure to settle*

In the event that (i) in respect of a cash subscription, an Authorised Participant fails to deliver the required cash within the Settlement Time specified in the relevant Fund Supplement, or (ii) in respect of a cash subscription resulting in a Directed Transaction, an Authorised Participant fails to deliver the required cash within the Settlement Time specified in the relevant Fund Supplement or the AP Designated Broker fails to transfer to the ICAV (via the Depositary) the relevant underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), the ICAV and/or the Manager (or its appointed delegate) reserves the right to cancel the relevant subscription application.

The ICAV (or its appointed delegate) may, in its sole discretion where it believes it is in the best interest of the relevant Fund, decide not to cancel a subscription and provisional allotment of Shares where an Authorised Participant has failed to deliver the required cash within the Settlement Time specified in the relevant Fund Supplement. In such circumstances, the ICAV may temporarily borrow an amount equal to the subscription price and invest the amount borrowed in accordance with the investment objective and policies of the relevant Fund. The ICAV reserves the right to charge the relevant Authorised Participant for any interest or other costs incurred by the ICAV as a result of this borrowing.

In the context of a cash subscription resulting in a Directed Transaction, should an AP Designated Broker fail to transfer to the ICAV (via the Depositary) the relevant underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), the ICAV (or its appointed delegate) shall have the right to cancel the Directed Transaction (or relevant part thereof) and transact with one or more alternative brokers and to charge the relevant Authorised Participant for any interest, penalties or other costs incurred by the ICAV relating to the failed Directed Transaction (or relevant part thereof) and any new transactions entered into with alternative brokers.

The Authorised Participant shall indemnify the ICAV for any loss suffered by the ICAV as a result of (i) in the context of a cash subscription, any failure or delay by the Authorised Participant in delivering the required cash including, but not limited to, all costs of whatever nature incurred by a Fund in purchasing Investments in anticipation of receipt, from the Authorised Participant of the required cash payable in respect of a cash subscription or (ii) in the context of a cash subscription resulting in a Directed Transaction, any failure by an AP Designated Broker to transfer to the ICAV (via the Depositary) the relevant underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), including, but not limited to, any market exposure, interest charges, penalties, and other costs of whatever nature suffered by the ICAV (including, but not limited to, the cost of borrowing and/or the costs associated with cancelling the Directed Transaction (or any relevant part thereof) and entering into new transactions with alternative brokers, each as referred to above). The Authorised Participant will be required to promptly reimburse the ICAV on demand. The ICAV will have the right to cancel the provisional allotment of Shares and/or sell or redeem all or part of the Authorised Participant's holding of Shares in the Fund (or in any other Fund) in order to meet some or all of these costs.

#### *(Primary Market) – In Specie Subscriptions*

Authorised Participants may subscribe for Shares *in specie* (i.e. by the transfer of Investments or predominantly Investments to the ICAV) only when agreed in advance with the ICAV or where specified in the relevant Fund Supplement.

The ICAV and/or the Manager will publish the Portfolio Composition File for each Class setting out the Investments and/or the anticipated Cash Component to be delivered by Authorised Participants in order to subscribe for Shares *in specie*. Only Investments which form part of the investment objective and policy of a Fund will be included in the Portfolio Composition File. The weightings and holdings of the Portfolio Composition File may differ from time to time. The ICAV receives the calculation of this data from third parties. The provider of the Portfolio Composition File and the ICAV do not make any representation or warranty regardless of which formats the Portfolio Composition File is provided as to the accuracy of the information and shall not be liable for any damages resulting from the use of such information or any error in the information. For the avoidance of doubt, Authorised Participants may deliver Investments which are not included in the Portfolio Composition File provided that such Investments are consistent with the investment objective and policy of the relevant Fund and any costs involved in aligning a Fund's portfolio as a result are paid by the relevant Authorised Participant.

Investments delivered in connection with *in specie* subscription requests shall be valued in accordance with the provisions of this Prospectus.

Subscription orders will normally be accepted in amounts equal to or at least the value of the Creation Unit specified in the relevant Fund Supplement.

During any Initial Offer Period determined by the Directors in relation to each Class of Shares, such Shares will be offered at price applicable to in-kind subscriptions, as set out in the relevant Fund Supplement. Outside of the Initial Offer Period, Shares may be subscribed for on each Dealing Day at the Net Asset Value per Share plus Duties and Charges, the relevant *in specie* transaction fee which shall not exceed 5% of the Net Asset Value of Shares subscribed for on an *in specie* subscription (as the same may be waived or lowered by the Manager either generally or in any particular case) and a Subscription Fee where set out in the relevant Fund Supplement.

Duties and Charges applicable may, following completion of the transaction, result in a negative balance to be charged to, and required to be paid by, the relevant Authorised Participant. Conversely, any positive balance resulting from the aggregate Duties and Charges arising in connection with a completed cash or partial-cash transaction shall be refunded to the Authorised Participant by the relevant Fund.

#### *Settlement period*

Settlement for Shares comprising a Creation Unit must be made through a Recognised Clearing and Settlement System and must be made within two Business Days following the Dealing Day for which the application for subscription is accepted unless otherwise stated. The settlement period may vary depending upon the standard settlement periods of the different stock exchanges on which the Shares are traded and the nature of the securities comprising the Portfolio Composition File but shall not in any event exceed ten Business Days from the relevant Dealing Day.

#### *Failure to settle*

In the event that an Authorised Participant fails to deliver to the Depositary one or more of the securities comprising the Portfolio Composition File by the designated time, the ICAV or its delegate may reject the application for subscription, or may require the Authorised Participant to pay a fee at least equal to the closing value of such undelivered securities on the Valuation Date for the relevant Dealing Day. On the payment of such amounts, the relevant Creation Unit will be issued. In the event that the actual cost to the ICAV of acquiring the securities (including any Duties and Charges) exceeds the aggregate of the value of such securities on the Valuation Date for the relevant Dealing Day, the *in specie* transaction fee and, if applicable, the Duties and Charges paid by the Authorised Participant, the Authorised Participant will be required to promptly reimburse the ICAV the difference on demand. The ICAV will have the right to sell or redeem all or part of the Authorised Participant's holding of Shares in the Fund (or in any other Fund) in order to meet some or all of these charges.



### *Failure to settle*

In the event that an applicant fails to deliver to the Depositary one or more of the Investments to be delivered in connection with the *in specie* subscription request by the designated time, the ICAV or its delegate may reject the application for subscription, or may require the applicant to pay a fee at least equal to the closing value of such undelivered Investments on the Valuation Date for the relevant Dealing Day. In the event that the actual cost to the ICAV of acquiring the Investments (including any Duties and Charges) exceeds the aggregate of the value of such Investments on the Valuation Date for the relevant Dealing Day, the *in specie* transaction fee and, if applicable, the Duties and Charges paid by the applicant, the applicant will be required to promptly reimburse the ICAV the difference on demand. The ICAV will have the right to sell or redeem all or part of the applicant's holding of Shares in the Fund (or any other Fund) in order to meet some or all of these charges.

## REDEMPTIONS

### General

Shares may be redeemed on every Dealing Day (save during any period when the calculation of the Net Asset Value is suspended) at the Net Asset Value per Share less any Duties and Charges and Redemption Fee, if any.

Applications for redemptions received by the Administrator for any Dealing Day before the relevant Trade Cut-Off Time will be processed by the Administrator for that Dealing Day by reference to the Net Asset Value per Share. Any applications received after the Trade Cut-Off Time will normally be held over until the next Dealing Day but may be accepted for dealing on the relevant Dealing Day (at the discretion of the Directors or their delegates) provided that such applications are received prior to the Valuation Point for such Dealing Day.

No redemption will be made until the applicant has completed and delivered to the Administrator a redemption request and satisfied all the requirements of the Directors and the Manager as to such applicant's redemption request. Redemption requests shall (save as determined by the Manager) be irrevocable by the applicant and, following acceptance of such application by the ICAV, will be binding on both the applicant and the ICAV and shall be sent by post, fax or electronic means (where such means have the prior approval of the Central Bank) including electronic ordering platform or pdf attached to any email as may be permitted by the Directors in consultation with the Manager and agreed with the Administrator. Redemption orders sent by facsimile will be at the risk of the redeeming Shareholder. The Administrator will not make redemption payments to third parties and will not pay redemption proceeds until an original Application Form has been received from the redeeming Shareholder and all anti-money laundering procedures have been completed. Should the Shareholder wish for redemption payments to be made into an account other than that specified in the original Application Form, then the Shareholder must submit an original request in writing to the Administrator prior to, or at the time of, the redemption request. The proceeds redemption request received by the Administrator will only be paid to the account of record of the redeeming Shareholder.

Typically, where an Investor redeems Shares on an *in specie* basis, redemptions will be paid on an *in specie* basis, at the discretion of the ICAV, with the consent of the Shareholder, and subject as set out in the next proceeding paragraph.

If a Shareholder (which has originally subscribed for Shares in cash) requests redemption of Shares representing 5% or more of the Net Asset Value of a Fund, the Fund may elect to satisfy that redemption request *in specie* and will, if requested by the redeeming Shareholder(s) (and at the risk and cost of that Shareholder(s)), sell assets at the redeeming Shareholder(s) request.

If total redemption requests for a particular Fund on any Dealing Day represent: (i) 10% or more of the Net Asset Value of a Fund or of the total number of Shares of a Fund; or (ii) 50 million Euro or its equivalent in any other currency, each redemption request in respect of Shares in such Fund may, at the discretion of the Manager, be reduced rateably so that the total number of Shares of such Fund for redemption on that Dealing Day shall not exceed 10% of the Net Asset Value or of the total number of Shares of such Fund. Any part of a redemption request to which effect is not given by reason of the exercise of this power by the Manager shall be treated as if a request had been made in respect of the next Dealing Day and each succeeding Dealing Day (in relation to which the Manager shall have the same power) until the original requests have been satisfied in full.

The redemption price of Shares is based on the Net Asset Value per Share less any Duties and Charges and Redemption Fee, if any.

In circumstances where the exact provision for Duties and Charges cannot be ascertained in sufficient time in advance of the applicable settlement date for the redemption of the relevant Shares as specified in the relevant Fund Supplement, the Duties and Charges paid in respect of the redemption may be estimated. In such circumstances, following the disposal of Investments by the

ICAV, the redeeming Shareholder shall reimburse the ICAV for any shortfall in the estimated sum for Duties and Charges deducted by the ICAV from the redemption price or, as the case may be, the ICAV shall reimburse the redeeming Shareholder for any excess in the estimated sum for Duties and Charges deducted by the ICAV from the redemption price. The ICAV shall reimburse the redeeming Shareholder for any excess in the estimated sum for Duties and Charges deducted by the ICAV from the redemption price in a timely manner and no interest shall accrue or be payable by the ICAV in respect of such excess. The redeeming Shareholder shall reimburse the ICAV for any shortfall in the estimated sum for Duties and Charges deducted by the ICAV from the redemption price in a timely manner and the ICAV may charge the redeeming Shareholder interest or for costs incurred if the applicant fails to reimburse the ICAV in timely manner.

Where set out in the relevant Fund Supplement, a fixed amount may be charged in respect of Duties and Charges. The maximum level of such amount, which shall be expressed as a percentage of the Net Asset Value of Shares being redeemed, shall be specified in the relevant Fund Supplement of the Net Asset Value of Shares being redeemed. Following the disposal of Investments by the Fund, any shortfall in the amount charged in respect of Duties and Charges shall be borne by the Fund and any excess in the estimated sum for Duties and Charges shall be retained by the Fund.

In the context of each application for redemption of Shares, the Manager (or its appointed delegate) shall have sole discretion as to whether Duties and Charges are charged as a fixed amount or charged to match the exact cost to the ICAV of selling the relevant underlying Investments.

The ICAV may charge a Redemption Fee as set out in the relevant Fund Supplement which shall not exceed 3% of the Net Asset Value of the Shares being redeemed and which may be waived in whole or in part at the discretion of the ICAV and/or the Manager (or its appointed delegates).

The Trade Cut-Off Time and the Settlement Time for all redemptions are as set out below unless set out in the relevant Fund Supplement.

#### **(Primary Market) –Redemptions**

Only Authorised Participants and Authorised Investors may apply to redeem Shares directly with the ICAV.

Authorised Participants and Authorised Investors may apply to redeem Shares directly with the ICAV at the Net Asset Value per Share (and after taking account of any Duties and Charges and Redemption Fee) for any Dealing Day in accordance with the procedures set out in this Prospectus.

#### ***(Primary Market) - Cash Redemptions***

Applications for redemption of Shares will normally be accepted in amounts equal to, or at least, the Minimum Redemption Amount listed for each of the Funds in the relevant Fund Supplement.

Shares may be redeemed on each Dealing Day at the Net Asset Value per Share as adjusted for Duties and Charges and any Redemption Fee (where set out in the relevant Fund Supplement).

In the event that the ICAV has notified all Relevant Stock Exchanges that an affected Fund is open for direct redemptions with the ICAV by Investors other than Authorised Participants, then the Minimum Redemption Amounts listed in the relevant Fund Supplement will not apply.

Any requests for details regarding redemptions should be made in advance of the Trade Cut-Off Time in accordance with any procedures prescribed by the ICAV (or its delegate) from time to time.

#### ***Directed Transactions***

In connection with cash redemptions for Shares, where agreed in advance with the ICAV (or its appointed delegate), an Authorised Participant may request that the ICAV (on behalf of the relevant Fund) enter into a transaction for the sale of the underlying relevant Investments with the Authorised Participant or one or more brokers designated by such Authorised Participant (each, an “**AP**”).

**Designated Broker**") and/or in one or more particular markets (each such transaction, a "**Directed Transaction**"). The ability to avail of the Directed Transaction facility shall at any time be at the sole discretion of the ICAV (or its appointed delegate).

If any Authorised Participant wishes to avail of the Directed Transaction facility, the Authorised Participant is required to indicate its preference at the point of application and, prior to the applicable Trade Cut-Off Time (and in accordance with the procedures established by the ICAV (or its appointed delegate)), contact both the Investment Manager and the relevant portfolio trading desk of the AP Designated Broker to arrange the Directed Transaction.

If an application for a cash redemption of Shares is accepted on the basis that a Directed Transaction will be permitted, as part of the Authorised Participant's settlement obligations, the Authorised Participant shall be responsible for ensuring that the AP Designated Broker purchases the relevant underlying Investments from the ICAV. For the avoidance of doubt, Duties and Charges shall reflect the cost to the ICAV of disposing of the relevant underlying Investments in connection with a redemption of Shares whether the relevant underlying Investments in connection with the relevant redemption for Shares are sold solely to the AP Designated Broker or some of such Investments are sold to other brokers selected by the Investment Manager (for example, where not all of the relevant underlying Investments can be sold to the AP Designated Broker). The ICAV, the Manager, the Investment Manager and the Administrator (and their respective delegates) shall not be responsible, and shall have no liability, if the execution of a Directed Transaction with an AP Designated Broker and, by extension, an Authorised Participant's redemption application, is not carried out due to an omission, error, failed or delayed trade or settlement on the part of the Authorised Participant or the AP Designated Broker.

#### *Failure to settle*

In the event that (i) in respect of a cash redemption, an Authorised Participant fails to deliver the required number of Shares within the Settlement Time specified in the relevant Fund Supplement, or (ii) in respect of a cash redemption resulting in a Directed Transaction, an Authorised Participant fails to deliver the required number of Shares within the Settlement Time specified in the relevant Fund Supplement or the AP Designated Broker fails to purchase from the ICAV the underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), the ICAV (or its appointed delegate) reserves the right to cancel the relevant redemption application or postpone the settlement of the relevant redemption application until after such time as (i) in the context of a cash redemption, the ICAV has received the required number of Shares from the Authorised Participant, or (ii) in the context of a cash redemption resulting in a Directed Transaction, the AP Designated Broker has purchased from the ICAV the underlying Investments in their entirety.

In the context of a cash redemption resulting in a Directed Transaction, should an AP Designated Broker fail to purchase from the ICAV the relevant underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), the ICAV (or its appointed delegate) shall have the right to cancel the Directed Transaction (or relevant part thereof) and transact with one or more alternative brokers and to charge the relevant Authorised Participant for any interest or other costs incurred by the ICAV relating to the failed Directed Transaction (or relevant part thereof) and any new transactions entered into with alternative brokers.

The Authorised Participant shall indemnify the ICAV for any loss suffered by the ICAV as a result of (i) in the context of a cash redemption, any failure or delay by the Authorised Participant in delivering the required number of Shares including, but not limited to, all costs of whatever nature incurred by a Fund in disposing of Investments from the Authorised Participant of the required Shares payable in respect of a cash redemption or (ii) in the context of a cash redemption resulting in a Directed Transaction, any failure by an AP Designated Broker to purchase from the ICAV the relevant underlying Investments (or part thereof) within the Settlement Time prescribed by the ICAV (or its appointed delegate), including, but not limited to, any market exposure, interest charges and other costs of whatever nature suffered by the ICAV (including, but not limited to, the cost of borrowing and/or the costs associated with cancelling the Directed Transaction (or any relevant part thereof)

and entering into new transactions with alternative brokers, each as referred to above). The Authorised Participant will be required to promptly reimburse the ICAV on demand. The ICAV will have the right to sell or redeem all or part of the Authorised Participant's holding of Shares in the Fund (or in any other Fund) in order to meet some or all of these costs.

#### *(Primary Market) - in specie redemptions*

Authorised Participants may redeem Shares *in specie* only when agreed in advance with the ICAV or where specified in the relevant Fund Supplement.

The minimum number of Shares that may be redeemed in specie is equivalent to one Creation Unit. Applications for redemption of Shares will only be accepted from Authorised Participants and will normally be accepted in amounts as equal to or at least the value of the relevant Creation Unit.

The ICAV and/or the Manager will publish the Portfolio Composition File to the attention of Authorised Participants for each Class setting out the Investments and/or the anticipated Cash Component to be delivered by the ICAV in order to effect a redemption in specie. Only Investments which form part of the investment objective and policy of a Fund will be included in the Portfolio Composition File. The weightings and holdings of the Portfolio Composition File may differ from time to time. The ICAV receives the calculation of this data from third parties. The provider of the Portfolio Composition File and the ICAV do not make any representation or warranty regardless of which formats the Portfolio Composition File is provided as to the accuracy of the information and shall not be liable for any damages resulting from the use of such information or any error in the information. Typically, the ICAV will deliver to the Authorised Participant a portion of all assets comprising the relevant Fund's portfolio on a pro-rata basis, though the Manager may determine otherwise in the best interests of the remaining Shareholders in the relevant Fund.

#### *Redemption price*

The redemption price will be the aggregate of the Net Asset Value per Share on the relevant Dealing Day of the Shares comprising the Creation Unit less the aggregate of (a) in respect of each Creation Unit, the relevant in specie transaction fee which shall not exceed 5% of the Net Asset Value of Shares redeemed (as the same may be waived or lowered by the Manager either generally or in any particular case), (b) Duties and Charges, and (c) if applicable, any Redemption Fee.

The redemption price per Creation Unit will be payable by transferring to the order of the ICAV the securities comprising the Portfolio Composition File, less a cash amount equal to the relevant in specie transaction fee and any applicable Duties and Charges and any applicable Redemption Fee (where set out in the relevant Fund Supplement).

#### *Settlement period*

The standard settlement period for in specie redemptions is two Business Days following the Dealing Day on which the application for redemption is accepted but may vary depending upon the standard settlement periods of the different stock exchanges on which the Shares and the underlying securities of the Fund are traded. Notwithstanding the foregoing the settlement period for payment of in specie redemption proceeds should not exceed ten Business Days. Any cash to be paid in respect of an in specie redemption will be for value on the same day as settlement of the securities.

#### *Partial cash settlement*

The ICAV may, in its absolute discretion, satisfy part of the application for in specie redemption in cash, for example in cases in which it believes that an Investment held by a Fund is unavailable for delivery or where it believes that an insufficient amount of that security is held for delivery to the applicant for redemption in specie.

#### *Failure to settle*

In the event that an Authorised Participant fails to deliver to the Depositary such number of Shares that at least equates in value to the Minimum Redemption Amount by the designated time, the ICAV may cancel the request for redemption and the Authorised Participant shall indemnify the ICAV for any loss suffered by the Fund as a result of a failure by the Authorised Participant to deliver the Shares by the relevant time. The ICAV will have the right to sell or redeem all or part of the Authorised Participant's holding of Shares in the Fund (or in any other Fund) in order to meet some or all of these charges.

## SECONDARY MARKET DEALING OF SHARES

### General

Shares may also be acquired or purchased through the secondary market.

**Investors may pay more than the then current Net Asset Value per Share when buying Shares on the secondary market and may receive less than the then current Net Asset Value per Share when selling Shares on the secondary market.**

The price of any Shares traded on the secondary market will depend, inter alia, on market supply and demand as well as other factors such as prevailing financial market, corporate, economic and political conditions.

**Shares of a Fund purchased on the Secondary Market cannot usually be sold directly back to the ICAV. Investors must buy and sell Shares on a Secondary Market with the assistance of an intermediary (e.g. a broker) and may incur fees for doing so.**

Shares may be purchased or sold on the Secondary Market by all Investors through relevant Recognised Stock Exchange on which the Shares are admitted to trading or over the counter.

It is expected that the Shares of the Funds will be listed on one or more Recognised Stock Exchanges. The purpose of the listing of the Shares on stock exchange is to enable Investors to buy and sell Shares on the Secondary Market, normally via a broker/dealer or third party administrator, in smaller quantities than would be possible if they were to subscribe and/or redeem Shares through the ICAV in the Primary Market. In accordance with the requirements of the relevant recognised stock exchange, market-makers (which may or may not be an Authorised Participant) are expected to provide liquidity and bid and offer prices to facilitate the Secondary Market trading of the Shares.

All Investors wishing to purchase or sell Shares of a Fund on the Secondary Market should place their orders via their broker. Orders to purchase Shares in the Secondary Market through the recognised stock exchanges, or over the counter, may incur brokerage and/or other costs which are not charged by the ICAV and over which the ICAV has no control. Such charges are publicly available on the recognised stock exchanges on which the Shares are listed or can be obtained from stock brokers. Investors in Shares, given the nature of the settlement model for Shares, will not be recorded on the register of Shareholders. However, Investors will have rights as beneficial holders of the relevant Shares. Investors who are Clearstream Participants may exercise their beneficial ownership rights by means of their arrangement with Clearstream or Euroclear (as relevant). Investors who are not Clearstream Participants may exercise their beneficial ownership rights by means of their arrangement with their respective nominee, broker or CSD (as appropriate) which may be a Clearstream Participant or have an arrangement with a Clearstream Participant.

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

The market price of a Share listed or traded on a stock exchange may not reflect the Net Asset Value per Share of a Fund. The price of any Shares traded on the Secondary Market will be determined by the market and prevailing economic conditions which may affect the value of the underlying assets. Any transactions in the Shares of a Fund on a stock exchange will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the relevant stock exchange. There can be no guarantee that once the Shares are listed on a stock exchange they will remain listed. Investors wishing to purchase or sell Shares on the Secondary Market should contact their broker.

If the stock exchange value of the Shares of a Fund significantly varies from its Net Asset Value, Shareholders who have acquired their Shares (or, where applicable, any right to acquire a Share that was granted by way of distributing a respective Share) on the Secondary Market shall be allowed to sell them directly back to the ICAV. For example, this may apply in cases of market disruption

such as the absence of a market maker. In such situations, information shall be communicated to the regulated market indicating that the ICAV is open for direct redemptions at the level of the ICAV. Investors should then contact the Administrator regarding the process to be followed to redeem their Shares in these circumstances. In such circumstances, Shares may be redeemed at the Net Asset Value per Share less Duties and Charges.

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

### **Secondary Market Redemptions**

**Shares of a Fund purchased on the Secondary Market cannot usually be sold directly back to the ICAV. Investors must buy and sell Shares on a Secondary Market with the assistance of an intermediary (e.g. a broker) and may incur fees for doing so.**

However, there are limited circumstances where Investors other than Authorised Participants will be permitted to redeem their shareholding directly with the ICAV.

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

If, in the view of the ICAV, a Secondary Market Disruption Event exists, the ICAV will issue a “**Non-AP Buy-Back Notice**” and announcement(s) on the Relevant Stock Exchanges containing the terms of acceptance, minimum redemption amount and contact details for the buy-back of Shares.

The ICAV’s agreement to buy back any Shares is conditional on the Shares being delivered back into the account of the Administrator at Clearstream or at Euroclear and relevant confirmations given by Clearstream or Euroclear. The redemption request will be accepted only on delivery of the Shares.

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

Redemption orders will be processed on the Dealing Day on which the Shares are received back into the account of the Administrator by the Trade Cut-Off Time less any applicable Duties and Charges and other reasonable administration costs, provided that the completed buy-back request has also been received.

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

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



## **Clearing and Settlement**

The settlement of trading in Shares of the Funds is centralised in the ICSD+ settlement structure operated by Clearstream which provides centralised issuance in Clearstream and allows for centralised settlement in the ICSD structure jointly operated by Clearstream and Euroclear. Shares in the Funds will not be issued in Dematerialised Form but no temporary documents of title or share certificates will be issued in respect of Shares. The ICAV will apply for admission for clearing and settlement through Clearstream. Whilst Shares will be issued in Clearstream, settlement will be facilitated within Clearstream, Euroclear and other CSDs which are Clearstream Participants.

Under the ICSD+ settlement model, all Shares in the Funds will settle in Clearstream or may be settled within Euroclear or other CSDs that are Clearstream Participants. Accordingly, an investor will either hold its beneficial interests in Shares within Clearstream (as a Clearstream Participant) or within Euroclear or other CSDs which are Clearstream Participants.

A purchaser of interests in Shares in the Funds will not be a registered Shareholder in the ICAV, but will hold an indirect beneficial interest in such Shares. Legal title to the Shares of the Funds will be held by Clearstream as the registered holder of the Shares. The rights of the holder of the indirect beneficial interests in the Shares, where such person is a Clearstream Participant, shall be governed by the terms and conditions applicable to the arrangement between such Clearstream Participant and Clearstream and where the holder of the indirect beneficial interests in the Shares is not a Clearstream Participant, shall be governed by their arrangement with their respective nominee, broker, CSD or ICSD (as appropriate) which may be a Clearstream Participant or have an arrangement with a Clearstream Participant. The extent to which, and the manner in which, Clearstream Participants may exercise any rights arising in relation to the Shares will be determined by the respective rules and procedures of Clearstream.

All references herein to actions by holders of Shares will refer to actions taken by Clearstream as registered Shareholder of the Shares following instructions from Clearstream Participants. All distributions, notices, reports, and statements issued to Clearstream (as the registered Shareholder) by the ICAV shall be distributed by Clearstream to the Clearstream Participants in accordance with Clearstream's procedures.

Shares will be transferable in accordance with applicable laws, any rules and procedures issued by Clearstream and this Prospectus. Beneficial interests in such Shares will only be transferable in accordance with the rules and procedures for the time being of the relevant nominee, broker, CSD or ICSD (as appropriate) through whom an Investor holds their beneficial interest in Shares and this Prospectus.

### **Clearstream and underlying CSDs or ICSD**

Each Clearstream Participant must look solely to Clearstream for documentary evidence of the amount of such Clearstream Participant's interests in any Shares. Any certificate or other document issued by Clearstream, as to the interest in such Shares standing to the account of any person shall be conclusive and binding as accurately representing such records. Each Clearstream Participant must look solely to Clearstream for such Clearstream Participant's (and therefore any person with an interest in the Shares) portion of each payment or distribution made by the Funds to or on the instructions of Clearstream and in relation to all other rights arising under the Shares.

Clearstream Participants shall have no claim directly against the ICAV, the Funds or any other person (other than Clearstream) relating to payments or distributions due in respect of the Shares which are made by the ICAV or the Funds to or on the instructions of Clearstream and such obligations of the ICAV shall be discharged thereby.

The ICAV or its duly authorised agent may from time to time require the holder of the indirect beneficial interest in the Shares to provide them with information relating to: (a) the capacity in which they hold an interest in Shares; (b) the identity of any other person or persons then or previously interested in such Shares; (c) the nature of any such interests; and (d) any other matter where

disclosure of such matter is required to enable compliance by the ICAV with applicable laws or the constitutional documents of the ICAV.

The ICAV or its duly authorised agent may from time to time request Clearstream to provide the ICAV with certain details in relation to Clearstream Participants that hold interests in Shares in each Fund including (but not limited to): ISIN, Clearstream Participant name, Clearstream Participant type (e.g. fund/bank/individual), residence of Clearstream Participant, number of ETFs and holdings of the Clearstream Participant within Clearstream, including which Funds, types of Shares and the number of such interests in the Shares held by each such Clearstream Participant, and details of any voting instructions given and the number of such interests in the Shares held by each such Clearstream Participant. Clearstream Participants which are holders of interests in Shares or intermediaries acting on behalf of such account holders will provide such information upon request of Clearstream or its duly authorised agent and have been authorised pursuant to the rules and procedures of Clearstream to disclose such information to the ICAV of the interest in Shares or to its duly authorised agent. Similarly, the ICAV or its duly authorised agent may from time to time request any CSD or ICSD to provide the ICAV with details in relation to Shares in each Fund or interests in Shares in each Fund held in each CSD or ICSD and details in relation to the holders of those Shares or interests in Shares, including (without limitation) holder types, residence, number and types of holdings and details of any voting instructions given by each holder. Holders of Shares and interests in Shares in a CSD or ICSD or intermediaries acting on behalf of such holders agree to the CSD or ICSD, pursuant to the respective rules and procedures of the relevant CSD or ICSD, disclosing such information to the ICAV or its duly authorised agent.

The holder of the indirect beneficial interest in the Shares may be required to agree to Clearstream and/or the relevant CSD or ICSD providing their identity to the ICAV or its duly authorised agent upon their request.

## **DEALING INFORMATION**

### **Declaration as to Status of Investor**

The ICAV will be required to deduct tax on redemption monies and distributions at the applicable rate unless it has received from the relevant applicant (in respect of redemptions) or Shareholder (in respect of distributions) a Relevant Declaration. The ICAV reserves the right to redeem such number of Shares held by such applicant (in respect of redemptions) or Shareholder (in respect of distributions) (as relevant) as may be necessary to discharge the tax liability arising. In addition, the ICAV will be required to account for tax at the applicable rate on the value of the Shares transferred to another entity or person unless it has received from the transferor a Relevant Declaration. The ICAV reserves the right to redeem such number of Shares held by the transferor as may be necessary to discharge the tax liability arising. The ICAV reserves the right to refuse to register a transfer of Shares until it receives a Relevant Declaration as to the transferee's residency or status in a form prescribed by the Revenue Commissioners.

### **Mandatory Repurchase of Shares and Forfeiture of Dividends**

Investors are required to notify the ICAV immediately in the event that they become US Persons. Shareholders who become US Persons will be required to dispose of their Shares to non-US Persons on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares. The ICAV reserves the right to redeem or require the transfer of any Shares which are or become owned, directly or indirectly, by a US Person or other person if the holding of the Shares by such other person is unlawful or, in the opinion of the Directors, the holding might result in the ICAV, the Funds or the Shareholders incurring any liability to taxation or suffering any pecuniary, legal, regulatory or material administrative disadvantage which the ICAV, the Funds or the Shareholders might not otherwise suffer or incur.

### **Transfer of Shares**

All transfers of Shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register.

The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the relevant minimum holding, if there is such a minimum holding, or would otherwise infringe the restrictions on holding Shares outlined above.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the ICAV or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The transferee will be required to complete an application form and provide anti-money laundering documentation as required by the Administrator which includes a declaration that the proposed transferee is not a US Person and not acquiring Shares on behalf of a US Person.

### **Conversion of Shares**

With the prior consent of the Directors, at their discretion, and provided that conversion of Shares is authorised in the relevant Fund Supplement, a Shareholder may convert Shares of one Fund into other Shares of the same Fund or into Shares of another Fund on giving notice to the Directors in such form as the Directors may require provided that the Shareholder satisfies the minimum

investment criteria. **The switching charge for the conversion of Shares in a Fund into Shares of another Fund shall be up to 3% of the Net Asset Value per Share.** Conversion will take place in accordance with the following formula:

$$NS = \frac{(A \times B \times C) - D}{E}$$

where:

<b>NS</b>	=	the number of Shares which will be issued in the new Fund;
<b>A</b>	=	the number of the Shares to be converted;
<b>B</b>	=	the redemption price of the Shares to be converted;
<b>C</b>	=	the currency conversion factor, <b>if any</b> , as determined by the Directors;
<b>D</b>	=	a switching charge of up to 3% of the Net Asset Value per Share of each Share to be switched; and
<b>E</b>	=	the Net Asset Value per Share in the new Fund on the relevant Dealing Day.

If NS is not an integral number of Shares the Administrator reserves the right to return the surplus arising to the Shareholder seeking to convert the Shares.

The ICAV shall disclose details of when an application received from a Shareholder to convert Shares is refused.

#### **Confirmations**

A written confirmation of ownership will be sent to the applicant following the Dealing Day. Shares will not be issued until such time as the Administrator is satisfied with all the information and documentation required to identify the applicant and is satisfied that the relevant Investments and Cash Component for in kind subscriptions or cash for cash subscriptions have been received by it.

#### **Publication of the Price of the Shares**

Except where the determination of the Net Asset Value has been suspended in the circumstances described under the heading "**Temporary Suspension of Valuation of the Shares and of Sales, Repurchases and Conversions**" below, the Net Asset Value per Share for each Dealing Day shall, on the following Business Day, be notified by the Administrator without delay to all Relevant Stock Exchanges and made available at the registered office of the Administrator and published on <https://www.bnpparibas-am.com>. Such information is for informational purposes only and is not an invitation to subscribe for, redeem or convert Shares at the published Net Asset Value.

#### **Publication of a Fund's Investments**

A list of the Investments held by each Fund will, on a daily basis, be made available on the relevant product page for such Fund at <https://www.bnpparibas-am.com> or where otherwise indicated in respect of a particular Fund in the relevant Fund Supplement.

#### **Portfolio Composition File**

The ICAV or its appointed delegates publishes a Portfolio Composition File for each Class of Shares for each Dealing Day providing an indication of the Investments and Cash Component required for trading in a particular Class. Whilst a Portfolio Composition File is produced for each Class, for the avoidance of doubt, all Investments are held at the Fund level or represents the Index composition in case of a Fund employing Synthetic Replication. For a Hedged (H) Class or Return Hedged (H) in a Fund, the derivatives used to implement the currency-hedging strategy shall be assets or liabilities of the Fund as a whole but the gains or losses thereon and any costs associated with such

derivatives will be attributed to the relevant Hedged (H) Class or Return Hedged (RH) Class and reflected in the Portfolio Composition File for the relevant Hedged (H) Class or Return Hedged (RH) Class. The Portfolio Composition File for each Class of Shares for each Dealing Day will be available upon request from the Manager and will be published via one or more market data suppliers.

The Portfolio Composition File sets out the Cash Component to be delivered (a) by Authorised Participants to the ICAV in the case of in specie subscriptions; or (b) by the ICAV to the Authorised Participants in the case of in specie redemptions.

The Portfolio Composition File is prepared by third parties contracted by the ICAV or its appointed delegates and the Manager. The provider of the Portfolio Composition File, the ICAV and the Manager do not make any representation or warranty (regardless of which formats the Portfolio Composition File is provided to Authorised Participants or Investors) as to the accuracy of the Portfolio Composition File and shall not be liable for any damages resulting from the use of such information or any error in the information comprised within the Portfolio Composition File.

### **Temporary Suspension of Valuation of the Shares and of Sales, Repurchases and Conversions**

The ICAV may temporarily suspend the determination of the Net Asset Value and the sale, conversion or redemption of Shares in any Fund during:-

- (a) any period (other than ordinary holiday or customary weekend closings) when any of the principal markets on which any significant portion of the Investments of the relevant Fund from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any relevant futures exchange or market is restricted or suspended;
- (b) 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 Fund is not reasonably practicable without this being seriously detrimental to the interests of Investors of the Fund;
- (c) any period during which the disposal or valuation of investments which constitute a substantial portion of the assets of the Fund is not practically feasible or if feasible would be possible only on terms materially disadvantageous to Investors;
- (d) any period when for any reason the prices of any Investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Administrator;
- (e) any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for, Investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) any period when the proceeds of the sale or repurchase of the Shares cannot be transmitted to or from the Fund's account;
- (g) any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments;
- (h) any period when a notice to terminate the Shares or Fund has been served or when a meeting of Shareholders has been convened to consider a motion to wind up the ICAV or to terminate a Fund;
- (i) upon the occurrence of an event causing the ICAV to enter liquidation or a Fund to terminate or Shares to be liquidated; or

- (j) any period where the Directors consider it to be in the best interests of the Investors of the ICAV or a Fund to do so.

A suspension of repurchases may be made at any time prior to the payment of the repurchase monies and the removal of the Shareholder's name from the register of members. A suspension of subscriptions may be made at any time prior to the entry of a Shareholder's name on the Register.

Any such suspension shall be notified immediately (without delay) and in any event within the same Business Day to the Central Bank and all Relevant Stock Exchanges which the ICAV is required to notify. Where possible, all reasonable steps will be taken to bring a period of suspension to an end as soon as possible.

## FEES, COSTS AND EXPENSES

Unless otherwise disclosed in the relevant Fund Supplement, the ICAV employs an “all in one” fee structure for its Funds pursuant to which it pays to the Manager out of each Fund's assets a total expense ratio (“TER”) of a percentage of each Fund's NAV at the Valuation Point.

The Manager is responsible for discharging all operational expenses out of the TER, including fees and expenses relating to: the Administrator, the Depositary, audit, documentation (including the preparation, printing, translation and distribution of this Prospectus, the Fund Supplements, key investor information documents and financial statements), ESG certification and related services, Index licencing and related data, legal, listing and all services related to the Secondary Market (if applicable), market making, marketing operations, publication of Fund performance data, registrations and tax services. The maximum TER shall be disclosed in each Fund Supplement.

The ICAV will pay, out of the assets of each Fund and in addition to the TER, interest, taxes, brokerage commissions and other expenses connected with execution of portfolio transactions, including any periodic fee payable to a counterparty under the terms of a swap and extraordinary expenses such as extraordinary legal costs, and Director fees.

In the event the costs and expenses of a Fund or Class that are intended to be covered within the TER exceed the stated TER in the Fund Supplement, the Manager will discharge any excess amounts out of its own assets. Any amount remaining from the TER paid to the Manager after payment of the relevant costs and expenses will be retained by the Manager in return for the provision of its services to the ICAV.

The cost of establishing the ICAV and each Fund, and of registering each Fund in other jurisdictions or with any stock exchange shall also be borne by the Manager.

All of the fees shall be calculated daily and shall accrue daily by reference to the Net Asset Value of a Fund and shall be payable monthly in arrears.

To the extent that there is a change to the fees and expenses to be discharged by the ICAV, Shareholders will be notified in advance. If it is proposed to increase the maximum level of the TER for a particular Fund, this will be reflected in an updated version of the Fund Supplement and will be subject to approval by the majority of votes of Shareholders of the relevant Fund or Class passed at a general meeting of the relevant Fund or Class or by all of the Shareholders of the relevant Fund or Class by way of a written resolution.

Subject to applicable laws and regulations, the Manager may pay part or all of its fees to any person that invests in or provides services to the ICAV or in respect of any Fund in the form of a commission, retrocession, rebate or discount.

### Portfolio Turnover

A Fund pays Transaction Costs, such as commissions, when it buys and sells securities. A higher portfolio turnover rate may indicate higher Transaction Costs. These costs, which are not reflected in annual Fund operating expenses, are charged to the relevant Funds and therefore affect a Fund's performance and lead to a greater degree of “*tracking error*” as detailed under the heading of the prospectus entitled “Tracking Error”.

All of the fees, including the TER, shall be calculated daily and shall accrue daily by reference to the Net Asset Value of a Fund and shall be payable monthly in arrears.

## MANAGEMENT AND ADMINISTRATION

### **The Board of Directors and Secretary**

The Directors control the affairs of the ICAV and are responsible for the overall investment policy. The Directors may delegate certain functions to the Manager. The ICAV shall be managed and its affairs supervised by the Directors whose details (including country of residence) are set out below. The Directors are all non-executive directors. The address of the Directors is the registered office of the ICAV.

### **Vincent Dodd (Ireland)**

Vincent Dodd is a professional independent director with over 25 years' experience in fund administration, funds management and private banking. Between 2003 and 2007 Mr. Dodd was a director of Development at Private Wealth Managers Dublin, a specialist investment advisory company. Mr. Dodd established and was Head of the Private Banking division of IIB Bank Dublin, a subsidiary of KBC Bank NV Belgium (between 1997 and 2003). He was also Head of Business Development for Bank of Ireland Securities Dublin which provided fund administration and custody services to leading fund management groups who domiciled funds in Dublin. Mr. Dodd holds a B.A. in Economics and Politics from University College Dublin, and a D.B.A in Corporate finance and Business administration from Queens University Belfast. In 2010 Mr Dodd completed the Professional Diploma in Corporate Governance at the Smurfit Business School in University College Dublin.

### **Caroline Carty (Ireland)**

Caroline Carty is a Relationship Manager in BNP Paribas with 16 years' banking experience in Dublin and London. In her current role Caroline is responsible for developing and managing local and international relationships with BNP Paribas clients across a portfolio of industrial, consumer and healthcare companies. She is the Sustainability Champion and the Chair of MixCity, an employee resource group that seeks to support employees on their career journey in the Bank. Prior to this, Caroline was the Portfolio Manager for Global Transaction Solutions with oversight for compliance, credit and covenants. She chaired the Operational Transaction Committee to validate working capital transactions. Between 2009 and 2015, Caroline worked in London and focused on credit analysis covering a range of clients from SMEs, shipping companies to listed groups. She presented recommendations to Credit Committee and worked with Legal to document transactions. Before moving to London, Caroline worked in Internal Audit after qualifying as a Chartered Accountant. Caroline holds a B.A. International from NUI, Galway and a Higher Diploma in Applied Languages & Business from University of Ulster, Coleraine.

### **Frédérique Decourt-Poenz (France)**

Frédérique Decourt-Poenz is an internal director serving already as board member for four BNP Paribas Asset Management entities and funds. Moreover she has more than 20 years' experience in BNP Paribas Group. Between 1998 and 2002 Frédérique Decourt-Poenz was Private Banker at BNP Paribas Wealth Management Paris, a specialist investment advisory company. After that, Mrs. Decourt-Poenz joined the General Inspection of the Group where she evolved as an Inspector (from 2002 to 2005). From 2005 until 2010, she returned to BNP Paribas Wealth Management where she held several positions. She headed the Wealth Management activity dedicated to non-residents (from 2005 to 2008) then managed one Wealth Management Centre in Paris, France (from 2008 to 2010). From 2010 to 2012, she worked on many projects in the CEO office of BNP Paribas Insinger de Beaufort London. Then from 2013 to 2016 she was a senior advisor and project manager at BNP Paribas CIB where she mainly worked on major IT Transformation programs. Since 2016, she heads the Business Management Team for Sales Transformation and Global Client department at BNP Paribas Asset Management. Frédérique Decourt-Poenz holds a B.A. in Legal Studies from University of Le Havre and a Master in Management degree from Ecole Supérieure de Commerce de Pau. In 1997, Frédérique Decourt-Poenz completed a Master of Business Administration from University of Nottingham (United Kingdom).



### **Diane Terver Agazzotti (France)**

Diane Terver Agazzotti is Head of Business Management for Multi Asset, Quantitative and Solutions (MAQS), BNP Paribas ASSET MANAGEMENT France since June 2022. Prior to her current role, she was Head of Strategy and Organization for Multi Asset, Quantitative and Solutions. From 2013 to 2017, she was Head of Strategy and Communication of THEAM, a BNP Paribas investment boutique, directly responsible for Strategy, Marketing & Communication. She joined BNP Paribas Asset Management as Head of Business Development Services in 2010 to build THEAM's Marketing, Communication and Investment Specialists team. Before joining the company, Diane held various senior positions in the Natixis group (1998-2010): Head of Business Development at Natixis Multimanager, Marketing Head at Natixis Global Associates, Head of Product Development. She also held various Trading and Sales positions in the Corporate and Investment Banking sector. Thus, Diane has 30 years of experience in the Financial industry. She holds a master's degree in Political Sciences and a master's degree in International Economics from Sciences Po University (Institut d'Etudes Politiques Paris). Diane is also CFA charter holder and a certified Board Director (French Institute of Directors). The ICAV Secretary is Bradwell Limited.

This Prospectus comprises listing particulars, including all information required by The Euronext Dublin listing requirements, for the purpose of the application for admission to trading in respect of these Shares.

No Director has:

- (a) any unspent convictions in relation to indictable offences; or
- (b) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (c) been a director of any company which, while he was a director with an executive function or within twelve 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
- (d) been a partner of any partnership, which while he was a partner or within twelve months after he ceased to be partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) had any official public incrimination or sanctions issued against them by statutory or regulatory authorities (including recognised professional bodies); or
- (f) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

The Instrument of Incorporation does not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation.

The Instrument of Incorporation provides that a Director may be a party to any transaction or arrangement with the ICAV or in which the ICAV is interested provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. A Director may also vote in respect of any proposal concerning an offer of shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the ICAV or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the ICAV for which the Director has assumed responsibility in whole or in part.

### **The Manager**

The ICAV has appointed the Manager to act as manager to the ICAV and each Fund with power to delegate one or more of its functions subject to the overall supervision and control of the ICAV.

The Manager, part of the BNP PARIBAS group, is a *société par actions simplifiée* under French law incorporated on 28 July 1980 for 99 years from this date and is subject to the laws of France. Its registered office is at 1, Boulevard Haussmann, F-75009 Paris, France. It is registered with the *Registre du Commerce et des Sociétés* under number 319 378 832 and is approved as a management company under article L532-1 of the French Monetary and Financial Code.

The Manager is responsible for the general management and administration of the ICAV's affairs and for ensuring compliance with the UCITS Regulations, including investment and reinvestment of each Fund's assets, having regard to the investment objective and policies of each Fund. However, pursuant to the Administration Agreement, the Manager has delegated certain of its administration functions in respect of each Fund to the Administrator. Pursuant to the Administration Agreement, the Manager has delegated certain transfer agency functions in respect of each Fund to the Administrator.

The directors of the Manager are:

***Sandro Pierri (Chairperson)***

Sandro Pierri was appointed Chief Executive Officer (CEO) of BNP Paribas Asset Management on 01 July 2021. He succeeds Frédéric Janbon, who became CEO in 2015 and is now Special Advisor to the Deputy COO of BNP Paribas. Sandro joined BNP Paribas Asset Management in 2017, initially as Global Head of Client Group. In addition to this role, he was appointed Deputy CEO in December 2020. Prior to joining us, Sandro was CEO at Pioneer Investments, where he was responsible for all day-to-day management decisions and for implementing long-term and short-term strategies. He also held various other senior positions at Pioneer Investments, including Head of Western Europe and International, CEO of Pioneer Investments Italy and Head of International Distribution. Before joining Pioneer Investments, Sandro was CEO of Pixel Investment Management, and prior to that, CEO of ING Italy Retail. He began his career in 1989 as a US Equity Manager for San Paolo Fondi. Sandro has over 30 years of experience in the asset management industry. He holds a degree in Economics from Università degli Studi di Torino, in Italy. Sandro is based in Paris, France.

***BNP PARIBAS ASSET MANAGEMENT Holding SA represented by Denis Panel, Director***

Denis Panel is Head of MAQS, an investment group within BNP Paribas Asset Management, created in November 2017, which combines the investment capabilities of the former Multi Asset Solutions department (which housed BNP Paribas Asset Management's fundamental-driven multi-asset expertise and its customised & fiduciary solutions), CAM Gestion (BNP Paribas Asset Management's boutique focused on fundamental and insurance oriented solutions) and THEAM (BNP Paribas Asset Management's fully owned and dedicated subsidiary on Model Driven, Index, and Protected investment strategies). Prior to becoming Head of MAQS, Denis was Chief Executive Officer and Chief Investment Officer of THEAM. Denis began his career at Société Générale Asset Management in 1994 and joined Crédit Agricole as Global Head of Balanced Management in 2004. In 2007, he joined BNP Paribas as Head of the SIGMA division of BNP Paribas Asset Management (Structured, Indexed and Generation of Multi-Alpha). Up until 2013, he was Chief Investment Officer of THEAM, a position he held since its creation in April 2011. Denis has over 20 years of experience in financial markets. He graduated as an actuary from the ISFA (Institut de Science Financière et d'Assurances), Lyon (1994). Denis is also Professor of Asset Management of the MBA Program of HEC.

***François Delooz, Director***

François Delooz is an independent director at BNPP asset management France and Funquest advisors with over 25 years in asset management, firstly being Head of Asset management division at French regulatory body (today AMF) from 1995 to 2000, and later Global Head of Risk management and Compliance at BNPP asset management from 2000 to 2014. He became senior advisor to BNPP asset management CEO until 2016, when he retired. Holding a PhD in Economics

( Paris Law University), a PhD in Politics ( Institut d'Etudes politiques de Paris), he joined the National School of administration in 1973, the French Civil service school.

***David Vaillant, Deputy Chief Executive Officer and Director***

David Vaillant joined BNP Paribas Asset Management as Global Head of Finance, Strategy and Participations on October 1st 2019. David joins from BNP Paribas' Corporate and Institutional Banking / FIC division, where he was Head of Banking for EMEA. He has advised on some of the Group's most transformational transactions, including the acquisition of Fortis, and has been a significant contributor to the BNP Paribas franchise across Europe and emerging markets. He also spearheaded the development of the sovereign advisory practice, advising several governments and official institutions over the past decade. David started his career as a lawyer with Skadden, where he advised a wide range of French and international companies on their expansion strategy, in the financial and industrial sectors. He then joined the French central bank (Banque de France), where he took part in the analysis of significant transactions in the financial sector. David holds a Master in Management from HEC, a Master in Political Sciences and Public Affairs from Sciences Po, and a Master in Analysis and Policy in Economics (applied mathematics) from EHESS/École Normale Supérieure. He also holds a Master in communications/Intellectual Property law from Paris I Sorbonne and a Master in Business Law from Paris II Assas. He is a member of the Paris Bar. He has taught international macroeconomics and law at Sciences Po and HEC, and is a regular speaker on these topics. Separately, he has developed several non-profit projects in the fields of education, the environment and biodiversity. David is a Young Leader from the French-American Foundation, an IIF Future Leader and a BNP Paribas CIB Leader of Tomorrow. David is based in Paris, France.

***Arnaud de Beauchef de Servigny, Director***

Arnaud de Servigny is a non executive director at BNP Paribas Asset Management France and at Impax Asset Management in the UK. Arnaud is also an adjunct professor of Finance at Imperial College London. In the past he has held senior positions at large organisations, such as being the global CIO for Deutsche bank Wealth Management and for the Multi-Asset division of DWS. Prior to this he was the head of asset allocation at Barclays Wealth and earlier again the global head of quantitative analytics for S&P ratings. Arnaud de Servigny holds a MS in Engineering from Ecole Nationale des Ponts et Chaussees, a MS in quantitative Finance from Paris Dauphine University and a PhD in Economics from Paris Sorbonne University.

***Cécile Lesage, Director***

Cécile Lesage is the Group Chief Financial Officer of BNP Paribas Asset Management since 2015. She started her career in 1996 at PriceWaterhouseCoopers where she evolved until 2001 in both audit and management consulting. From 2001 until 2005, she was a Project Manager within BNP Paribas Group. She joined BNP Paribas Asset Management in 2005 where she held several positions. She started as Head of Management Accounting, then Global Head of Financial Control. In 2011 and 2012 she was a business manager and from 2012 to 2015 she was Deputy CFO. Cécile holds a Master degree in Accounting and Management Accounting from ESSEC Business School.

***Marion Azuelos, Director***

Marion Azuelos has been Global Head of Human Resources at BNP Paribas Asset Management since 2011 having joined the company in 2008 as Head of the CEO Office in charge of cross-functional organisation and projects, which have included the high-profile BNP Paribas Investment Partners/Fortis Investment Management integration. Marion has also been Head of Mission and Inspector for BNP Paribas Group's General Inspection (Internal Audit) and began her career in 1998 within the Wealth Management Business of the BNP Paribas Group as a Private Banker, later becoming the Deputy Head Private Banking for Paris Agencies. She holds a Master's degree in Insurance, Bank and Finance Engineering from the Professional University of Wealth Management in France, and a further Master's degree in Business Management from the University of Paris-Dauphine, France Marion is based in Paris, France.

### **Jane Ambachtsheer, Director**

Jane Ambachtsheer is Global Head of Sustainability at BNP Paribas Asset Management, where she oversees the firm's ambitious approach to sustainable investment. This is empowered by the firm's Sustainability Centre, which undertakes innovative research and policy development, guides BNP PARIBAS ASSET MANAGEMENT's investment stewardship and industry engagement activities, and supports investment teams in accessing, integrating and reporting on ESG factors. On the business side, Jane is responsible for BNP Paribas Asset Management's Corporate Social Responsibility (CSR) approach, ensuring the firm's day-to-day activities reflect the high standards it expects from companies. Jane is a member of BNP Paribas Asset Management's Global Investment and Business Management Committees; she is on the Board of BNP Paribas Asset Management France and reports to the Head of Investments. Previously, Jane spent 18 years with global investment consultancy Mercer, where she was Partner and founder of the firm's Responsible Investment business. Jane regularly researches, writes and speaks on topics addressing the intersection of sustainability and climate with finance and investment. She is an Adjunct Professor at the University of Toronto and a Research Affiliate at the University Oxford Smith School of Enterprise and the Environment, and holds a Master of Social Science from the University of Amsterdam and a Bachelor of Economics and English literature with honours from York University. Jane is based in Toronto.

### **The Administrator**

The Administrator is a limited liability company incorporated under the laws of Ireland on 6 August 2010. The Administrator is a wholly-owned subsidiary company of BNP Paribas. The Administrator is authorised as an investment business firm for the provision of administration services to collective investment schemes, including the performance of valuation services, fund accounting and transfer agency activities.

#### Administration Agreement

The Administration Agreement provides that the Administrator shall administer the ICAV in accordance with the laws of Ireland, the Instrument of Incorporation and the provisions of this Prospectus. The Administrator will also act as registrar and transfer agent of the ICAV. The Administration Agreement shall continue in force until terminated by either party on 90 days' notice in writing to the other party. Any party may at any time terminate the Administration Agreement by notice in writing to the other parties in the event that: (i) a party shall go into liquidation or receivership, or an examiner shall be appointed pursuant to the Companies Act, 2014 / Irish Collective Asset-management Vehicles Act 2015 (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party), or be unable to pay its debts as they fall due; (ii) another party commits a material breach of the provisions of the Administration Agreement which, if capable of remedy, shall not have been remedied within 30 days of written notice requiring it to be remedied or such longer period as the parties may agree. The ICAV shall be entitled to terminate this Agreement forthwith by notice in writing to the Administrator if the Administrator is no longer permitted to act as an administrator by the Central Bank and the Administrator shall inform the ICAV promptly in writing of the occurrence of this event. Upon the termination of the appointment of the Administrator for the reasons set out above, the Administrator shall be entitled to receive all fees and other monies accrued up to the date of such termination. Upon payment of all such fees and monies, the Administrator shall deliver to the ICAV, or as it shall direct, all books of account, records, Registers, correspondence, documents and assets relating to the affairs of or belonging to the ICAV in the possession of or under the control of the Administrator or any of its agents or delegates, provided that the Administrator shall be reimbursed by the ICAV for any associated costs or expenses in connection therewith.

The Administrator shall not be liable for any losses, damages or expenses suffered by the ICAV or any Shareholder in connection with the performance by the Administrator of its obligations and duties under the Administration Agreement, except a loss, damage or expense resulting from the material breach, negligence, fraud, wilful default, recklessness or bad faith of the Administrator in the performance of its obligations and duties under the Administration Agreement.

The ICAV has undertaken to hold harmless and indemnify the Administrator against all actions, proceedings and claims and against all costs, demands and expenses (including legal and professional fees and expenses) arising out of or in connection therewith, which may be brought against, directly or indirectly suffered or incurred by the Administrator, its permitted delegates, servants or agents in the performance or non-performance of its obligations and duties and from and against all taxes on profits or gains of the ICAV which may be assessed upon or become payable by the Administrator or its permitted delegates, servants or agents provided that such indemnity shall not apply to the extent that such actions, proceedings, claims, costs, demands and expenses arise from the negligence, fraud, bad faith, wilful default or recklessness of the Administrator or its delegates, servants or agents. In particular, but without limitation, this protection and indemnity shall extend to any such items aforesaid arising out of or in connection with any such loss, delay, mis-delivery or error in transmission of any facsimile, telegraphic, electronic or other communication or instruction or as a result of acting upon any forged document or signature save in the case of negligence, fraud, bad faith, wilful default or recklessness of the Administrator, its delegates, servants or agents.

### **The Depositary**

BNP PARIBAS S.A., Dublin Branch has been appointed as the Depositary to provide depositary, custodial, settlement and certain other associated services to the ICAV. The Depositary is a company organised under the laws of Ireland, with registered office at Termini, 3 Arkle Road, Sandyford Business Park, Dublin, Dublin 18, Ireland D18 T6T7 and registered with the Companies Registration Office ("CRO") under company number 904623. It is a credit institution subject to direct prudential supervision by the European Central Bank and the Central Bank.

The Depositary is authorised by the Central Bank to act as a depositary. Its business activities include the provision of custody and banking services, corporate finance and agency treasury management services.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the ICAV and each Fund in accordance with the provisions of the UCITS Rules and the Directive. The Depositary will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Depositary has the power to delegate certain of its depositary functions. In general, whenever the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary.

As at the date of this Prospectus, the Depositary has entered into written agreements delegating the performance of its safekeeping function in respect of certain of the ICAV's assets to sub-custodians. The list of sub-custodians appointed by the Depositary as at the date of this Prospectus is set out in Schedule 5. The use of particular sub-custodians will depend on the markets in which the ICAV invests.

The Depositary must exercise due skill, care and diligence in the discharge of its duties.

### **Depositary Agreement**

The Depositary Agreement may be terminated by either the Depositary or the ICAV giving not less than 90 days' written notice to the other party. Either party may terminate the Depositary Agreement immediately by notice in writing to the other party in the event that: (i) a receiver or examiner is appointed to such party or a resolution is passed or an order is made to wind-up the other party or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) the other party fails to remedy a material breach of the Depositary Agreement within 30 days of being required to do so; or (iii) if the Depositary is no longer permitted to act as depositary or trustee by the Central Bank; or (iv) the other party incurs a debt or liability to the first party or where the first party incurs a loss which, in either case, is not met or discharged by the other party within ten (10) business days of being required to do so by notice from the first party. However, the Depositary shall continue in office until a successor approved in advance by the Central Bank has been appointed or the authorisation of the ICAV has been revoked. If no successor depositary is appointed in accordance and the Depositary is unwilling or unable to

act as such, then (i) a general meeting will be convened at which an ordinary resolution, or such a resolution passed by such majority as specified in the Instrument of Incorporation, to wind up or otherwise dissolve the ICAV is proposed; and (ii) the appointment of the Depositary may be terminated only upon the revocation of the authorisation of the ICAV.

## ADMINISTRATION OF THE ICAV

### Determination of the Net Asset Value

The ICAV shall determine the Net Asset Value of the ICAV, each class and each Fund as of each Valuation Point. The Net Asset Value shall be expressed in the Base Currency or currency of denomination of the relevant class as a per share figure for the issue of shares and for the repurchase of shares respectively, as appropriate, and shall be determined in accordance with the Instrument of Incorporation.

The Net Asset Value per share of a Fund shall be calculated by dividing the value of the gross assets of the relevant Fund less all of the liabilities attributable to that Fund by the number of shares in issue in that Fund as of the relevant Dealing Day. Any liabilities of the ICAV that are not attributable to any Fund shall be allocated amongst the Funds based on their respective Net Asset Values or on any other basis approved by the Depositary having taken into account the nature of the liabilities.

Where a Fund is made up of more than one class of shares, the Net Asset Value of each class shall be determined by calculating the amount of the Net Asset Value of the relevant Fund attributable to each class. The amount of the Net Asset Value of a Fund attributable to a class shall be determined by establishing the proportion of the assets of the Class as at the most recent Net Asset Value calculation, adjusted to take account of any subscription orders (after deduction of any redemption orders) and apportioning the Net Asset Value accordingly. The Net Asset Value per share of a class shall be calculated by dividing the Net Asset Value of the class by the number of shares in issue in that class. Class Expenses, fees and charges relating specifically to a class will be charged to that Class. Class Expenses, fees or charges not attributable to a particular class may be allocated amongst the classes based on their respective Net Asset Value or any other reasonable basis having taken into account the nature of the fees and charges. In the event that classes of shares within a Fund are issued which are priced in a currency other than the Base Currency for that Fund currency conversion costs and any hedging costs will be borne by that class.

**“Class Expenses”** means the expenses of registering a class in any jurisdiction or with any stock exchange, regulated market or settlement system and such further expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus. The cost of converting currency and the costs and gains/losses of the hedging transactions are borne solely by the relevant class.

In determining the value of the assets of the Fund, each Investment listed, traded or dealt in on a Regulated Market for which market quotations are readily available shall be valued at the last traded price at the Valuation Point in the relevant Regulated Market on the relevant Dealing Day, provided that the value of the Investment listed, traded or dealt in on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange may be valued, taking into account the level of premium or discount as at the date of valuation of the Investment as the Directors may consider appropriate and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security. If the Investment is normally listed, traded or dealt in on or under the rules of more than one Regulated Market, the relevant Regulated Market shall be that which constitutes the main market for the Investment. If prices for an Investment listed, traded or dealt in on the relevant Regulated Market are not available at the relevant time or are unrepresentative, or in the event that any Investments are not listed or traded on any Regulated Market, such Investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the Investment by (i) the Manager or (ii) a competent professional person appointed by the Directors and approved for such purpose by the Depositary which may be the Investment Manager or (iii) by any other means provided the value is approved by the Depositary. Fixed income securities may be valued by any of the persons listed in (i), (ii) or (iii) immediately above using matrix pricing (i.e. valuing securities by reference to the valuation of other securities which are considered comparable in rating, yield, due date and other characteristics) where reliable market quotations are not available.

Units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available net asset value per unit/share as published by the collective investment scheme.

Cash deposits and similar Investments shall be valued at their face value together with accrued interest unless in the opinion of the Directors any adjustment should be made to reflect the fair value thereof.

Exchange traded futures and options contracts (including futures and options on indices) which are dealt in on a Regulated Market shall be valued based on the settlement price as determined by the market where the exchange traded future/option contract is traded. If the settlement price is not available, the contract shall be valued at the probable realisation value estimated with care and in good faith by (i) the Manager; or (ii) a competent person appointed by the Manager and approved for the purpose by the Depositary; or (iii) any other means provided that the value is approved by the Depositary.

OTC derivative contracts which are not traded on a Regulated Market and are not cleared by a clearing counterparty shall be valued on the basis of the mark to market value of the derivative contract or in accrued if agreed with the counterparty or, if market conditions prevent marking to market, reliable and prudent marking to model may be used. OTC derivative contracts which are not traded on a Regulated Market and which are cleared by a clearing counterparty shall be valued on the basis of a quotation provided at least as frequently as the relevant Fund calculates its Net Asset Value by the relevant counterparty and verified at least monthly by a party independent of the counterparty, including the Manager, or another independent party which is approved for such purpose by the Depositary. Forward foreign exchange contracts shall be valued by reference to freely available market quotations. All valuations will adhere to the requirements of EMIR.

Forward foreign exchange contracts shall be valued in the same manner as derivative contracts which are not traded in a Regulated Market or by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken.

The Fund may, in accordance with the requirements of the Central Bank, apply an amortised cost method of valuation in respect of money market instruments with a known residual maturity of less than three months and no specific sensitivity to market parameters, including credit risk.

Any value expressed otherwise than in the Base Currency of the Fund shall be converted into the Base Currency of the Fund at the prevailing exchange rate as of the Valuation Point which is available to the Administrator and which is normally obtained from Bloomberg or Reuters or such other data provider.

The Directors may adjust the Net Asset Value per Share where such an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant.

In the event of it being impossible or incorrect to carry out a valuation of a specific Investment in accordance with the valuation rules set out above or if such valuation is not representative of an asset's fair market value, a competent person appointed by the ICAV and approved for the purpose by the Depositary is entitled to use such other generally recognised valuation method in order to reach a proper valuation of that specific instrument, provided that such method of valuation has been approved by the Depositary and is clearly documented for inspection by the Board.

### **iNAV**

The ICAV may at its discretion make available, or may designate other persons to make available on its behalf, on each Business Day, an iNAV or indicative net asset value for one or more Classes of each of the Funds. The Manager will typically make iNAVs available for certain Classes of the Funds where required by a Relevant Stock Exchange. Where the Manager elects to make an iNAV



available on any Business Day, the iNAV will be calculated based upon information available during the trading day or any portion of the trading day and will ordinarily be based upon the then-current value of the assets/exposures of the relevant Fund on such Business Day.

Where the Manager elects to make available an iNAV for a particular Class of a Fund, the iNAV will be disseminated and displayed on major market data vendor terminals and can be accessed on Bloomberg or Reuters..

In general, it will only be possible for the ICAV to provide iNAVs for Classes of Funds which track or replicate Indices that are comprised of constituents in respect of which intra-day prices are available. For Funds which track or replicate Indices comprised of dynamic strategies with variable allocations to underlying exposures which rebalance at the end of each Business Day, it is not possible to determine intra-day values for the Index as the allocation ratio to the various underlying exposures is not known until the end of the day. Therefore, iNAVs for such Classes will not be available.

None of the ICAV, the Manager, or the Investment Manager or any of its affiliates, or any third party calculation agent involved in, or responsible for, the calculation or publication of such iNAVs makes any warranty as to their accuracy or shall be liable to any person who relies on the iNAV.

## TAXATION

The following is a general and brief summary of certain Irish tax considerations applicable to the ICAV and details of the withholding taxes or deductions that may be made at source from the income and capital gains paid by the ICAV to Investors who are the beneficial owners of Shares in the ICAV. It does not purport to deal with all of the tax consequences applicable to the ICAV or to all categories of Investors, some of whom may be subject to special rules. The tax consequences of an investment in Shares will depend not only on the nature of the ICAV's operations and the then applicable tax principles, but also on certain factual determinations which cannot be made at this time. Accordingly, its applicability will depend on the particular circumstances of each Investor. It does not constitute tax or legal advice and Investors and prospective Investors are advised to consult their professional advisors concerning possible taxation or other consequences of their subscribing, purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of Ireland and/or their country of incorporation, establishment, citizenship, residence or domicile, or other liability to tax and in light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and 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 will endure indefinitely.

### Taxation of the ICAV

Under current Irish law and practice, the ICAV qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended ("**TCA**") so long as the ICAV is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

As a result of changes introduced in the Finance Act 2016, a new regime applies to IREFs (i.e. Irish Real Estate Funds) which imposes a 20% withholding tax on 'IREF taxable events'. The changes primarily target non-Irish resident investors. On the basis that the ICAV is a UCITS, it is excluded from the definition of an IREF and so these provisions should not be relevant and are not discussed further.

### Chargeable Event

Although the ICAV is not chargeable to Irish tax on its income and gains, Irish tax (at rates currently ranging from 25% to 60%) can arise on the happening of a "chargeable event" in respect of the ICAV. A chargeable event includes any payments of distributions to Investors, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares arising as a result of holding Shares for a period of eight years or more. Where a chargeable event occurs, the ICAV is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Investor is neither resident nor ordinarily resident in Ireland ("**Non-Irish Resident**") and it (or an intermediary acting on its behalf) has made the Relevant Declaration to that effect and the ICAV is not in possession of any information which would reasonably suggest that the information contained in the Relevant Declaration is not, or is no longer, materially correct; or
- (b) the Investor is Non-Irish Resident and has confirmed that to the ICAV and the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the Relevant Declaration of non-residence is deemed to have been complied with in respect of the Investor and the approval has not been withdrawn; or

- (c) the Investor is an Exempt Irish Resident as defined below.

A reference to “intermediary” means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed Relevant Declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the ICAV at the relevant time, there is a presumption that the Investor is resident or ordinarily resident in Ireland (“Irish Resident”) and is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:

- (a) any transactions (which might otherwise be a chargeable event) in relation to Shares held in a Recognised Clearing System as designated by order of the Revenue Commissioners of Ireland; or
- (b) a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- (c) an exchange by an Investor, effected by way of arm’s length bargain, of Shares in a Fund for Shares in another Fund; or
- (d) an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the ICAV with another investment undertaking.

It is the intention of the Directors that the Shares will at all times be held in a Recognised Clearing System. On that basis, it is not envisaged that a chargeable event will arise on which the ICAV will be liable to account for tax with respect to the Shares. However, if, for any reason, Shares cease to be held in a Recognised Clearing System and the ICAV becomes liable to account for tax on a chargeable event, the ICAV shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Investor as is required to meet the amount of tax. The relevant Investor shall indemnify and keep the ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event.

In addition, where shares are held in a Recognised Clearing System, the obligation falls on the Investor (rather than the ICAV) to self-account for any tax arising on a chargeable event.

**Investors and potential Investors should consult their own professional tax advisors concerning possible taxation consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the Irish tax law and/ or their country tax law of incorporation, establishment, citizenship, residence or domicile and in light of their particular circumstances.**

#### Irish Courts Service

Where Shares are held by the Irish Courts Service the ICAV is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the ICAV, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the ICAV to, *inter alia*, account for tax in respect of chargeable events and file returns.

#### **Exempt Irish Resident Investors**

The ICAV will not be required to deduct tax in respect of the following categories of Irish Resident Investors, provided the ICAV has in its possession the Relevant Declarations from those persons (or

an intermediary acting on their behalf) and the ICAV is not in possession of any information which would reasonably suggest that the information contained in the Relevant Declarations is not, or is no longer, materially correct. An Investor who comes within any of the categories listed below and who (directly or through an intermediary) has provided the Relevant Declaration to the ICAV is referred to herein as an “**Exempt Irish Resident**”:

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- (d) a special investment scheme within the meaning of Section 737 of the TCA;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (f) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the shares are assets of a Personal Retirement Savings Account (PRSA);
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Asset Management Agency;
- (l) the National Treasury Management Agency or a fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in accordance with Section 739G(2) of the TCA in respect of payments made to it by the ICAV; or
- (o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the ICAV or jeopardising the tax exemptions associated with the ICAV.

There is no provision for any refund of tax to Investors who are Exempt Irish Residents where tax has been deducted in the absence of the Relevant Declarations. A refund of tax may only be made to corporate Investors who are within the charge to Irish corporation tax.

### **Taxation of Non-Irish Resident Investors**

Non-Irish Resident Investors who (directly or through an intermediary) have issued to the ICAV the Relevant Declarations where required, are not liable to Irish tax on the income or gains arising to

them from their investment in the ICAV and no tax will be deducted on distributions from the ICAV or payments by the ICAV in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Investors are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Investor.

Unless the ICAV is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the Relevant Declaration had been complied with in respect of the Investor and the approval has not been withdrawn, in the event that a non-resident Investor (or an intermediary acting on its behalf) fails to make the Relevant Declaration, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Investor is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the ICAV under the self-assessment system.

### **Taxation of Irish Resident Investors**

#### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the ICAV from any distributions made by the ICAV to an Irish Resident Investor who is not an Exempt Irish Resident or any gain arising on an encashment, repurchase, cancellation, redemption or other disposal of Shares by such an Investor at the rate of 41%. Any gain will be computed as the difference between the value of the Investor's investment in the ICAV at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Where the Investor is an Irish resident company and the ICAV is in possession of a Relevant Declaration from the Investor that it is a company and which includes the company's tax reference number, tax will be deducted and remitted to the Revenue Commissioners by the ICAV from any distributions made by the ICAV to the Investor and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by the Investor at the rate of 25%.

#### *Deemed Disposals*

A deemed disposal of Shares will occur on each and every eighth anniversary of the acquisition of Shares in the ICAV held by Irish Resident Investors who are not Exempt Irish Residents. The ICAV may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares held by Investors who are Irish Resident and, who are not Exempt Irish Residents, is 10% or more of the Net Asset Value of the relevant Fund, the ICAV will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund. However, where the total value of Shares held by such Investors is less than 10% of the Net Asset Value of the relevant Fund, the ICAV may, and it is expected that the ICAV will, elect not to account for tax on the deemed disposal. In this instance, the ICAV will notify relevant Investors that it has made such an election and those Investors will be obliged to account for the tax arising under the self-assessment system themselves.

The deemed gain will be calculated as the difference between the value of the Shares held by the Investor on the relevant eighth year anniversary or, where the ICAV so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Investors where a Relevant Declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

Irish Resident Investors who have suffered a withholding tax should consult their tax advisers to determine their residual Irish tax liability, if any.

## **The Foreign Account Tax Compliance Act (FATCA)**

The provisions of FATCA are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported by foreign financial institutions ("FFIs") to foreign tax authorities who will then provide the information to the IRS.

FATCA compliance is enforced under Irish tax legislation, including the Financial Accounts Reporting (United States of America) Regulations 2014, and reporting rules and practices. The ICAV may require additional information from Investors in order to comply with these provisions. The ICAV may disclose the information, certificates or other documentation that it receives from concerning Investors to the Revenue Commissioners as necessary to comply with the Irish tax legislation and reporting rules and practices relating to FATCA, related intergovernmental agreements or other applicable law or regulation. The Revenue Commissioners, in turn, report such information to the IRS. Each prospective Investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective Investor's own situation. If applicable, Investors and prospective Investors should contact their intermediary regarding the application of this regime to their investments in the ICAV. Investors refusing to provide the requisite information to the ICAV may be reported to the Irish tax authorities or other parties as necessary to comply with FATCA.

If an Investor causes (directly or indirectly) the ICAV to suffer a withholding for or on account of FATCA ("FATCA Deduction"), or other financial penalty, cost, expense or liability, the ICAV may compulsorily repurchase any Shares of such Investor and/or take any action required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically borne by such Investor. Each Investor and prospective Investor is urged to consult its tax adviser regarding the applicability of FATCA.

## **Automatic Exchange Of Information**

To comply with the requirements of the Automatic Exchange of Information (AEOI), the ICAV may need to collect and disclose information about its Shareholders to third parties, including the tax authorities, for the purpose of onward transmission to the relevant jurisdictions. The information disclosed may include (but is not limited to) the identity of Shareholders and their direct or indirect beneficiaries, beneficial owners and controlling persons. A Shareholder will therefore be required to comply with any reasonable request from the ICAV for such information, to allow the ICAV to comply with its reporting requirements. The Shareholder has to be advised on its particular tax situation from an independent tax adviser.

## **The OECD Common Reporting Standard**

The Common Reporting Standard and DAC2 (collectively referred to herein as "CRS") provide a common standard for due diligence, reporting and exchange of financial account information. Pursuant to CRS, participating jurisdictions and EU Member States will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures with the first information exchanges having begun in 2017. As a result the ICAV is required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Shareholders may be required to provide additional information to the ICAV to enable the ICAV to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of their Shares in the relevant Fund.

In addition, Investors refusing to provide the requisite information to the ICAV may be reported to the Irish tax authorities or other parties as necessary to comply with the CRS.

## **Investment Undertaking Reporting**

Pursuant to Section 891C TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares held by Investors to the Revenue Commissioners on an annual basis.

**The foregoing summary should not be considered to describe fully the income and other tax consequences of an investment in the ICAV. Investors and prospective Investors are strongly urged to consult with their tax advisors, with specific reference to their own situations, with respect to the potential tax consequences of an investment in the ICAV.**

## GENERAL

### Data Protection Notice

In accordance with GDPR, when submitting a subscription request, personal data of the investor (“**Personal Data**”) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the ICAV and the Manager (as data controllers) with a view to managing its account and business relationship (such as to maintain the register of shareholder, process requests, provide shareholder services, guard against unauthorised account access, conduct statistical analyses, provide information on other products and services and/or comply with various laws and regulations). To the extent that this usage so requires, the investor further authorises the sharing of this information with different service providers of the ICAV, including some of which that may be established outside of the European Union, who may need to process these Personal Data for carrying out their services and complying with their own legal obligations, but which may not have data protection requirements deemed equivalent to those prevailing in the European Union. The Personal Data may notably be processed for purposes of filing, order processing, responding to shareholder’s requests, and providing them with information on other products and services. Neither the ICAV nor the Manager will disclose such Personal Data on shareholder unless required to do so by specific regulations or where necessary for legitimate business interests.

Further detailed information in relation to the processing of Personal Data can be found in the Manager’s “Data Protection Notice” as well as the “Personal Data Privacy Charter”, which are accessible via the following link <https://www.bnpparibas-am.com/en/footer/data-protection/>

Each shareholder whose Personal Data has been processed has a right of access to his/her/its Personal Data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

Requests for further information in relation to the ICAV’s use, and/or its delegate’s use of Personal Data and requests to exercise the rights in relation to Personal Data, as set out in the Privacy Notice, should be sent by email.

### Conflicts of Interest and Best Execution

The ICAV has policies designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, when they cannot be avoided, that the Funds and their Shareholders are fairly treated.

The Directors, the Manager, the Investment Manager, the Depositary and the Administrator and the delegates and sub-delegates of the Manager or the Depositary may from time to time act as directors, manager, investment manager, investment adviser, depositary, administrator, company secretary, dealer or distributor in relation to, or be otherwise involved in, other funds and accounts established by parties other than the ICAV which have similar investment objectives to those of the ICAV and any Fund. Such other funds and accounts may pay higher fees than a Fund or performance-based fees for such services. The Investment Manager and its affiliates shall not be under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of (or share with the ICAV or inform the ICAV of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the ICAV and other clients, taking into consideration the investment objectives, investment limitations, capital available for investment and diversification posture of the ICAV and other clients. The Investment Manager may hold Shares in any Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the ICAV and a Fund. Each of the Directors, the Manager, the Investment Manager, the Depositary and the Administrator will, at all times, have regard in such event to its obligations to the ICAV and the Fund and will ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the ICAV in respect of the assets



of a Fund, provided that at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Manager as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or
- (c) the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Manager is, satisfied conformed to the requirement that transactions with such parties be conducted at arm's length and in the best interests of Shareholders.

The Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document how it or they complied with the requirements of (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document its or their rationale for being satisfied that the transaction conformed to the requirement that transactions with such parties be conducted at arm's length and in the best interests of Shareholders.

The Investment Manager and its affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the ICAV. Neither the Investment Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or to account to the ICAV in respect of or share with the ICAV or inform the ICAV of any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the ICAV and other clients.

The Investment Manager may provide advice to the Manager and or the ICAV in respect of the valuing certain securities held by the Funds. The Investment Manager shall be paid a fee by the ICAV and consequently a conflict of interest could arise between its interests and those of a Fund. In the event of such a conflict of interests, the Investment Manager shall have regard to its obligations to the ICAV and the Fund and will ensure that such a conflict is resolved fairly and in the best interests of the Shareholders.

The ICAV has adopted a policy designed to ensure that its service providers act in a Fund's best interests when executing decisions to deal and placing orders to deal on behalf of the Fund in the context of managing the Fund's portfolio. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Fund, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to the execution of the order as determined by the Investment Manager. Information about the ICAV's execution policy and any material changes to the policy are available to Shareholders at no charge upon request.

The Investment Manager has developed a strategy for determining when and how voting rights are exercised. Details of the actions taken on the basis of those strategies are available to Shareholders and Investors on its website.

While it is not the intention, the Investment Manager may direct transactions to brokers in return for research services (such as written research reports on companies, sectors, or economies or the subscription of on-line data bases that provide real time, historical pricing information and meetings with portfolio company representatives). In such circumstances, the Investment Manager may enter into soft commission agreements or similar arrangements with such brokers. Under such arrangements, the Investment Manager must ensure that the broker or counterparty to the arrangement has agreed to provide best execution to the Funds. The benefit provided must assist the Investment Manager in its provision of investment services to the Funds.

## **Complaints**

Information regarding the ICAV's complaint procedures is available to Shareholders free of charge upon request. Shareholders may file complaints about the ICAV free of charge at the registered office of the ICAV.

## **The Share Capital**

The share capital of the ICAV shall at all times equal the Net Asset Value of the ICAV. The Directors are empowered to issue up to 500 billion Shares of no par value in the ICAV at the Net Asset Value per Share on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the ICAV. The Subscriber Shares do not participate in the assets of any Fund. The ICAV reserves the right to redeem some or all of the Subscriber Shares.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of a Fund attributable to the relevant Class in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder. The Subscriber Shares' entitlement is limited to the amount subscribed and accrued interest thereon.

The proceeds from the issue of Shares shall be applied in the books of the ICAV to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each Fund shall be maintained separately.

The Directors reserve the right to redesignate any Class from time to time, provided that Shareholders in that Class shall first have been notified by the ICAV that the Shares will be redesignated and shall have been given the opportunity to have their Shares redeemed by the ICAV, except that this requirement shall not apply where the Directors redesignate Shares in issue in order to facilitate the creation of an additional Class.

Each of the Shares entitles the Shareholder to attend and vote at meetings of the ICAV and of the relevant Class of a Fund represented by those Shares. No Class confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class or any voting rights in relation to matters relating solely to any other Class.

Any resolution to alter the Class rights of the Shares requires the approval of three quarters of the Shareholders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Instrument of Incorporation.

The Instrument of Incorporation of the ICAV empowers the Directors to issue fractional shares in the ICAV. Fractional shares may be issued and shall not carry any voting rights at general meetings of the ICAV or of any Fund or Class and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction.

It is intended that all but two of the Subscriber Shares will be redeemed by the ICAV at their Net Asset Value on the Dealing Day on which the first issue of Shares is effected after the Initial Offer Period. The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the ICAV but do not entitle the holders to participate in the dividends or net assets of any Fund or of the ICAV.

## **The ICAV and Segregation of Liability**

The ICAV is an umbrella fund with segregated liability between Funds and each Fund may comprise one or more Classes of Shares in the ICAV. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further Funds by the issue of one or more separate Classes of Shares on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate Classes of Shares within each Fund on such terms as the Directors may resolve.

The assets and liabilities of each Fund will be allocated in the following manner:

- (a) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the ICAV to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Instrument of Incorporation;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the ICAV to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (c) where the ICAV incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and
- (d) where an asset or a liability of the ICAV cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund.

Any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and neither the ICAV nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction of any liability incurred on behalf of, or attributable to, any other Fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the ICAV the following terms, that:

- (a) the party or parties contracting with the ICAV shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;
- (b) if any party contracting with the ICAV shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the ICAV to pay a sum equal to the value of the benefit thereby obtained by it; and
- (c) if any party contracting with the ICAV shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the ICAV and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the ICAV shall be credited against any concurrent liability pursuant to the implied terms set out in (a) to (c) above.

Any asset or sum recovered by the ICAV shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the Fund.

In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.

A Fund is not a legal person separate from the ICAV but the ICAV may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as

apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if the Fund were a separate legal person.

Separate records shall be maintained in respect of each Fund.

### **Meetings and Votes of Shareholders**

All general meetings of the ICAV or a Fund shall be held in Ireland.

#### Notice of Election to Dispense with Annual General Meetings

The Directors have elected, pursuant to section 89(4) of the ICAV Act, to dispense with the holding of annual general meetings of the ICAV. This election is effective for 2022 and subsequent years. However, pursuant to section 89(6) of the ICAV Act: (i) one or more Shareholders of the ICAV holding, or together holding, not less than 10% of the voting rights in the ICAV; or (ii) the auditor of the ICAV, may require the ICAV to hold an annual general meeting in any year by giving notice in writing to the ICAV in the previous year or at least one month before the end of that year.

Only persons entered in the ICAV's register of Shareholders (i.e. registered holders of Shares and Subscriber Shares) are entitled to vote at meetings of the ICAV.

#### Notices of General Meetings – Investors Voting through Clearstream

Notices of general meetings and associated documentation will be issued by the ICAV to the registered holder of the Shares. Secondary market Investors will not be issued notices directly, rather a notice will be issued to Clearstream as the sole registered holder of Shares. Each Clearstream Participant must look solely to Clearstream and the rules and procedures for the time being of Clearstream governing onward delivery of such notices to the Clearstream Participants and the Clearstream Participant's right to exercise voting rights. Investors who are not Clearstream Participants would need to rely on their broker, nominee, custodian bank, CSD, ICSD or other intermediary (as appropriate) which is a Clearstream Participant, or which has an arrangement with a Clearstream Participant, to receive any notices of Shareholder meetings of the ICAV and to relay their voting instructions to Clearstream.

Clearstream has a contractual obligation to promptly notify Clearstream Participants of Shareholder meetings relating to the ICAV (or relevant Funds or Classes thereof) and to relay any associated documentation issued by the ICAV to Clearstream Participants in accordance with its rules and procedures. In accordance with its rules and procedures, Clearstream is contractually bound to collate and transfer all votes received from Clearstream Participants to the ICAV and cast all such votes received in accordance with Clearstream Participants' voting instructions.

#### Procedures at General Meetings

The holders of the Subscriber Shares shall, on a poll be entitled to one vote per Subscriber Share, shall not be entitled to any dividends whatsoever in respect of their holding of Subscriber Shares, and shall, in the event of a winding up or dissolution of the ICAV, be entitled (after payment to the holders of the Shares of a sum equal to the Net Asset Value of the Shares as at the date of commencement to wind up) to payment in respect of the nominal amount paid up thereon out of the assets of the ICAV.

The Shareholders shall on a poll be entitled to one vote per Share, shall be entitled to such dividends as the Directors may from time to time declare and, in the event of a winding up or dissolution of the ICAV, be entitled, in priority to the holders of the Subscriber Shares, firstly to an amount equal to the Net Asset Value of the Class held at the date of winding up and, after payment to the holders of the Subscriber Shares of the nominal amount paid up thereon, to participate in surplus assets of the ICAV (if any).

Subject to the provisions of the Instrument of Incorporation and any special terms as to voting upon which any Shares may be issued or may for the time being be held, at any general meeting on a

show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy shall have one vote. To be passed, resolutions of the ICAV in general meeting will require a simple majority of the votes cast by the Shareholders at the meeting at which the resolution is proposed. A majority of not less than 75% of the Shareholders present and (being entitled to vote) voting in general meetings is required in order to (i) amend the Instrument of Incorporation and (ii) wind up the ICAV.

The rights attached to any Class may be varied or abrogated with the consent in writing of Shareholders holding 75% of the issued and outstanding 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 in accordance with the Instrument of Incorporation.

The quorum for any general meeting convened to consider any alteration to the Class rights of the Shares shall be such number of Shareholders being one or more persons whose holdings comprise one-third of the Shares. The quorum for meetings other than a meeting to consider changes in Class rights shall be one person present in person or by proxy. Twenty-one clear days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the ICAV. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a simple majority of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Instrument of Incorporation provide that matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. On a show of hands a Shareholder present at a meeting is entitled to one vote. Each Share (including the Subscriber Shares) gives the holder one vote in relation to any matters relating to the ICAV which are submitted to Shareholders for a vote by poll.

### **Compulsory Redemption**

Shareholders are required to notify the Administrator immediately if they become no longer eligible to be a shareholder in the ICAV or persons who are otherwise subject to restrictions on ownership as set out herein in which Shareholders may be required to redeem or transfer their Shares.

The Directors in consultation with the Manager may compulsorily redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares in the following circumstances:

- (i) any person in breach of the law or requirements of any country or governmental authority by virtue of which such person is not qualified to hold Shares including without limitation any exchange control regulations;
- (ii) a person who is, or any person who has acquired such Shares on behalf of, or for the benefit of US Person in contravention of applicable laws and regulations;
- (iii) any person, whose holding would cause or be likely to cause the ICAV to be required to register as an "investment company" under the United States Investment Company Act of 1940 or to register any class of its securities under the Securities Act or similar statute;
- (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which in the opinion of the Directors might result in the ICAV or any Fund or Shareholders of the ICAV or Fund as a whole incurring any liability to taxation or suffering any tax, legal, pecuniary, regulatory liability or material administrative disadvantage which the ICAV, the Fund or the Shareholders or any of them might not otherwise have incurred or suffered;
- (v) any person who does not supply any information or declarations required by the Directors

- within seven days of a request to do so by the Directors;
- (vi) any person who, otherwise than as a result of depreciation in the value of his holding, holds less than the Minimum Holding for a particular Fund or Class of Participating Shares; or
  - (vii) any person who is no longer eligible to be a shareholder in the ICAV.

In all cases of compulsory redemption, the Directors retain the right to determine the Dealing Day for the redemption.

### **Compulsory (Total) Redemption**

If at any time the aggregate Net Asset Value of the ICAV is less than USD 100,000,000 (or equivalent), the ICAV may, by notice to all Shareholders given within 4 weeks of such time, redeem on the Dealing Day next following the expiry of the notice all (but not some) of the Shares not redeemed. Additionally the Directors may, at any time after the first anniversary of the first issue of Shares of the ICAV, require redemption of all the Shares of a particular Fund or a particular Class, if the Net Asset Value of such Fund or Class is lower than USD 50,000,000 (or equivalent), for a period of 30 consecutive days.

The Instrument of Incorporation also permits the Directors to close a particular Fund or Class (i) where they deem it appropriate because of changes in the economic or political situation affecting the Fund or Class; (ii) where Shares of a Fund are delisted from a Relevant Stock Exchange; (iii) where it is no longer possible or practicable, in the opinion of the Directors, to use FDIs in respect of a Fund or Class for reasons including but not limited to, a situation where it is not economical to do so; (iv) where the Manager resigns or is removed or the Management Agreement is terminated and no replacement manager is appointed within three months from the date of such resignation, removal or termination; (v) where a service provider resigns or is removed, and no suitable successor is appointed; or (vi) at the Directors' discretion on prior notice to Shareholders.

Following the closure of a particular Class, further Shares of that Class may be issued at the discretion of Directors provided that the issue that led to the closure of the Class no longer exists for that Class and the Class is not the last remaining Class in a Fund.

Any such compulsory termination of a Fund or a particular Class will require at least 30 days' prior written notice to Shareholders of the relevant Fund or Class. As an alternative, but subject to prior approval of the Central Bank and of the Shareholders of the Fund or Class affected, the Directors may arrange for a Fund or Class to be merged with another Fund or Class of the ICAV or with another UCITS.

A particular Fund or Class may be closed in circumstances other than those mentioned above with the consent of a simple majority of the Shareholders present or represented at a meeting of Shareholders of that Fund or Class. Any closure determined on by the above provisions will be binding on all the holders of the Shares of the relevant Fund or Class.

Where a particular Fund or Class is terminated, the redemption price payable on termination will be calculated on a basis reflecting the realisation and liquidation costs on closing the Fund or Class.

The Directors have the power to suspend dealings in the Shares of any Fund or Class where it is to be terminated in accordance with the above provisions. Such suspension may take effect at any time after the notice has been given by the Directors as mentioned above or, where the termination requires the approval of Shareholders, after the passing of the relevant resolution. Where Shares of such Fund or Class are not suspended, the prices of Shares may be adjusted to reflect the anticipated realisation and liquidation costs mentioned above.

### **Closure process for Funds and Classes on Compulsory (Total) Redemption**

Where a Fund or a particular Class is to be totally redeemed and terminated in accordance with the above provisions, the Directors shall take the following steps taking into account any minimum notice

periods prescribed by a Relevant Stock Exchange, the Central Bank or any relevant competent authority:

- (a) A notification shall be sent to each Shareholder of Shares of the relevant Fund or Class specifying the proposed timetable for the closure including (i) the final date on which the Shares can be bought or sold on all Relevant Stock Exchanges, (ii) the final Dealing Day for subscriptions and redemptions of Shares directly with the ICAV after which all such primary market dealing will be permanently suspended (the “Final Dealing Day”), (iii) the date by reference to which all Shares of the Fund or Class which remain in issue shall be compulsorily redeemed (the “**Compulsory Redemption Date**”) and (iv) an indicative date on which the Directors propose to distribute the liquidated proceeds from the compulsory redemption of the Shares to the relevant Shareholders (the “**Indicative Settlement Date**”);
- (b) Notice of the de-listing of the Shares, the permanent suspension of dealing and the termination of the Fund or Class shall be communicated to the Central Bank and all Relevant Stock Exchanges and, to the extent required by the law or practices of the country concerned, to any other competent authority in a Member State or other country in which the relevant Shares are registered for marketing. Such notice shall also be published in such publication(s) as the Directors may determine and, in any event, shall be communicated through the media by which Share prices are published;
- (c) The Shares of the relevant Fund or Class shall subsequently be de-listed from all Relevant Stock Exchanges in accordance with the timetable notified to Shareholders;
- (d) Dealing in the relevant Fund or Class shall be permanently suspended with effect from the Business Day following the Final Dealing Day;
- (e) All Shares of the relevant Fund or Class which remain in issue following the Final Dealing Day shall be compulsorily redeemed on the Compulsory Redemption Date;
- (f) Following the Compulsory Redemption Date, the Investment Manager and the Administrator shall take the necessary steps to liquidate the Investments attributable to the relevant Fund or Class for the purposes of determining the final Net Asset Value per Share of the relevant Fund or Class;
- (g) Once the final Net Asset Value per Share of the relevant Fund or Class has been determined by the Administrator, the proceeds of the compulsory redemption of Shares shall be distributed by the Administrator to the Shareholders on or around the Indicative Settlement Date.

The Directors can give no assurance that the distribution of the proceeds from the compulsory redemption of the Shares will take place on the Indicative Settlement Date. The Indicative Settlement Date will be notified to Shareholders of Shares for indicative purposes only, as the liquidation of the Investments attributable to the Fund or Class following the Compulsory Redemption Date can be affected by various factors including delays in the settlement of transactions and repatriation of the Fund’s cash.

#### **Secondary market investors:**

No distribution proceeds resulting from the Compulsory Redemption of the Shares shall be payable by the ICAV directly to any person other than those persons listed as Shareholders in the Register as at the Compulsory Redemption Date. Please note that Investors who hold Shares will not appear

on the ICAV's Register of Shareholders. Such Investors should deal directly with the relevant broker, market maker/Authorised Participant, nominee, clearing agent, Euroclear or Clearstream (as relevant) in respect of their investment.

#### **Authorised Participants only:**

An Authorised Participant who submits a valid application for redemption of Shares (the “**Relevant Shares**”) on or before the Final Dealing Date shall not be subject to the Compulsory Redemption process in respect of the Relevant Shares. However, in the event that any such application for redemption has not settled in advance of the Compulsory Redemption Date (as a result of the relevant Authorised Participant having failed to deliver the Relevant Shares by such date), the relevant redemption application shall be cancelled. In such circumstances, the number of Shares that were the subject of the cancelled redemption application will be compulsorily redeemed along with all of the other outstanding Shares in the ICAV on the Compulsory Redemption Date. The relevant Authorised Participant whose application was cancelled will be required to reimburse the ICAV to the extent that the redemption price per Share determined in respect of the Compulsory Redemption exceeds the redemption price per Share that would have been payable to the relevant Authorised Participant in respect of the cancelled redemption application had it not been cancelled, such amount representing the loss to the Fund or Class incurred in connection with the cancellation of the redemption application.

The ICAV will be responsible for all legal, procedural, stock exchange related and service provider costs incurred in respect of the de-listing, redemption process and termination of a Fund or Class.

The ICAV will be responsible for all legal, procedural and service provider costs incurred in respect of the redemption process and termination of a Fund or Class.

#### **Deferred Repurchase**

Where a redemption of Shares would result in the number of Shareholders falling below two or such other minimum number stipulated by statute or where a redemption of Shares would result in the issued Share capital of the ICAV falling below such minimum amount as the ICAV may be obliged to maintain pursuant to applicable law, the ICAV may defer the redemption of the minimum number of Shares sufficient to ensure compliance with applicable law. The redemption of such Shares will be deferred until the ICAV is wound up or until the ICAV procures the issue of sufficient Shares to ensure that the redemption can be effected. The ICAV shall be entitled to select the Shares for deferred redemption in such manner as it may deem to be fair and reasonable and as shall be approved by the Depositary.

#### **Reports**

In each year the Directors shall arrange to be prepared an annual report and audited annual accounts for the ICAV. Upon publication, which shall be within four months of the end of the financial year, and at least 21 days before the annual general meeting (if applicable), these will be available to Investors and Relevant Stock Exchanges on request by electronic mail and the ICAV shall place a copy of such document on <https://www.bnpparibas-am.com>. In addition, the ICAV shall make available to Investors upon publication, which shall be within two months of the end of the relevant period, a half-yearly report which shall include unaudited half-yearly accounts for the ICAV.

Annual accounts shall be made up to 31 December in each year and the first audited accounts shall be made up to 31 December 2023. Unaudited half-yearly accounts shall be made up to 30 June in each year and the first half-yearly accounts shall be made up to 30 June 2023.

Audited annual reports and unaudited half-yearly reports incorporating financial statements shall be available free of charge along with the Instrument of Incorporation to Investors and Relevant Stock Exchanges on request by electronic mail. The ICAV shall place copies of such documents on <https://www.bnpparibas-am.com>.



## Remuneration Policy of the Manager

The Manager has remuneration policies and practices in place consistent with the requirements of the UCITS Regulations and the ESMA Guidelines on sound remuneration policies under the UCITS Directive (“**ESMA Remuneration Guidelines**”). The Manager will procure that any delegate to whom such requirements may also apply pursuant to the ESMA Remuneration Guidelines will have equivalent remuneration policies and practices in place.

The remuneration policy reflects the Manager's objective for good corporate governance, promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Funds or the Instrument of Incorporation. It is also aligned with the investment objectives of each Fund and includes measures to avoid conflicts of interest. The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the Manager, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate. This review will also ensure that the remuneration policy reflects best practice guidelines and regulatory requirements, as may be amended from time to time.

Details of the up-to-date remuneration policy of the Manager (including, but not limited to: (i) a description of how remuneration and benefits are calculated; (ii) the identities of persons responsible for awarding the remuneration and benefits; and (iii) the composition of the remuneration committee, where such a committee exists) is available on the Manager's website: <https://www.bnpparibas-am.com/en/footer/remuneration-policy/> and a paper copy will be made available to Shareholders free of charge upon request.

## Miscellaneous

- (a) The ICAV is not, and has not been since its incorporation, engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the ICAV.
- (b) Except as disclosed in paragraph (iv) below, there are no service contracts in existence between the ICAV and any of its Directors, nor are any such contracts proposed.
- (c) At the date of this document, neither the Directors nor their spouses nor their infant children nor any connected person have any direct or indirect interest in the share capital of the ICAV or any options in respect of such capital.
- (d) At the date of this document, the ICAV has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees or contingent liabilities in respect of any of the Funds.
- (e) Save as disclosed herein in the section entitled “Fees, Costs and Expenses” above, no commissions, discounts, brokerage, or other special terms have been granted by the ICAV in relation to Shares issued by the ICAV.
- (f) The ICAV does not have, nor has it had since its incorporation, any employees or subsidiary companies.

## SCHEDULE I

### The Regulated Markets

The following is a list of regulated stock exchanges and markets in which the assets of each Fund may be listed and/or traded from time to time and is set out in accordance with the regulatory criteria as defined in the Central Bank Regulations. With the exception of permitted investments in unlisted securities, each Fund will only invest in securities traded on a stock exchange or market which meets the regulatory criteria (regulated, operating regularly, be recognised and open to the public) and which is listed in this Prospectus. The Central Bank does not issue a list of approved stock exchanges or markets. A Regulated Market shall comprise any stock exchange which is located in any Member State; or located in any of the following countries: Australia, Canada, Japan, Hong Kong, New Zealand, Norway, Switzerland, the UK, the United States of America; or any stock exchange included in the following list:

- Argentina - the stock exchanges in Buenos Aires, Cordoba, Mendoza, Rosario and La Plata;
- Bangladesh – the stock exchanges in Chittagong and Dhaka;
- Botswana – the Botswana Share Market; Brazil – the stock exchanges in Sao Paulo, Brasilia, Bahia-Sergipe-Alagoas, Extremo Sul Porto Alegre, Parana Curitiba, Regional Fortaleza, Santos, Pernambuco e Paraiba and Rio de Janeiro;
- Chile – the stock exchanges in Santiago and Valparaiso;
- China - the stock exchanges in Shanghai and Shenzhen;
- Colombia – the stock exchanges in Bogota and Medellin;
- Croatia – the Zagreb Stock Exchange;
- Egypt – the stock exchanges in Cairo and Alexandria;
- Ghana – the Ghana Stock Exchange;
- Hong Kong – the stock exchange in Hong Kong;
- Iceland – the stock exchange in Reykjavik;
- India – the Bombay Stock Exchange, the National Stock Exchange, the stock exchanges in Madras, Delhi, Ahmedabad, Bangalore, Cochin, Guwahati, Magadh, Pune, Hyderabad, Ludhiana, Uttar Pradesh and Calcutta;
- Indonesia – the stock exchanges in Jakarta and Surabaya;
- Israel – the stock exchange in Tel Aviv;
- Jordan – the stock exchange in Amman;
- Kazakhstan – the Kazakhstan Stock Exchange;
- Kenya – the stock exchange in Nairobi;
- Korea – the stock exchange in Seoul;
- Kuwait – the stock exchange in Kuwait;
- Mauritius – the stock exchange in Mauritius;
- Malaysia – the stock exchange in Kuala Lumpur;
- Mexico – the stock exchange in Mexico City;
- Morocco - the stock exchange in Casablanca;
- Pakistan – the stock exchanges in Karachi and Lahore;

- Peru – the stock exchange in Lima;
- Philippines – the Philippine Stock Exchange;
- Saudi Arabia – the Saudi Stock Exchange;
- Singapore – the stock exchange in Singapore;
- Serbia – the Belgrade Stock Exchange;
- South Africa – the stock exchange in Johannesburg;
- Sri Lanka – the stock exchange in Colombo;
- Taiwan – the stock exchange in Taipei;
- Thailand – the stock exchange in Bangkok;
- Tunisia – the stock exchange in Tunis;
- Turkey – the stock exchange in Istanbul;
- United Arab Emirates - Dubai Financial Market;
- Vietnam – the Ho Chi Minh City Stock Exchange;
- Zambia – the Lusaka Stock Exchange;

or any of the following:

- the market organised by the International Capital Markets Association;
- the “listed money market institutions”, as described in the Bank of England publication “The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Currency and Bullion” dated April, 1988 (as amended from time to time);
- the market comprising dealers which are regulated by the Federal Reserve Bank of New York;
- the over-the-counter market conducted by primary and secondary dealers comprising dealers which are regulated by the United States Financial Industry Regulatory Authority and the United States Securities and Exchange Commission;
- NASDAQ; and the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.

The following is a list of regulated futures and options exchanges and markets in which the assets of each Fund may be invested from time to time and is set out in accordance with the Central Banks requirements. The Central Bank does not issue a list of approved futures and options exchanges or markets.

- (a) all futures and options exchanges: in a Member State;
- (a) in a Member State of the European Economic Area (EEA) (excluding Iceland and Liechtenstein i.e. Norway);
- (b) any derivatives and options exchanges included in the following list:
- Australian Stock Exchange;
  - Bermuda Stock Exchange;
  - Bolsa Mexicana de Valores;
  - Chicago Board of Trade;
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange; the Commodity Exchange Inc;
  - Coffee, Sugar and Cocoa Exchange;

- Copenhagen Stock Exchange (including FUTOP);
- EDX London;
- Eurex Deutschland;
- Euronext Amsterdam;
- Euronext.liffe;
- Euronext Paris;
- European Options Exchange;
- Financial Futures and Options Exchange;
- Financiële Termijnmarkt Amsterdam;
- Finnish Options Market;
- Hong Kong Futures Exchange;
- International Monetary Market;
- International Capital Market Association;
- Irish Futures and Option Exchange (IFOX);
- New Zealand Futures and Options Exchange;
- Kansas City Board of Trade
- Korean Futures Exchange;
- Korean Stock Exchange;
- Marche des options Negocioables de Paris (MONEP);
- Marche a Terme International de France;
- MEFF Renta Fiji;
- MEFF Renta Variable;
- Midwest Stock Exchange;
- Montreal Exchange;
- National Association of Securities Dealers Automated Quotations System (NASDAQ);
- New York Futures Exchange;
- New York Mercantile Exchange;
- New York Stock Exchange;
- NYSE MKT;
- Osaka Securities Exchange;
- OMX Exchange Helsinki;
- OMX The London Securities and Derivatives Exchange Ltd.;
- OM Stockholm AB;
- Pacific Stock Exchange;
- Philadelphia Board of Trade;
- Philadelphia Stock Exchange;
- Singapore International Monetary Exchange;

- Singapore Stock Exchange;
- Tokyo International Financial Futures Exchange;
- Tokyo Stock Exchange;
- Singapore International Monetary Exchange;
- South Africa Futures Exchange (SAFEX);
- Sydney Futures Exchange;
- Tokyo Stock Exchange;
- Toronto Futures Exchange; and
- TSX Group Exchange.

These markets and exchanges are listed in accordance with the requirements of the Central Bank, which does not issue a list of approved markets and exchanges.

## SCHEDULE II

### Investment Restrictions

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of AIFs.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p><b>Recently Issued Transferable Securities</b></p> <p>Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply.</p> <p>Paragraph (1) does not apply to an investment by a responsible person in US Securities known as "Rule 144 A securities" provided that;</p> <p>(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and</p> <p>(g) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.</p>
<b>2.3</b>	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS. <b>This restriction need not be included unless it is</b>

	<p><b>intended to avail of this provision and reference must be made to the fact that this requires the prior approval of the Central Bank.</b></p> <p><b>2.5</b> The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.</p> <p><b>2.6</b> The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.</p> <p><b>2.7</b> A UCITS shall not invest more than 20% of its assets in deposits made with the same body.</p> <p><b>2.8</b> The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p> <p><b>2.9</b> Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul> <p><b>2.10</b> The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.</p> <p><b>2.11</b> Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.</p> <p><b>2.12</b> A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>OECD Governments (provided the relevant issues are of investment grade), Government of Brazil (provided the issues are investment grade), , Government of the People's Republic of China, Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
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<b>3</b>	<b>Investment in Collective Investment Schemes (“CIS”)</b>
<b>3.1</b>	A UCITS may not invest more than 20% of net assets in any one CIS.
<b>3.2</b>	Investment in AIFs may not, in aggregate, exceed 30% of net assets.
<b>3.3</b>	The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
<b>3.4</b>	When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
<b>3.5</b>	Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.
<b>4.2</b>	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, ICAV or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
<b>5.2</b>	A UCITS may acquire no more than: <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	5.1 and 5.2 shall not be applicable to: <ul style="list-style-type: none"> <li>(i) (transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> </ul>



	<p>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</p> <p>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</p> <p>(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</p> <p>(v) Shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</p>
<b>5.4</b>	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of: <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments*;</li> <li>- units of investment funds; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>

\* Any short selling of money market instruments by UCITS is prohibited

<b>6.1</b>	The UCITS global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations/Guidance. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
<b>6.3</b>	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that <ul style="list-style-type: none"><li>- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.</li></ul>
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

## SCHEDULE III

### Investment Techniques and Instruments

#### Permitted financial derivative instruments (“FDI”)

1. The ICAV shall only invest assets of a Fund in FDI if:
  - 14.1 the relevant underlying reference assets or indices consist of one or more of the following: instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations, including financial instruments having one or several characteristics of those assets, financial indices, interest rates, foreign exchange rates or currencies;
  - 14.2 the FDI do not expose the Fund to risks which it could not otherwise assume (e.g., gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
  - 14.3 the FDI do not cause the Fund to diverge from its investment objectives;
  - 14.4 the reference in 1.1 above to financial indices shall be understood as a reference to indices which fulfil the following criteria:
    - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
      - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
      - (ii) where the index is composed of assets referred to in Regulation 68(1) of the UCITS Regulations, its composition is at least diversified in accordance with Regulation 71 of the UCITS Regulations;
      - (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71(1) of the UCITS Regulations;
    - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
      - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
      - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;
      - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;
    - (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
      - (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available;

- (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the UCITS Regulations, be regarded as FDI on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices; and

- 14.5 where the ICAV enters, on behalf of a Fund, into a total return swap or invests in other FDI with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.

### **Credit derivatives**

- 15. Credit derivatives, which shall mean unfunded total return swap are permitted where:
  - 15.1 they allow the transfer of the credit risk of an asset as referred to in paragraph 1.1 above, independently from the other risks associated with that asset;
  - 15.2 they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and (2) of the UCITS Regulations;
  - 15.3 they comply with the criteria for OTC FDI set out in paragraph 4 below; and
  - 15.4 their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the Fund or the credit risk issuer.
- 16. FDI must be dealt in on a market which is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State. Restrictions in respect of individual stock exchanges and markets may be imposed by the Central Bank on a case by case basis.
- 17. Notwithstanding paragraph 3, a Fund may invest in OTC FDI if:
  - 17.1 the counterparty is: (a) a credit institution that is within any of the categories set out in Regulation 7 of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve; or (d) such other categories of counterparties as are permitted by the Central Bank;
  - 17.2 where a counterparty within sub-paragraphs (b) or (c) of paragraph 4.1: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the ICAV in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph 4.2 this shall result in a new credit assessment being conducted of the counterparty by the ICAV without delay;

- 17.3 where an OTC FDI referred to in paragraph 4.1 above is subject to a novation, the counterparty after the novation must be:
- (a) an entity that is within one of the categories set out in paragraph 4.1 above; or
  - (b) a CCP authorised, or recognised by ESMA under EMIR or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
- 17.4 risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. In this regard, the Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC FDI contract with that counterparty. The Fund may net FDI positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC FDI with the same counterparty and not in relation to any other exposures the Fund may have with the same counterparty. The ICAV may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations; and
- 17.5 the OTC FDI are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

A Fund shall receive such collateral as necessary to ensure that the Fund's risk exposure to the counterparty, taking into account any netting arrangements as described in paragraph 4.4 above, does not exceed limits set out in Regulation 70(1)(c) of the UCITS Regulations.

Where a Fund engages with a counterparty in the context of a Securities Financing Transaction within the meaning of the SFTR (i.e. (i) a repurchase transaction; (ii) a reverse repurchase transaction; and/or (iii) securities lending transaction, each as defined in the SFTR) and/or a total return swap, the criteria for selecting that counterparty shall be those outlined in paragraphs 4.1 and 4.2 above.

18. Collateral received must at all times meet with the requirements set out in paragraphs 25 to 32 below.
19. Collateral passed to an OTC FDI counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the UCITS Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

#### **Calculation of issuer concentration risk and counterparty exposure risk**

20. A Fund using the commitment approach must ensure that its global exposure does not exceed its total Net Asset Value. The Fund may not therefore be leveraged in excess of 100% of its Net Asset Value. A Fund using the VaR approach must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in the relevant Fund's risk management procedures for FDI, which are described below under "Risk management process and reporting".

The Fund Supplement of a Fund using the VaR approach will disclose the expected level of leverage and the possibility of higher levels of leverage, beyond the expected levels of leverage disclosed, and information on any reference portfolio(s).

For the purpose of calculating the expected leverage of a Fund using VaR:

- (i) VaR will be calculated daily and leverage will be calculated as the sum of the notionals of the derivatives used;
- (ii) the calculation of leverage may be supplemented with leverage calculated on the basis of a commitment approach; and
- (iii) the creation of leveraged exposure to an index via FDI, or the inclusion of a leverage feature in an index, shall be taken into account in assessing the expected and higher levels of leverage which will be disclosed in a Fund Supplement as necessary.

Each Fund must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach.

- 21. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations.
- 22. Where the initial margin posted to and variation margin receivable from a broker relating to an exchange-traded FDI or an OTC FDI is not protected by client money rules or other similar arrangements to protect the Fund in the event of the insolvency of the broker, the ICAV shall calculate exposure of the Fund within the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.
- 23. The calculation of issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations.
- 24. When calculating exposures for the purposes of Regulation 70 of the UCITS Regulations, the ICAV must establish whether the exposure of the Fund is to an OTC counterparty, a broker, a central counterparty or a clearing house.
- 25. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments or collective investment schemes when combined, where relevant, with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the FDI (including embedded FDI) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration of a Fund must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.
- 26. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the UCITS Regulations and which contain a component which fulfils the following criteria:
  - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of

prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone FDI;

- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
- (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.

27. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

### **Cover requirements**

28. The ICAV shall ensure that, at all times, a Fund is capable of meeting all its payment and delivery obligations incurred by transactions involving FDI.

29. The ICAV shall ensure that, at all times, the risk management process of a Fund includes the monitoring of FDI transactions to ensure that every such transaction is covered adequately.

30. The ICAV shall ensure that, at all times, a transaction in FDI which gives rise to, or could potentially give rise to, a future commitment on behalf of a Fund is covered in accordance with the following:

- (a) in the case of FDI that is, automatically or at the discretion of the Fund, cash-settled, the Fund must, at all times, hold liquid assets that are sufficient to cover the exposure; and
- (b) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
  - (i) the underlying assets consist of highly liquid fixed income securities; and/or
  - (ii) the exposure can be covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process and details are provided in the Prospectus.

### **Risk management process and reporting**

31. A Fund must provide the Central Bank with details of its proposed risk management process vis-à-vis its FDI activity pursuant to Chapter 3 of the Central Bank Regulations. The risk management process is required to include information in relation to:

- (a) permitted types of FDI, including embedded FDI in transferable securities and money market instruments;
- (b) details of the underlying risks;
- (c) relevant quantitative limits and how these will be monitored and enforced; and
- (d) methods for estimating risks.

Amendments to the initial filing must be filed with the Central Bank together with Central Bank risk management process application form. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.

32. The ICAV must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must include information which reflects a true and fair view of the types of FDI used by the Funds, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the ICAV. The ICAV must, at the request of the Central Bank, provide this report at any time.

#### **Techniques and instruments, including repurchase/reverse repurchase agreements and securities lending, for the purposes of efficient portfolio management**

33. A Fund may employ techniques and instruments relating to transferable securities and money market instruments subject to the UCITS Regulations and to conditions imposed by the Central Bank. The use of these techniques and instruments should be in line with the best interests of the Fund.
34. Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:
  - 34.1 they are economically appropriate in that they are realised in a cost-effective way;
  - 34.2 they are entered into for one or more of the following specific aims:
    - (a) reduction of risk;
    - (b) reduction of cost;
    - (c) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in Regulation 71 of the UCITS Regulations; and
  - 34.3 their risks are adequately captured by the risk management process of the Fund.

#### **Repurchase/reverse repurchase agreements and securities lending**

35. Repurchase/reverse repurchase agreements and securities lending (“efficient portfolio management techniques”) may only be effected in accordance with the conditions and limits set out in the Central Bank UCITS Regulations.
36. All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down in paragraph 25 below.
37. Collateral must, at all times, meet with the following criteria:
  - (a) **liquidity:** Collateral received, other than cash, should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations;
  - (b) **valuation:** Collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;



- (c) **issuer credit quality:** Collateral received should be of high quality. The ICAV shall ensure that:
  - (i) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the ICAV in the credit assessment process; and
  - (ii) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in sub-paragraph (i) this shall result in a new credit assessment being conducted of the issuer by the ICAV without delay;
- (d) **correlation:** Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the ICAV to expect that it would not display a high correlation with the performance of the counterparty;
- (e) **diversification (asset concentration):**
- (f) Subject to sub-paragraph (ii) above, collateral received should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- (g) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value. The Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which a Fund is able to accept as collateral for more than 20% of its Net Asset Value shall be drawn from the following list:
 

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, IMF, Euratom, The Asian Development Bank, ECB, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, the EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC; and
- (h) **immediately available:** Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

38. The ICAV shall ensure that the risk management process identifies, manages and mitigates risks linked to the management of collateral, including operational risks and legal risks.

39. Where a Fund receives collateral on a title transfer basis, the ICAV shall ensure that the collateral is to be held by the Depository. Where a Fund receives collateral on any basis other than a title transfer basis, that collateral may be held by a third party depository, provided that the depository is subject to prudential supervision and is unrelated and unconnected to the provider of the collateral.
40. The ICAV shall not sell, pledge or re-invest the non-cash collateral received by a Fund.
41. Where the ICAV invests cash collateral received by a Fund, such investments shall only be made in one or more of the following:
- (a) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations (which are set out in paragraph 4.1 above);
  - (b) high-quality government bonds which, at the time of purchase, have a rating from a recognised rating agency not below than AA (Standard & Poor's and Fitch) or Aa3 (Moody's) or equivalent ratings from other rating agencies;
  - (c) reverse repurchase agreements provided the transactions are with a credit institution referred to in Regulation 7 of the Central Bank Regulations (which are set out in paragraph 4.1 above) and the Fund is able to recall at any time the full amount of cash on an accrued basis; or
  - (d) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).
42. Where the ICAV invests cash collateral received by a Fund: (a) that investment shall comply with the diversification requirements applicable to non-cash collateral; and (b) invested cash collateral shall not be placed on deposit with the counterparty or with any entity that is related or connected to the counterparty.
43. The ICAV shall ensure that there is in place an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:
- (a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - (b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - (c) reporting frequency and limit/loss tolerance threshold/s; and
  - (d) mitigation actions to reduce loss including haircut policy and gap risk protection.
44. The ICAV shall establish and ensure adherence to a haircut policy for a Fund, adapted for each class of assets received as collateral. When devising the haircut policy, the ICAV shall take into account the characteristics of the assets, such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with Regulation 21 of the Central Bank Regulations. The ICAV shall document the haircut policy and the ICAV shall justify and document each decision to apply a specific haircut or to refrain from applying any haircut, to any specific class of assets.
45. Where a counterparty to a repurchase or a securities lending agreement which has been entered into by the ICAV on behalf of a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the ICAV in

the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the ICAV without delay.

46. The ICAV shall ensure that it is at all times able to recall any security that has been lent out or to terminate any securities lending agreement to which it is party.
47. Where the ICAV enters into a reverse repurchase agreement on behalf of a Fund it shall ensure that it is able at all time able to recall the full amount of cash or to terminate the relevant agreement on either an accrued basis or a mark-to-market basis. In circumstances in which cash is, by virtue of the obligation under Regulation 25(1) of the Central Bank Regulations, recallable at any time on a mark-to-market basis, the ICAV shall use the mark-to-market value of the reverse repurchase agreement for the calculation of the Net Asset Value of the Fund.
48. Where the ICAV enters into a repurchase agreement on behalf of a Fund it shall ensure that it is at all times able to recall any securities that are subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the ICAV.
49. Repurchase/reverse repurchase agreements or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the UCITS Regulations, respectively.
50. The ICAV shall ensure that all the revenues arising from efficient portfolio management techniques and instruments, net of direct and indirect operational costs, are returned to the Fund.

## **SCHEDULE IV**

List of sub-delegates appointed by the Depositary