

## **PROSPECTUS**

**If you are in doubt about the contents of this Prospectus, you should consult your stockbroker or other independent financial adviser.**

### **MEDIOLANUM FUND OF HEDGE FUNDS**

**(an open-ended umbrella unit trust authorised in Ireland by Central Bank of Ireland pursuant to the provisions of the Unit Trusts Act, 1990, as amended and any regulations made thereunder)**

**The Sub-Funds will invest in unregulated collective investment schemes which may not be subject to the same legal and regulatory protection as afforded by collective investment schemes authorised and regulated in the European Union or equivalent jurisdictions. Investment in unregulated schemes involves special risks that could lead to a loss of all or a substantial portion of such investment.**

**An investment in this Fund is not suitable for all investors. A decision to invest in this Fund should take into account your own financial circumstances and the suitability of the investment as a part of your portfolio. You should consult a professional investment advisor before making an investment.**

**Dated: 1 April, 2019**

## PRELIMINARY

**THIS PROSPECTUS MAY ONLY BE ISSUED WITH ITS SUB-FUND INFORMATION CARD ATTACHED. THE SUB-FUND INFORMATION CARD CONTAINS SPECIFIC INFORMATION RELATING TO EACH SUB-FUND.**

**SEPARATE CLASS INFORMATION CARDS MAY BE ISSUED CONTAINING SPECIFIC INFORMATION RELATING TO ONE OR MORE CLASSES WITHIN A SUB-FUND.**

*The Fund is an open-ended umbrella unit trust authorised by the Central Bank pursuant to the provisions of the Unit Trusts Act, 1990, as amended and any regulations made thereunder.*

This Prospectus, the Sub-Fund Information Card and each Classes Information Card are governed by and construed in accordance with the laws of the Republic of Ireland and the main (but not the sole) legal implication of the contractual relationship entered into for the purpose of investment in this Fund is that an investor purchases Units in a Sub-Fund of the Fund where a Unit issued in a Sub-Fund represents the beneficial ownership of one undivided share in the assets of the relevant Sub-Fund or Class (where applicable). Each Unitholder is bound by the terms of this Prospectus, the Trust Deed and the application form executed by or on behalf of each Unitholder. The application form is governed by Irish law and the parties thereto submit to the jurisdiction of the Irish courts. Irish law provides for the enforcement of judgments obtained in other countries subject to certain conditions having been met.

***Authorisation of the Fund and approval of its Sub-Funds by the Central Bank is not an endorsement or guarantee of the Fund or of its Sub-Funds by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. The Central Bank shall not be liable by virtue of its authorisation of the Fund or by reason of its exercise of the functions conferred on it by legislation in relation to this Fund for any default of the Fund. Authorisation of the Fund does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties to the Fund.***

*The Directors of the Manager of the Fund, whose names appear under the heading "Management of the Fund", accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.*

***Investors in the Fund should be aware that the Manager has the discretion to impose a fee of up to up to 5 % of the total subscription amount in respect of subscription requests.***

***Investors in the Fund should note that any Sub-Fund which is a feeder fund or a fund of funds may allow up to 95 calendar days between the deadline for receipt of redemption requests and the payment of redemption proceeds. The effect of this may be such that, regardless of the actual dealing frequency of the Sub-Fund, it will in effect be a quarterly dealing Sub-Fund.***

***An investment in the Fund is highly speculative and involves a high, above-average degree of risk and is only suitable for those investors who are able to assume the risk of losing their entire investment. Prices of Units may fall as well as rise. The difference at any one time between the subscription and redemption prices means that this investment should be viewed as medium to long-term. Prospective investors should consider the risks set forth under the section headed "Risk Factors".***

*No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, issue or sale of Units, other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Manager. Neither the delivery of this Prospectus nor the offer, issue or sale of any of the Units shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.*

*This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offer, issue or sale of Units in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions. Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase or holding of Units, (b) any foreign exchange restrictions which may affect them, and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Units.*

*The Units have not been, nor will they be, registered under the United States Securities Act of 1933, as amended or any state securities laws and may not be offered, sold, or delivered directly or indirectly in the United States or to a US Person (as defined herein) or to or for the account or benefit of, any US Person. None of the Fund or any Sub-Fund have been, nor will they be, registered as an investment company under the US Investment Company Act of 1940, as amended. Units may not be transferred, assigned or resold to or for the account or benefit of a US Person. The Directors reserve the right to compulsorily redeem any Units held by an investor who is or subsequently becomes a US Person.*

*The Units have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC") nor any other US federal or state regulator, and the SEC has not passed upon the adequacy of this Prospectus. Any representation to the contrary is unlawful.*

*Applicants will be required to certify that they are not US Persons (as defined herein).*

*The AIFM or its delegate will not market or offer Units to, nor accept any investment in Units in the Sub-Funds from any investor unless it is a professional client as defined within the meaning of the Markets in Financial Instruments Directive (Directive 2014/65/EC), as may be amended, supplemented, consolidated or replaced from time to time.*

*The latest published annual and half yearly reports of the Fund will be supplied to the investors free of charge on request and will be available to the public as further described in the section of this Prospectus headed "Reports".*

*The Directors of the Manager are satisfied that no actual or potential conflict of interest arises as a result of the Manager managing other funds. However, if any conflict of interest should arise, the Directors will endeavour to ensure that it is resolved fairly and in the interest of Unitholders.*

*Each Delegate Investment Manager is satisfied that no actual or potential conflict arises as a result of it managing or advising other funds. However, if any conflict of interest should arise, the relevant Delegate Investment Manager will endeavour to ensure that it is resolved fairly and in the interest of Unitholders.*

*Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes in that law.*

*Investors should note that because investments in securities can be volatile and that their value may decline as well as appreciate, there can be no assurance that a Sub-Fund will be able to attain its objective. **The price of Units as well as the income therefrom may go down as well as up to reflect changes in the Net Asset Value of a Sub-Fund.***

***An investment should only be made by those persons who could sustain a loss on their investment, should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.***

***Attention is drawn to the section headed "Risk Factors".***

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## 1. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:-

- "Accounting Date"** the date by reference to which the annual accounts of the Fund and each of its Sub-Funds shall be prepared and shall be December 31 in each year or (in the case of the termination of the Fund or of a Sub-Fund) the date on which monies required for the final distribution shall have been paid to the Unitholders in the relevant Sub-Fund or Sub-Funds with the prior approval of the Central Bank
- "Accounting Period"** in respect of each Sub-Fund, a period ending on an Accounting Date and commencing (in the case of the first such period) from and including the date of the first issue of Units of the relevant Sub-Fund or (in any other case) from the end of the last Accounting Period
- "Act"** the Unit Trusts Act, 1990 as same may be amended or re-enacted from time to time including, without limitation any regulations made or notices issued by the Central Bank thereunder affecting the Fund or any Sub-Fund
- "Administration Agreement"** an agreement dated February 26, 2010 as amended by way of amendment agreements dated July 22, 2014 and November 26, 2014 and March 25, 2019 between the Manager and the Administrator and as may be further amended from time to time in accordance with the requirements of the Central Bank
- "Administrator"** Northern Trust International Fund Administration Services (Ireland) Limited or any successor company appointed by the Manager and approved by the Central Bank as administrator of the Fund
- "Administration Expenses"** the sums necessary to provide for all costs, charges and expenses including, but not limited to, index calculation, performance attribution, risk control and similar services' fees and expenses, courier's fees, telecommunication costs and expenses, out-of-pocket expenses, legal and professional expenses which the Manager incurs whether in litigation on behalf of the Fund or any of its Sub-Funds or in connection with the establishment of or ongoing administration of the Fund or any of its Sub-Funds or otherwise together with the costs, charges and expenses, including translation costs, of any notices including but not limited to reports, Prospectuses, listing particulars and newspaper

notices given to Unitholders in whatever manner plus value added tax (if any) on any such costs, charges and expenses and all properly vouched fees and reasonable out-of-pocket expenses of the Administrator (as administrator and as registrar and transfer agent), or any Delegate Investment Manager trading adviser, cash manager, distributor, paying agent and/or correspondent bank or any other delegate or adviser to the Manager duly appointed in accordance with the requirements of the Central Bank incurred pursuant to a contract to which the Manager or the Manager's delegate and such person are party plus value added tax (if any) on any such costs thereon

**“AIF”**

has the meaning given in the AIFMD Regulations

**“AIF Rulebook”**

means the AIF Rulebook issued by the Central Bank pursuant to the Act

**“AIFM”**

means a legal person whose regular business is managing one or more alternative investment funds and which is either (a) authorised or registered by the Central Bank as an alternative investment fund manager pursuant to the AIFMD Regulations or by the competent authority in its home Member State in accordance with Chapter II of the AIFM Directive or in its Member State of reference in accordance with that Chapter II or (b) able to avail of transitional arrangements adopted by the Central Bank which enable it to act as AIFM to the Fund prior to it obtaining authorisation or registration as provided in (a) above

**“AIFM Directive”**

means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2004/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EC) No 1095/2010

**“AIFMD Legislation”**

means the AIFMD Regulations, the AIFM Directive, the Delegated Regulation, the AIF Rulebook and any guidance, notices or supplementary materials issued by the Central Bank from time to time (and any amendment thereto for the time being in force) or conditions imposed or derogations granted thereunder as may be amended, supplemented or substituted from time to time

**“AIFMD Regulations”**

means the European Communities (Alternative Investment Fund Managers) Regulations 2013

**“AIMA”**

the Alternative Investment Management Association

<b>“Authorised Unit Trust”</b>	means a unit trust authorised in Ireland by the Central Bank pursuant to the Act
<b>“Benchmarks Regulation”</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 as may be amended, supplemented, consolidated or replaced from time to time including inter alia any commission delegated regulations supplementing Regulation (EU) 2016/1011
<b>“Beneficial Ownership Regulations”</b>	means the European Union (Anti-Money Laundering: Beneficial Ownership of Trusts) Regulations 2019 as amended or replaced from time to time
<b>“Business Day”</b>	every day which is a bank business day in Dublin and Milan
<b>“Central Bank”</b>	the Central Bank of Ireland or any regulatory authority with responsibility for the supervision and regulation of the Fund appointed in succession thereto
<b>“Class” or “Class of Units”</b>	a Class of Units of a Sub-Fund
<b>“Correspondent Bank/Paying Agent”</b>	any one or more companies or any other company appointed by the Manager as correspondent bank or paying agent for the Fund and its Sub-Funds
<b>“Dealing Day”</b>	such Business Day as is specified in the Sub-Fund Information Card with respect to a Sub-Fund or such other days as the Manager may from time to time determine and notify in advance to Unitholders provided there is at least one such day in each month
<b>“Delegated Regulation”</b>	means Commission Delegated Regulation (EU) No 231/2013 supplementing the AIFM Directive with regard to exemptions, general operating conditions depositaries, leverage, transparency and supervision
<b>“Delegate Investment Manager”</b>	any one or more persons or companies or any other person or company to whom the Manager has in accordance with the requirements of the Central Bank delegated all or part of its responsibilities to manage the assets of one or more Sub-Funds
<b>“Disbursements”</b>	includes in relation to the Trustee all disbursements properly made by the Trustee in connection with its trusteeship of the Fund and each of its Sub-Funds under the Trust Deed including (but not limited to) courier's fees, telecommunication costs and expenses and the fees (at normal commercial rates) and out-of-pocket

expenses of any sub-custodian appointed by it pursuant to the provisions of the Trust Deed and all costs, charges and expenses of every kind which it may suffer or incur in connection with such trusteeship of the Fund and of each of its Sub-Funds (including the establishment thereof) and all matters attendant thereon or relative thereto and all legal and other professional expenses incurred or suffered by it in relation to or in any way arising out of the Fund and of each of its Sub-Funds (including the establishment thereof) and any value added tax liability incurred by the Trustee arising out of the exercise of its powers or the performance of its duties pursuant to the provisions of the Trust Deed

**"Distribution Date"** the date or dates by reference to which a distribution may at the option of the Manager be declared

**"Distribution Payment Date"** the date upon which the Manager shall determine to make payment of a distribution which shall be within 30 days of the Manager declaring a distribution

**"Distribution Period"** any period ending on an Accounting Date or a Distribution Date as the Manager may select and beginning on the day following the last preceding Accounting Date, or the day following the last preceding Distribution Date, or the date of the initial issue of "B" Units of a Sub-Fund or Class, as the case may be

**"Distributor"** any one or more persons or companies or any other person or company appointed by the Manager to act as distributor of one or more Classes of Unit of a Sub-Fund

**"ESMA"** means the European Securities and Markets Authority

**"ESMA Guidelines on Remuneration"** means the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD, published 31 March, 2016

**"Exempt Irish Investor"** means:-

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- (b) a company carrying on life business within the meaning of Section 706 of the Taxes Act;

- (c) an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- (d) a special investment scheme within the meaning of Section 737 of the Taxes Act;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- (f) a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- (g) a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Units held are assets of an approved retirement fund or an approved minimum retirement fund;
- (h) a qualifying management company within the meaning of Section 739B of the Taxes Act;
- (i) an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- (j) a personal retirement savings account (“**PRSA**”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Units are assets of a PRSA;
- (k) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (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 is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- (m) the National Asset Management Agency;
- (n) a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Fund; or

- (o) any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Units under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Fund or jeopardising tax exemptions associated with the Fund giving rise to a charge to tax in the Fund;

provided that they have correctly completed the Relevant Declaration

***“External Valuer”***

means any natural or legal person appointed by the Manager to value the assets of the Sub-Fund(s) in accordance with the requirements of the Central Bank

***“Fund”***

Mediolanum Fund of Hedge Funds

***“GAFI”***

Groupe d'Action Financière contre le blanchiment des capitaux or, in English, Financial Action Task Force on Money Laundering

***“Global Distributor”***

Mediolanum International Funds Limited or any other person or persons for the time being duly appointed global distributor of the Units in succession to Mediolanum International Funds Limited

***“Intermediary”***

means a person who:-

- carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- holds units in an investment undertaking on behalf of other persons

***“IOSCO”***

means the International Organisation of Securities Commissions

***“Ireland”***

means the Republic of Ireland

***“Irish Resident”***

in the case of:-

- an individual, means an individual who is resident in Ireland for tax purposes.
- a trust, means a trust that is resident in Ireland for tax purposes.

- a company, means a company that is resident in Ireland for tax purposes.

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is present in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he/she is in Ireland at any time during the day. This new test takes effect from 1 January 2009 (previously in determining days present in Ireland an individual was deemed to be present if he/she was in Ireland at the end of the day (midnight)).

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland.

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

the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country. This exception does not apply where it would result in an Irish incorporated company that is managed and controlled in a relevant territory (other than Ireland), but would not be resident in that relevant territory as it is not incorporated there, not being resident for tax purposes in any territory.

or

the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

The Finance Act 2014 amended the above residency rules for companies incorporated on or after 1 January 2015. These new residency rules will ensure that companies incorporated in Ireland and also companies not so incorporated but that are managed

and controlled in Ireland, will be tax resident in Ireland except to the extent that the company in question is, by virtue of a double taxation treaty between Ireland and another country, regarded as resident in a territory other than Ireland (and thus not resident in Ireland). For companies incorporated before this date these new rules will not come into effect until 1 January 2021 (except in limited circumstances).

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and potential investors are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act

**"Ordinarily Resident in Ireland"**

in the case of:-

- an individual, means an individual who is ordinarily resident in Ireland for tax purposes
- a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2015 to 31 December 2015 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2018 to 31 December 2018.

The concept of a trust's ordinary residence is somewhat obscure and linked to its tax residence

**"Manager"**

Mediolanum International Funds Limited or any other company approved by the Central Bank as manager of the Fund

**"Member State"**

a member state of the European Union

**"Minimum Subscription"**

in respect of each Sub-Fund or Class, the minimum amount which may be subscribed as specified from time to time by the Manager and set out in the relevant Sub-Fund or Class Information Card. Different minimum subscriptions may be imposed on initial and subsequent subscriptions

<b>"Net Asset Value of a Class"</b>	the net asset value of a Class calculated in accordance with the provisions of the Trust Deed, as described under "Administration of the Fund - Calculation of Net Asset Value"
<b>"Net Asset Value of the Fund"</b>	the aggregate Net Asset Value of all the Sub-Funds
<b>"Net Asset Value of a Sub-Fund"</b>	the net asset value of a Sub-Fund calculated in accordance with the provisions of the Trust Deed, as described under "Administration of the Fund - Calculation of Net Asset Value"
<b>"Net Asset Value per Unit"</b>	the net asset value per Unit of a Class calculated in accordance with the provisions of the Trust Deed, as described under "Administration of the Fund - Calculation of Net Asset Value"
<b>"Recognised Exchange"</b>	any regulated stock exchange or market on which a Sub-Fund may invest. A list of those stock exchanges or markets is contained in the Trust Deed and listed in Appendix I hereto
<b>"Relevant Declaration"</b>	means the declaration relevant to the Unitholder as set out in Schedule 2B of the Taxes Act
<b>"Securities Act"</b>	the United States Securities Act of 1933, as amended
<b>"Specified US Person"</b>	(i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States excluding (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section

856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code

***"Sub-Funds"***

the Sub-Funds listed in the Sub-Fund Information Card attached hereto and any other Sub-Fund established by the Manager from time to time with the approval of the Trustee and of the Central Bank

***"Taxes Act"***

The Taxes Consolidation Act, 1997 (of Ireland) as amended

***"Trust Deed"***

the deed of trust dated 11 April, 2005, as novated and amended and restated on 22 July, 2014 between the Manager and the Trustee, as amended by way of a first supplemental trust deed dated 22 September, 2017, as amended and restated on 1 April, 2019 and as may be further amended from time to time in accordance with the requirements of the Central Bank

***"Trustee"***

Northern Trust Fiduciary Services (Ireland) Limited or any successor company approved by the Central Bank as trustee of the Fund

***"Umbrella Cash Account"***

means a cash account designated in a particular currency opened in the name of the Trustee on behalf of the Fund into which (i) subscription monies received from investors who have subscribed for Units are deposited for further transmission to the Fund; (ii) redemption monies due to investors who have redeemed Units are deposited and held until paid to the relevant investors; and (iii) dividend payments owing to Unitholders are deposited and held until paid to such Unitholders

***"United States"***

the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction

**"US Person"**

any person who is a US person as defined in the US Internal Revenue Code of 1986, as amended (the "**Code**"), a "US Person" as defined in Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**") or not a "non-United States person" as defined in Commodity Futures Trading Commission Rule 4.7. For the avoidance of doubt, a person will not be a US Person only if such person (i) does not fall within the definition of US Person from the Code; (ii) does not fall within the definition of "US Person from Regulation S; and (iii) falls within the definition of "non-United States person" found in CFTC Rule 4.7. The details of these definitions are set forth in Appendix II of the Prospectus

**"Unitholder"**

a person who is registered as the holder of a Unit from time to time

**"Unit"**

one undivided share in the assets of a Sub-Fund attributable to the relevant Class

**"Valuation Point"**

the close of business in the relevant market on the Business Day immediately prior to the relevant Dealing Day

**"VAT"**

any value added tax, goods and services tax, sales tax or other similar tax imposed by any country

In this Prospectus, unless otherwise specified, all references to "billion" are to one thousand million, to "Dollars", "US\$" or "cents" are to United States dollars or cents and to "Euros" or "€" are to Euro.

## 2. SUMMARY

The following is qualified in its entirety by the detailed information included elsewhere in this Prospectus and in the Trust Deed.

<b>The Fund</b>	The Fund is an authorised open-ended umbrella unit trust established pursuant to and complying with the provisions of the Act.
<b>The Sub-Funds/ Classes</b>	The Fund is made up of the Sub-Funds, each Sub-Fund being a single pool of assets. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund to which different levels of subscription fees and expenses (including the management fee), minimum subscription, minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy, Minimum Subscription and such other features as the Manager may determine may be applicable. Units shall be issued to investors as Units in a Class.
<b>Investment Objectives and Policies</b>	The assets of a Sub-Fund will be invested separately in accordance with the investment objectives and policies of that Sub-Fund as set out in the Sub-Fund Information Card attached to this Prospectus.
<b>Manager, Global Distributor and AIFM</b>	Mediolanum International Funds Limited
<b>Delegate Investment Managers</b>	The Manager may, in accordance with the requirements of the Central Bank, delegate to one or more Delegate Investment Managers some or part of their responsibility to manage the assets of one or more Sub-Funds.
<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Limited
<b>Trustee and Depositary</b>	Northern Trust Fiduciary Services (Ireland) Limited
<b>Initial Issue of Units</b>	During the initial offer period of a Class, Units shall be issued at a given initial issue price as set out in the relevant Class Information Card. Thereafter, Units shall be issued at the relevant Net Asset Value per Unit plus any applicable anti-dilution levy.

**Redemption of Units**

Units will be redeemed at the option of Unitholders at a price per Unit equal to the Net Asset Value per Unit less any applicable anti-dilution levy.

**Distribution Policy**

The Manager intends to automatically reinvest all earnings, dividends and other distributions of whatever kind as well as realised capital gains arising from that proportion of the Net Asset Value of each Sub-Fund attributable to "A" Units pursuant to the investment objective and policies of the relevant Sub-Fund for the benefit of Unitholders in the relevant Sub-Fund. Accordingly, the Manager does not intend to make distributions in respect of "A" Units.

The Manager may make distributions in respect of "B" Units out of that proportion of the Net Asset Value of the Sub-Fund attributable to "B" Units.

### 3. THE FUND

#### Introduction

The Fund, constituted on the 11 April 2005, is an open-ended umbrella unit trust organised pursuant to and complying with the provisions of the Act. Its rules are set out in the Trust Deed which is binding upon the Trustee, the Manager and all Unitholders.

The Trust Deed constitutes the Fund which is made up of the Sub-Funds, each Sub-Fund being a single pool of assets. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund to which different levels of subscription fees and expenses (including the management fee), minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy, Minimum Subscription and such other features as the Manager may determine may be applicable. Creation of further Classes in a Sub-Fund must be notified in advance to the Central Bank. A separate pool of assets will not be maintained for each Class. Units shall be issued to investors as Units in a Class.

The current Sub-Funds and the types of Classes available in each are listed in the Sub-Fund Information Card attached hereto. Additional Sub-Funds may, with the prior approval of the Central Bank and the Trustee, be added by the Manager. Additional Classes may be established by the Manager and notified to and cleared in advance with the Central Bank or otherwise must be created in accordance with the requirements of the Central Bank. The name of each additional Sub-Fund, details of its investment objective and policies, of the types of Classes available, of the issue of Units and of Sub-Fund specific fees and expenses shall be set out in the Sub-Fund Information Card attached to this Prospectus. Class specific details are set out in the Classes Information Cards attached to this Prospectus.

The Manager may, with the approval of the Trustee and upon notice to the Central Bank, withdraw any Sub-Fund or Class in existence by serving not less than thirty days' notice on the Unitholders in that Sub-Fund or Class and on the Central Bank.

The proceeds from the issue of Units in a Sub-Fund shall be applied in the records and accounts of the Fund for that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to that Sub-Fund subject to the provisions of the Trust Deed. The assets of a Sub-Fund will be invested separately in accordance with the investment objective and policies of that Sub-Fund as set out in the Sub-Fund Information Card attached to this Prospectus which shall be updated as Sub-Funds are added to or withdrawn from the Fund, as the case may be.

Monies subscribed for each Sub-Fund should be in the base currency of the relevant Sub-Fund or the designated currency of the relevant Class. Monies subscribed in a currency other than the base currency of the Sub-Fund or the designated currency of the relevant Class, as appropriate, maybe converted by the Administrator to the base currency of the Sub-Fund or the designated currency of the relevant Class, at the appropriate exchange rate available to the Administrator and such subscription shall be deemed to be in the amount so converted.

A Class of Units may be designated in a currency other than the base currency of the relevant Sub-Fund as detailed in the relevant Class Information Card. Changes in the exchange rate between the base currency of the Sub-Fund and such designated currency or between the denominated currency of the assets of the Sub-Fund and the designated currency of the Class may lead to a depreciation of the value of such Units as expressed in the designated currency. The Manager or the Delegate Investment Manager, as appropriate, may try to mitigate these risks in respect of certain Classes of Units, as detailed in the Sub-Fund Information Card, by using financial instruments, such as foreign exchange forward contracts, as a hedge. If the Manager or the Delegate Investment Manager, as appropriate, enters into such transactions then the gains/losses on and the resultant costs of the relevant transactions will be solely attributable to the relevant Class of Units and may not be combined or offset against the exposures of other Classes or specific assets. In such circumstances, Unitholders of that Class may be exposed to fluctuations in the Net Asset Value per Unit reflecting the gains/losses on and the costs of the relevant financial instruments and this strategy may substantially limit holders of the Class from benefiting if the Class currency falls against the base currency of the Sub-Fund and/or the currency in which the assets of the Fund are denominated. Where the Manager or the Delegate Investment Manager, as appropriate, intends to enter into such hedging transactions it will be disclosed in the Sub-Fund Information Card.

Where the Manager or the Delegate Investment Manager, as appropriate, seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Manager or the Delegate Investment Manager, as appropriate. However over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be under review by the Manager or the Delegate Investment Manager, as appropriate, to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Class the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the base currency and/or the currency in which the assets of the relevant Sub-Fund are denominated.

Each Sub-Fund will be treated as bearing its own liabilities as may be determined at the discretion of the Trustee with the approval of the Manager. The Fund is not liable as a whole to third parties, provided however, that if the Trustee is of the opinion that a particular liability does not relate to any particular Sub-Fund or Sub-Funds, that liability shall be borne jointly by all Sub-Funds pro rata to their respective Net Asset Values at the time when the allocation is made.

The assets of each Sub-Fund shall belong exclusively to that Sub-Fund, shall be segregated from the assets of the other Sub-Funds, shall not be used to discharge directly or indirectly the liabilities of or claims against any other Sub-Fund and shall not be available for such purpose.

### **Investment Objectives and Policies**

The assets of a Sub-Fund will be invested separately in accordance with the investment objectives and policies of that Sub-Fund which are set out in the Sub-Fund Information Card attached to this Prospectus which shall be updated as Sub-Funds are added to or withdrawn from the Fund, as the case may be.

The investment return to Unitholders of a particular Sub-Fund is related to the Net Asset Value of that Sub-Fund which in turn is primarily determined by the performance of the portfolio of assets held by that Sub-Fund. Where reference to a specific index or indices is made in the investment policy of a Sub-Fund, the Manager may, without assuming a change in that investment policy, change the reference index or indices to any other index or indices representing a similar or generally consistent exposure where, for reasons outside the Manager's control, the original reference index or indices is no longer the benchmark index for that exposure.

Pending investment of the proceeds of a placing or offer of Units or where market or other factors so warrant, a Sub-Fund's assets may, subject to the investment restrictions set out under the heading "Investment Restrictions" below, be invested in liquid assets including money market instruments and cash deposits denominated in such currency or currencies as the Manager may determine having consulted with the relevant Delegate Investment Manager.

A Sub-Fund may, subject to the investment restrictions set out under the heading "Investment Restrictions" below, also invest in other collective investment schemes (including exchange traded funds) listed on Recognised Exchanges where the Manager or an affiliate of the Manager may be the manager of any such collective investment scheme. No subscription or redemption charge shall be charged to the investing Sub-Fund but its investment shall be subject to the general management and fund charges applicable to investors in such collective investment schemes.

A Sub-Fund may engage in borrowing for liquidity purposes to the extent set out in the Sub-Fund Information Card for the relevant Sub-Fund.

A Sub-Fund may also hold or maintain liquid assets including but not limited to time deposits, master demand notes, equity linked notes, variable rate demand notes and short-term funding agreements, subject to the investment restrictions set out under the heading "Investment Restrictions" below.

Where considered appropriate, a Sub-Fund may utilise techniques and instruments, such as futures, options, stocklending arrangements and forward currency contracts, for efficient portfolio management and/or to protect against exchange risks subject to the conditions and within the limits laid down by the Central Bank as outlined in the AIF Rulebook.

Transaction costs may be incurred in respect of efficient portfolio management techniques in respect of a Sub-Fund. All revenues from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Sub-Fund. Any direct and indirect operational costs/fees arising from efficient portfolio management techniques do not include hidden revenue and will be paid to such entities as outlined in the annual report of the Fund, which shall indicate if the entities are related to the Manager or the Trustee.

For the purpose of providing margin or collateral in respect of transactions in financial derivative instruments, the Trustee, upon instruction from the Manager or its delegate, as appropriate, may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Sub-Fund in accordance with normal market practice.

The Manager, in consultation with the relevant Delegate Investment Manager (if appointed) is responsible for the formulation of each Sub-Fund's present investment policies and any subsequent changes to those objectives or policies. The investment objective of a Sub-Fund as disclosed in the Sub-Fund Information Card attached to this Prospectus shall not be altered and material changes in the investment policy may not be made without prior written approval by all Unitholders or on the basis of a majority of votes cast at a general meeting of Unitholders. In the event of a change of investment objective and/or investment policies a reasonable notification period shall be provided by the Manager to enable Unitholders redeem their Units prior to implementation of such changes.

### **Investment Restrictions**

The investment and borrowing restrictions applicable to each Sub-Fund are set out in the Sub-Fund Information Card attached to this Prospectus.

### **Use of Subsidiaries**

A Sub-Fund may, subject to the prior approval of and in accordance with the requirements of the Central Bank, establish and invest through wholly owned companies where the Manager considers it necessary or desirable to do so for the purpose of entering into transactions or contracts and/or holding certain of the investments or other property of the Sub-Fund. None of the investment restrictions set out in this Prospectus or in the Sub-Fund Information Card shall apply to investment in or deposits with or loans to any such subsidiary company and the investments or other property held by or through any such entity shall be deemed for such purposes to be held directly for the relevant Sub-Fund. The names of any such subsidiary companies shall be disclosed in the annual report of the Fund.

### **Capacity to Avail of Changes to AIF Rulebook**

It is intended that a Sub-Fund will have the power (subject to the prior approval of the Central Bank and to any such change being materially consistent with the investment objective and policies of the relevant Sub-Fund) to avail of any change in the limits on investments contained in the AIF Rulebook which would permit investment by or on behalf of the relevant Sub-Fund in funds, securities, derivative instruments or in any other forms of investments in which investment is, at the date of this Prospectus, restricted or prohibited under the AIF Rulebook.

### **Distribution Policy**

The Manager intends to automatically reinvest all earnings, dividends and other distributions of whatever kind as well as realised capital gains arising from that proportion of the Net Asset Value of each Sub-Fund attributable to "A" Units pursuant to the investment objective and policies of the relevant Sub-Fund for the benefit of "A" Unitholders in the relevant Sub-Fund. Accordingly, the Manager does not intend to make distributions in respect of "A" Units.

The Manager may make distributions in respect of "B" Units. Any distribution in respect of the "B" Units of a Sub-Fund shall be made on a Distribution Payment Date or as soon as practicable thereafter.

The amount available for distribution to "B" Unitholders in respect of any Distribution Period shall be a sum equal to the aggregate of (i) the net income received by the Trustee (whether in the form of dividends, interest or otherwise) during the Distribution Period in relation to that proportion of the Net Asset Value of the Sub-Fund attributable to "B" Units, and (ii) if considered necessary in order to maintain a reasonable level of dividend distributions, realised and unrealised capital gains less realised and unrealised capital losses made during the Distribution Period on the disposal/valuation of assets arising from that proportion of the Net Asset Value of the relevant Sub-Fund attributable to "B" Units subject to such adjustments as may be appropriate under the following headings:

- (a) addition or deduction of a sum by way of adjustment to allow for the effect of sales or purchases cum or ex dividend;
- (b) addition of a sum representing any interest or dividends or other income accrued but not received by the Trustee at the end of the Distribution Period and deduction of a sum representing (to the extent that an adjustment by way of addition has been made in respect of any previous Distribution Period) interest or dividends or other income accrued at the end of the previous Distribution Period;
- (c) addition of the amount (if any) available for distribution in respect of the last preceding Distribution Period but not distributed in respect thereof;
- (d) addition of a sum representing the estimated or actual repayment of tax resulting from any claims in respect of income tax relief or double taxation relief or otherwise;
- (e) deduction of the amount of tax or other estimated or actual liability properly payable out of the income of that proportion of the Net Asset Value of the Sub-Fund attributable to "B" Units;
- (f) deduction of a sum representing participation in income paid upon the cancellation of "B" Units during the Distribution Period; and
- (g) deduction of such amount as the Administrator may certify necessary in respect of any expenses, remunerations or other payments (including Administration expenses, Disbursements and the service charge) accrued during the Distribution Period and properly payable out of the income or capital of that proportion of the Net Asset Value of the Sub-Fund attributable to "B" Units.

The amount to be distributed in respect of each Distribution Period shall be determined by the Manager in consultation with the relevant Delegate Investment Manager (if appointed) within the amount available for distribution provided that any amount which is not distributed in respect of such Distribution Period may be carried forward to the next Distribution Period.

Distributions not claimed within six years from their due dates will lapse and revert to the relevant Sub-Fund.

Unless otherwise requested by the payee, any distribution payable to a "B" Unitholder will be paid in Euro by bank transfer. Every such bank transfer or cheque shall be made payable to the order of such "B" Unitholder or, in the case of joint "B" Unitholders, made payable to the order of the first named joint "B" Unitholder on the register at the risk of such "B" Unitholder or joint "B" Unitholders.

Where the amount of any distribution payable to an individual "B" Unitholder is less than Euro 5, that amount shall not be distributed but shall be retained and reinvested within and for the benefit of that proportion of the relevant Sub-Fund attributable to "B" Units.

Where the amount of any distribution payable to an individual "B" Unitholder is less than Euro 50, the Manager at its sole discretion may elect not to make any such distribution and, in lieu thereof, to issue and credit to the account of the relevant "B" Unitholder the number of "B" Units in the relevant Sub-Fund corresponding to the relevant Euro amount calculated at the Net Asset Value per "B" Unit pertaining on the relevant Distribution Date. A subscription fee shall not be deducted from such amount.

The distribution policy in relation to each Sub-Fund is set out in the Sub-Fund Information Card attached to this Prospectus. Any change to the distribution policy will be disclosed in a revised Prospectus and/or Sub-Fund Information Card and notified to Unitholders in advance.

Pending payment to the relevant Unitholder or Correspondent Bank/Paying Agent, distribution payments may be held in an Umbrella Cash Account and will be treated as an asset of the Sub-Fund until paid to that Unitholder and will not benefit from the application of any investor money protection rules (i.e. the distribution monies in such circumstance will not be held on trust for the relevant Unitholder). In such circumstance, the Unitholder will be an unsecured creditor of the relevant Sub-Fund with respect to the distribution amount held by the Trustee on behalf of the Fund until paid to the Unitholder and the Unitholder entitled to such distribution amount will be an unsecured creditor of the Sub-Fund.

In the event of an insolvency of the Sub-Fund or the Fund, there is no guarantee that the Sub-Fund or the Fund will have sufficient funds to pay unsecured creditors in full. Unitholders due dividend monies which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Sub-Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner.

## 4. RISK FACTORS

Potential investors should consider the following risk factors before investing in any of the Sub-Funds. These risk factors are not necessarily applicable to all Sub-Funds of the Fund and investors should have regard to the investment objectives and policies of the relevant Sub-Fund when considering the risk factors of the Fund.

### General

**Potential investors should be aware that the value of Units and the income therefrom can, in common with other shares or units, fluctuate. There is no assurance that the investment objective of a Sub-Fund will actually be achieved. The difference at any one time between the issue and redemption price of Units means that an investment in a Sub-Fund should be viewed as medium to long term.**

**Where an individual Unitholder invests in any given Sub-Fund an amount via a savings plan (i.e. investing at regular intervals), their level of volatility and risk is lower than that derived from investing the same amount via a single lump-sum.**

### Fund of Funds Risk

As certain Sub-Funds may be established as fund of funds or feeder funds, attention of investors in such Sub-Funds is drawn to the following risks in particular.

Investments in underlying funds contain the same market and liquidity risks associated with the underlying investments but also operational risks (including governance and valuation risks) associated with investing in the underlying fund manager.

#### *Dependence on the Manager and underlying fund managers*

The success of certain Sub-Funds depends upon the Manager or Delegate Investment Manager, as appropriate, selecting successful underlying collective investment schemes to invest in (“underlying funds”), as well as on the underlying fund managers implementing investment strategies that achieve the underlying funds’ respective investment objectives. There can be no assurance that the Manager, the Delegate Investment Manager or the underlying fund managers will be able to do so. In particular, subjective (as opposed to systematic) decisions made by the Manager or the Delegate Investment Manager, as appropriate and an underlying fund manager may cause the relevant Sub-Fund to decline (or not to increase) in a manner in which less subjective decision making might have avoided.

#### *Duplication of Costs/Performance Fees*

It should be noted that the Sub-Funds incur costs and fees paid to the Manager and other service providers. In addition, a Sub-Fund may incur costs in its capacity as an investor in underlying funds which in turn pay fees to their underlying fund managers and other service providers.

There may be alternative fee arrangements at underlying fund level, for example, arising from a Sub-Fund's investment in "clean" (i.e. zero fee) unit/share class(es) of an underlying fund, which may require a management fee to be paid directly by the Sub-Fund (in its capacity as investor in such class(es)) to the underlying fund manager/investment manager, as applicable, for the holding of such class(es). Any such fee arrangement will, for all purposes, be treated like a NAV level management fee of the underlying fund and will be paid out of the assets of the relevant Sub-Fund as a fee payable in respect of that Sub-Fund's investment in such class(es) of the underlying fund.

Some of the underlying funds may be required to pay performance fees to their managers. Under these arrangements the underlying fund managers will benefit from the appreciation, including unrealised appreciation of the investments of such underlying funds, but they are not similarly penalised for realised or unrealised losses.

As a consequence, the costs of the relevant Sub-Fund may represent a higher percentage of the Net Asset Value than would typically be the case with direct investment or in the case of investment funds which invest directly.

#### *Valuation Risk*

A Sub-Fund which invests in underlying funds may be subject to valuation risk due to the manner and timing of valuations of the relevant Sub-Fund's investments. Underlying funds may be valued by fund administrators resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that (i) the valuations of Sub-Funds may not reflect the true value of underlying fund's holdings at a specific time which could result in significant losses or inaccurate pricing for these Sub-Funds and/or (ii) valuation may not be available at the relevant Valuation Day for the particular Dealing Day for the Sub-Fund so that some or all of the assets of the Sub-Fund may be valued on an estimated basis.

#### *Underlying Funds*

While the Manager or Delegate Investment Manager, as appropriate, will exercise reasonable care to comply with the investment restrictions applicable to a particular Sub-Fund, the manager of and/or service providers to the underlying schemes are not obliged to comply with such investment restrictions in the management / administration of underlying schemes. No assurance is given that the investment restrictions of a Sub-Fund with respect to individual issuers or other exposures will be adhered to by underlying schemes or that, when aggregated, exposure by underlying schemes to individual issuers or counterparties will not exceed the investment restrictions applicable to a particular Sub-Fund. If the investment restrictions applicable to the investments directly made by a Sub-Fund are exceeded for reasons beyond the control of the Manager or as a result of the exercise of subscription rights, the Directors shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unitholders of the relevant Sub-Fund or Sub-Funds.

### *Lack of Diversification*

A Sub-Fund which invests in underlying funds generally benefits from the combination of different investment styles and strategies to achieve a significant improvement in the risk /return trade off over investment in individual underlying schemes. This diversification benefit depends on the Manager's ability to correctly analyse the degrees of correlation between the different underlying schemes and strategies being considered for investment. The general lack of transparency offered by underlying schemes which are hedge funds and the flexibility their managers often have to change investment approach or strategy can make it difficult to accurately gauge the level of correlation between the underlying schemes' investments. Furthermore even in situations where the Manager believes that it has accurately gauged the correlation between certain of the underlying schemes, particular market events can cause hitherto apparently uncorrelated strategies to suddenly become much more correlated. For example, under certain market conditions, emerging market and corporate debt starts to behave much more like equity, while significant mergers can attract interest from managers of normally quite separate strategies, resulting in similar exposures across several of the underlying funds.

### *Redemption and Liquidity Risk*

A Sub-Fund which invests in underlying funds may be subject to a liquidity risk due to the manner and timing of potential redemptions from the underlying funds. Underlying funds may be entitled to delay acceptance of redemption requests or payment of redemption proceeds from a Sub-Fund.

### *Mortgage-backed (MBS) and asset-backed (ABS) securities and prepayment risk*

Traditional debt securities typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed securities ("**MBS**") typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. The Sub-Fund may have to invest the proceeds from prepaid investments under less attractive terms and yields. Compared to other debt, MBS are less likely to increase in value during periods of declining interest rates and have a higher risk of decline in value during periods of rising interest rates. They can increase the volatility of a Sub-Fund. Some MBS receive only portions of payments of either interest or principal of the underlying mortgages. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying mortgages. The market for these investments may be volatile and limited, which may make it difficult to buy or sell them.

Asset-backed securities ("**ABS**") are structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle instalment sales or instalment loan contracts, leases of various types of real estate and personal property and receivables from credit card agreements. As ABS generally do not have the benefit of a security interest in the underlying assets that is comparable to a mortgage, ABS present certain additional risks that are not present with MBS. For example, the ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited.

MBS and ABS are generally issued in multiple classes, each having different maturities, interest rates and payment schedules, and with the principal and interest on the underlying mortgages or other assets allocated among the several classes in various ways. Payment of interest or principal on some classes may be subject to contingencies or some classes or series may bear some or all of the risk of default on the underlying mortgages or other assets. In some cases, the complexity of the payment, credit quality and other terms of such securities may create a risk that terms of the security are not fully transparent. In addition, the complexity of MBS and ABS may make valuation of such securities at an appropriate price more difficult, particularly where the security is customised. In determining the average maturity or duration of an MBS or ABS, the Manager, or any Delegate Investment Manager must apply certain assumptions and projections about the maturity and prepayment of such security; actual prepayment rates may differ. If the life of a security is inaccurately predicted, the Sub-Fund may not be able to realise the expected rate of return. In addition, many MBS and ABS are subject to heightened liquidity risk. The number of investors that are willing and able to buy such instruments in the secondary market may be smaller than that for more traditional debt

#### *Lock-up liquidity risk*

The Sub-Funds may invest in underlying schemes which provide for "lock-up" periods, typically one year, during which the investments in the underlying schemes may not be redeemed or alternatively may only be redeemed on the payment of an early redemption penalty. This may mean that the Sub-Funds are not as liquid as other open-ended collective investment schemes. If the Sub-Fund cannot redeem its investment in an underlying schemes at a time when there are net redemptions from the Sub-Fund, the Sub-Fund may be forced to redeem its investment in other underlying schemes which do not operate a lock in period but which the Manager or Delegate Investment Manager, as appropriate believes are a superior investment to the underlying schemes operating the lock in. Alternatively the presence of lock in underlying schemes increases the likelihood that the Manager may decide to exercise its power to refuse to redeem Units in excess of one tenth of the total number of Units of the Sub-Fund in issue or deemed to be in issue if it considers that to do so would require the Sub-Fund to incur early redemption penalties or dispose of desirable investments. In addition the lock in periods may mean that the Sub-Fund holds underlying schemes with unsatisfactory performance for longer than would otherwise be the case. If the Manager decides to redeem an investment in an underlying scheme with a lock in period and an early redemption penalty the redemption penalty could cause a significant reduction in the Sub-Fund performance. Unitholders should be aware that in the event of a Sub-Fund incurring costs in the disposal of underlying schemes (including early redemption penalties) the Manager may impose "an anti-dilution levy" (as more fully detailed under "Anti-Dilution Levy/Duties and Charges" in the "Management and Fund Charges" section below) on the redeeming Unitholders.

#### **Leverage Risk**

The Sub-Funds may use leverage for their investments within the investment restrictions set out in the Sub-Fund Information Card to this Prospectus. During periods when a Sub-Fund is leveraged, any event which may adversely affect the value of any investment could significantly affect the net assets of the Sub-Fund. Please refer to the Sub-Fund Information Card to this Prospectus for details on restrictions applicable to particular Sub-Funds. In addition if a Sub-fund invests in other collective investment schemes these may have the ability to employ leverage through borrowing or the use of

derivative instruments. The collective investment schemes in which a Sub-Fund invests may without limitation utilise high levels of leverage in achieving their investment objectives. Such Sub-Fund may therefore be exposed to much higher levels of leverage through the collective investment schemes in which it invests than the Sub-Fund is permitted to engage in itself. While leverage presents opportunities for increasing the total return on investments, it also has the effect of potentially increasing losses.

### **Market Capitalisation Risk**

Certain Sub-Funds may invest in the securities of small to medium-sized (by market capitalisation) companies, or financial instruments related to such securities, therefore, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

### **Emerging Markets Risk**

Certain Sub-Funds may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict a Sub-Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

The economics of emerging markets in which a Sub-Fund may invest may differ favourably or unfavourably from the economics of industrialised countries. The economies of developing countries are generally heavily dependant on international trade and have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Whilst each Sub-Fund invests in transferable securities there is also a possibility that redemption of Units following a redemption request may be delayed due to the illiquid nature of such investments.

### **Registration Risk**

In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchaser's representative must physically travel to a registrar and open an account with the registrar

(which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchaser's representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained to the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for a Sub-Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies. If the company register were to be destroyed or mutilated, the Sub-Fund's holding of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Sub-Fund as a result thereof. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Sub-Fund would be able to successfully bring a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Sub-Fund as the registered holder of shares previously purchased by the Sub-Fund due to the destruction of the company's register.

### **Technology Stock Risk**

Certain Sub-Funds may invest in technology stock and the value of Units of a Sub-Fund which invests in technology stock may be susceptible to factors affecting technology and technology-related industries and to greater risk and market fluctuation than an investment in a scheme that invests in broader range of securities. Technology and technology-related industries may be subject to greater governmental regulation than many other industries in certain countries - changes in governmental policies and the need for regulatory approvals may have a material adverse effect on these industries. Additionally, these companies may be subject to risks of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve. Securities of smaller, less experienced companies also may involve greater risks, such as limited product lines, markets and financial or managerial resources, and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

A Sub-Fund may invest in transferable securities in developing countries with new or developing capital markets. These countries may have relatively unstable governments, economies based on only a few industries and securities markets that trade a limited number of securities and which are subject to a lesser degree of supervision and regulation by the competent authorities. Securities of issuers located in these countries tend to have volatile prices and offer the potential for substantial loss as well as gain. Furthermore, the available information about issuers located in these countries might be limited. In addition, these securities may be less liquid than investments in more established

markets as a result of the inadequate trading volume or restrictions on trading imposed by the governments of such countries.

### **Political and/or Regulatory Risks**

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

### **Equity-Linked Warrants**

Certain Sub-Funds may invest in equity-linked warrants provide an easy way for investors to gain access to markets where entry is difficult and time consuming due to regulatory issues. This is especially true in India and Taiwan. A typical transaction is structured as follows: a broker would issue the warrants to the Fund and in turn, the local branch of the broker would buy the local shares and issue a call warrant hedged on the underlying holding. If the Fund exercises the call and closes the position, the broker would sell the underlying stock and redeem the warrant.

Each warrant issued represents one share of the underlying security. Price, performance and liquidity are all directly linked to the underlying security. The warrants are redeemable at 100% of the value of the underlying security (less transaction costs). Although warrant holders have no voting rights, they would benefit from all corporate actions (i.e. cash and stock dividends, splits, rights issuance etc.).

Warrants are issued as American and European style. American style warrants can be exercised at any time. European style warrants cannot be exercised before maturity date, but the investor may elect to sell the warrant back to the issuer, with an early redemption penalty. In these cases, the issuer is under no obligations to buy the warrant back from the investor. The Manager currently intends to invest only in American style warrants and to purchase warrants only from issuers with a high credit rating.

### **High Yield/Low Rated Debt Securities**

The market value of corporate debt securities rated below investment grade and comparable unrated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher rated securities. Issuers of these securities are often highly leveraged, so that their ability to service debt obligations during an economic downturn may be impaired. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest

or principal by such issuers is significantly greater than in the case of investment grade securities because such securities frequently are subordinated to the prior payment of senior indebtedness.

Many fixed income securities, including certain corporate debt securities in which a Sub-Fund may invest, contain call or buy-back features which permit the issuer of the security to call or repurchase it. If an issuer exercises such a "call option" and redeems the security the Sub-Fund may have to replace the called security with a lower yielding security, resulting in a decreased rate of return for the Sub-Fund.

A Sub-Fund will not necessarily sell an investment if its rating is reduced after the Manager, or the Delegate Investment Manager purchases it. To the extent that a security is assigned a different rating by one or more of the various rating agencies, the Manager, or any Delegate Investment Manager will use the highest rating assigned by any agency.

Debt securities rated below investment grade by a generally recognised international rating agency and comparable unrated securities are considered to be of poor standing and mainly speculative, and those in the lowest rating category may be in default and are generally regarded by the rating agency as having extremely poor prospects of ever attaining any real investment standing. They reflect a greater possibility that the issuers may be unable to make timely payments of interest and principal. If this happens, or is perceived as likely to happen, the values of those investments will usually be more volatile. A default or expected default could also make it difficult for the Manager, or any Delegate Investment Manager to sell the investments at prices approximating the values the Manager, or any Delegate Investment Manager had placed on them. As lower rated bonds are traded mainly by institutions, they usually have a limited market, which may at times make it difficult for a Sub-Fund to establish their fair value. The potential credit risk and price fluctuations are greater for investments that are issued at less than their face value and make payments of interest only at maturity rather than at intervals during the life of the investment. Although investment-grade investments generally have lower credit risk, they may share some of the risks of lower-rated investments.

Credit ratings are based largely on the issuing company's historical financial condition and the rating agencies' investment analysis at the time of purchase. The rating assigned to any particular investment does not necessarily reflect the issuing company's current financial condition and does not reflect an assessment of an investment's volatility or liquidity.

Although the Manager, or any Delegate Investment Manager considers credit ratings in making investment decisions, it performs its own investment analysis and does not rely only on ratings assigned by the rating agencies. The Manager, or any Delegate Investment Manager seeks to minimise the risks of debt securities through careful analysis of such factors as a company's experience, managerial strength, financial condition, borrowing requirements and debt maturity schedule. When a Sub-Fund buys debt securities of a company with poor credit, the achievement of its objectives depends more on the Manager's, or any Delegate Investment Manager's ability to analyse credit risks than would be the case if the Sub-Fund were buying debt securities of a company with better credit.

As the likelihood of default is higher for the lower-rated debt securities, if a Sub-Fund mainly invests in these instruments, that Sub-Fund is more likely to have to participate in various legal proceedings or

to take possession of and manage assets that secure the issuing company's obligations. This could increase that Sub-Fund's operating expenses and decrease its Net Asset Value.

At times a Sub-Fund, either by itself or together with other Sub-Funds and accounts managed by the Manager, or any Delegate Investment Manager, may own all or most of the debt securities of a particular issuing company. This concentration of ownership may make it more difficult to sell, or set a fair value on, these debt securities.

Although they are generally thought to have lower credit risk, a Sub-Fund's investment-grade debt securities may share some of the risks of lower-rated debt securities.

### **Securities Lending Risk**

Certain Sub-Funds may engage in securities lending activities. As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral will be called upon. The value of the collateral will be maintained to exceed the value of the securities transferred. In the event of a sudden market movement there is a risk that the value of the collateral may fall below the value of the securities transferred.

A Sub-Fund's performance will continue to reflect changes in the value of securities loaned and will also reflect the receipt of either interest through investment of cash collateral by the Fund in permissible investments, or a fee, if the collateral is U.S. Government securities. Securities lending involves the risk of loss of rights in the collateral or delay in recovery of the collateral should the borrower fail to return the securities loaned or become insolvent. A Sub-Fund may pay lending fees to the party arranging the loan.

### **Credit and Default Risk**

There can be no assurance that issuers of the securities or other instruments which a Sub-Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. A Sub-Fund will also be exposed to a credit risk in relation to the counterparties with whom they trade or place margin or collateral in respect of transactions in FDIs and may bear the risk of counterparty default.

Investors normally expect to be compensated in proportion to the risk they are assuming. Thus, debt of issuers with poorer credit prospects usually offers higher yields than debt of issuers with more secure credit. Higher-rated investments generally offer lower credit risk, but not necessarily lower interest rate risk. The values of higher-rated investments still fluctuate in response to changes in interest rates.

### **Foreign Exchange/Currency Risk**

Although Units of certain Sub-Funds may be denominated in Euro, the Sub-Fund may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The Net Asset Value of a Sub-Fund as expressed in Euro will fluctuate in accordance

with the changes in the foreign exchange rate between the Euro and the currencies in which the Sub-Fund's investments are denominated. A Sub-Fund may, therefore, be exposed to a foreign exchange/currency risk.

It may not be possible or practicable to hedge against the consequent foreign exchange/ currency risk exposure. The Manager, or any Delegate Investment Manager may or may not try to mitigate this risk by using financial instruments.

Certain Sub-Funds may enter from time to time into currency exchange transactions either on a spot (i.e. cash) basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Sub-Fund's securities or prevent loss if the prices of these securities should decline.

The use of currency transactions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Currency exchange rates can be affected unpredictably by a number of factors, including intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world.

A Sub-Fund may enter into currency exchange transactions in an attempt to protect against changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. A Sub-Fund may also enter into forward contracts to hedge against a change in such currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the base currency of that Sub-Fund. To do this, the Sub-Fund would enter into a forward contract to sell the currency in which the investment is denominated or principally traded in exchange for the base currency of the Sub-Fund. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be payable because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the forward contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Sub-Fund cannot be assured.

### **Hedged Class Risk**

The adoption of a currency hedging strategy for a Class may substantially limit the holders of such Class from benefiting if the designated currency of such Class depreciates against the currencies in which the assets of the relevant Sub-Fund are denominated or its base currency.

### **Market Risk**

Although it is intended that each Sub-Fund will be diversified, the investments of the Sub-Fund are subject to normal market fluctuations and to the risks inherent in investment in equities, fixed income securities, currency instruments, derivatives and other similar instruments.

## **Derivatives, Techniques and Instruments Risks**

### *General*

The prices of FDIs, including futures and options prices, can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

The Sub-Funds may be invested in certain FDIs, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy. The Sub-Funds may from time to time utilise both exchange-traded and over-the-counter credit derivatives, such as credit default swaps as part of their investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss.

### *Liquidity of Futures Contracts*

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Sub-Fund from liquidating unfavourable positions.

### *Futures and Options Risk*

The Manager, or any Delegate Investment Manager may engage in various portfolio strategies on behalf of the Sub-Funds through the use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom each Sub-Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to each Sub-Fund. On execution of an option the Sub-Funds may pay a premium to a

counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.

#### *Foreign Exchange Transactions*

Where a Sub-Fund utilises derivatives which alter the currency exposure characteristics of transferable securities held by the Sub-Fund the performance of the Sub-Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Sub-Fund may not correspond with the securities positions held.

#### *Forward Trading*

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

#### *Over-the-Counter Markets Risk*

Where any Sub-Fund acquires securities on over-the-counter ("**OTC**") markets, there is no guarantee that the Sub-Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Exchanges. In addition, many of the protections afforded to participants on some Recognised Exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC instruments are not regulated. OTC instruments are non-exchange traded instrument agreements, which are specifically tailored to the needs of an individual investor. These OTC transactions enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a Recognised Exchange and accordingly the bankruptcy or default of a counterparty with which the Sub-Fund trades OTC instruments could result in substantial losses to the Sub-Fund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Sub-Fund's investment restrictions. Regardless of the measures the Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a

counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result.

#### *Counterparty Risk*

Each Sub-Fund will have credit exposure to counterparties by virtue of positions in swaps, options, repurchase transactions and forward exchange rate and other contracts held by the Sub-Fund. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Additionally, credit default swaps could result in losses if a Sub-Fund does not correctly evaluate the creditworthiness of the company on which the credit default swap is based.

Participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Manager, or any Delegate Investment Manager believes that they will be able to establish the necessary counterparty business relationships to permit a Sub-Fund to effect transactions in the OTC currency market and other counterparty markets, including the swaps market, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit a Sub-Fund's activities and could require a Sub-Fund to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which a Sub-Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Sub-Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

#### *Exposure Risk*

Certain transactions may give rise to a form of exposure. Such transactions may include, among others, reverse repurchase agreements, and the use of when-issued, delayed delivery or forward commitment transactions. Although the use of derivatives may create an exposure risk, any exposure arising as a result of the use of derivatives will not exceed the Net Asset Value of the relevant Sub-Fund.

#### *Manager / Delegate Investment Manager Risk*

If the Manager or Delegate Investment Manager incorrectly forecasts for example interest rates, market values or other economic factors in using a derivatives strategy for a Sub-Fund, the Sub-Fund might have been in a better position if it had not entered into the transaction at all. The success of a Sub-Fund's use of derivatives will depend on the Manager/ Delegate Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments.

#### *Legal and Operational Risks linked to Management of Collateral*

OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated

by the parties. The use of such contracts may expose a Sub-Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

### **Liquidity Risk**

Not all securities or instruments invested in by the Sub-Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Sub-Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. The financial markets of emerging market countries in general, are less liquid than those of the more developed nations. Purchases and sales of investments may take longer than would otherwise be expected on developed stockmarkets and transactions may need to be conducted at unfavourable prices.

A Sub-Fund's investments in illiquid securities may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Sub-Funds with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. In addition, bonds with small issues may in normal market conditions, as well as in adverse market conditions, have exposure to liquidity risk.

A Sub-Fund may invest in the securities of small (by market capitalisation) companies, or financial instruments related to such securities, therefore, they may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. Small cap companies may in normal market conditions, as well as in adverse market conditions, have a small floating capital or overall small capitalisation leading to liquidity issues.

### **Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which a Sub-Fund may invest (where permitted under the AIF Rulebook) may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

## **Settlement Risk**

The trading and settlement practices on some of the Recognised Exchanges on which a Sub-Fund may invest may not be the same as those in more developed markets. That may increase settlement risk and/or result in delay in realising investments made by the relevant Sub-Fund.

## **Taxation Risk**

Prospective investors and Unitholders should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Fund or any Sub-Fund, capital gains within a Sub-Fund, whether or not realised, income received or accrued or deemed received within a Sub-Fund, etc. The requirement to pay such taxes will be according to the laws and practices of the country where the Units are purchased, sold, held or redeemed and in the country of residence or nationality of the Unitholder and such laws and practices may change from time to time.

Any change in the taxation legislation in Ireland, or elsewhere, could affect a (i) the Fund or any Sub-Fund's ability to achieve its investment objective, (ii) the value of their investments, (iii) the ability to pay returns to Unitholders or alter such returns. Any such changes, retroactive or otherwise, could have an effect on the validity of the information stated herein based on current tax law and practice. Potential investors and Unitholders should note that the statements on taxation which are set out herein and in this Prospectus are based on advice which has been received by the Manager regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Fund will endure indefinitely. Prospective investors and Unitholders should consult their tax advisors with respect to their particular tax situations and the tax consequences of an investment in a particular Sub-Fund.

Finally, if the Fund becomes liable to account for tax, in any jurisdiction, including any interest or penalties thereon if an event giving rise to a tax liability occurs, the Fund shall be entitled to deduct such amount from the payment arising on such event or to compulsorily redeem or cancel such number of Units held by the Unitholder or the beneficial owner of the Units as have a value sufficient after the deduction of any redemption charges to discharge any such liability. The relevant Unitholder shall indemnify and keep the Fund indemnified against any loss arising to the Fund by reason of the Fund becoming liable to account for tax and any interest or penalties thereon on the happening of an event giving rise to a tax liability including if no such deduction, appropriation or cancellation has been made.

## **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions (“**FATCA**”) of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information potentially resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely

to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement with respect to the implementation of FATCA (see section entitled "Compliance with US reporting and withholding requirements" for further detail) on 21 December 2012.

Potential investors' and Unitholders' attention is drawn to the taxation risks associated with investing in the Fund. Further details are given under the heading "Taxation" below.

### **Political and Economic Risk: Russia**

Certain Sub-Funds may invest in companies organised in or who principally do business in the independent states that were once part of the Soviet Union, including the Russian Federation pose special risks, including economic and political unrest and may lack a transparent and reliable legal system for enforcing the rights of creditors and shareholders of the Fund. The standard of corporate governance and investor protection in Russia may not be equivalent to those provided in more regulated jurisdictions. While the Russian Federation has returned to positive growth, is generating fiscal and current account surpluses, and is current on its obligations to bondholders, uncertainty remains with regard to structural reforms (e.g. banking sector, land reform, property rights), the economy's heavy reliance on oil, unfavourable political developments and/or government policies, and other economic issues. Whilst a Sub-Fund may invest to a limited extent in Russian equities traded on the Moscow Exchange, the exposure to Russian traded equities is not expected to be material.

### **Custody Risks**

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

Such markets currently include but are not limited to Russia, Nigeria, Vietnam, Argentina and such risks include:

- a non-true delivery versus payment settlement
- a physical market, and as a consequence the circulation of forged securities
- poor information in regards to corporate actions
- registration process that impacts the availability of the securities
- lack of appropriate legal/fiscal infrastructure advices
- lack of compensation/risk fund with the Central Depository

### **Investing in Alternative Investments**

Sub-Funds may in the future take advantage of opportunities with respect to certain other alternative instruments that are not presently contemplated for use by the Sub-Funds or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective and policies of the relevant Sub-Fund and are in accordance with the AIFMD Regulations and the requirements of the Central Bank. Certain alternative instruments may be subject

to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

### **Fraud Risk**

None of the Manager, the Delegate Investment Managers, the Distributors, the Administrator or the Trustee or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of or acting upon instructions from Unitholders, including but not limited to requests for redemptions of Units, reasonably believed to be genuine, and shall not in any event be liable for any losses, costs or expenses arising out of or in conjunction with any unauthorised or fraudulent instructions. Although, the Distributors and the Administrator shall employ reasonable procedures to seek to establish that instructions are genuine and that the subscription, redemption and switching procedures of the Fund are adhered to, as appropriate. In the event that a Sub-Fund suffers a loss due to the payment of redemption monies to, for example, a fraudster who has successfully redeemed a Unitholder's holding or part thereof, the Net Asset Value of that Sub-Fund shall be reduced accordingly and in the absence of any negligence, fraud, bad faith, recklessness or wilful default on the part of the Manager, the Delegate Investment Managers, the Distributors, or in the absence of negligence, fraud, or wilful default on the part of the Administrator or in the case of the Trustee its intentional failure to properly fulfil its obligations under the AIFMD Regulations, the Sub-Fund will not be compensated for any such loss which will therefore be absorbed by the Unitholders equally.

### **Cyber Security Risk**

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

limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### **Operation of Umbrella Cash Accounts**

The Manager may establish Umbrella Cash Accounts. All subscriptions, redemptions or dividends payable to or from the relevant Sub-Fund will be channeled and managed through such Umbrella Cash Accounts.

Certain risks associated with the operation of the Umbrella Cash Accounts are set out under the headings (i) “Application for Units” – “*Operation of Umbrella Cash Accounts*”; (ii) “Redemption of Units” - “*Operation of Umbrella Cash Accounts*”; and (iii) “Distribution Policy”, respectively.

In addition, investors should note that in the event of the insolvency of another Sub-Fund of the Fund, recovery of any amounts to which a relevant Sub-Fund is entitled, but which may have transferred to such other insolvent Sub-Fund as a result of the operation of the Umbrella Cash Accounts will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Accounts. There may be delays in effecting and/or disputes as to the recovery of such amounts, and the insolvent Sub-Fund may have insufficient funds to repay the amounts due to the relevant Sub-Fund.

In circumstances where subscription monies are received from an investor in advance of a Dealing Day in respect of which an application for Units has been, or expected to be, received and are held in Umbrella Cash Accounts, any such investor shall rank as an unsecured creditor of the Sub-Fund until such time as Units are issued as of the relevant Dealing Day. Therefore in the event that such monies are lost prior to the issue of Units as of the relevant Dealing Day to the relevant investor, the Fund on behalf of the Sub-Fund may be obliged to make good any losses which the Sub-Fund incurs in connection with the loss of such monies to the investor (in its capacity as an unsecured creditor of the Sub-Fund), in which case such loss will need to be discharged out of the assets of the relevant Sub-Fund and therefore will represent a diminution in the Net Asset Value per Unit for existing Unitholders of the relevant Sub-Fund.

Similarly in circumstances where redemption monies are payable to an investor subsequent to a Dealing Day of a Sub-Fund as of which Units of that investor were redeemed or dividend monies are payable to an investor and such redemption / dividend monies are held in Umbrella Cash Accounts, any such investor /Unitholder shall rank as an unsecured creditor of the relevant Sub-Fund until such time as such redemption/ dividend monies are paid to the investor/ Unitholder. Therefore in the event that such monies are lost prior to payment to the relevant investor/ Unitholder, the Manager on behalf of the Sub-Fund may be obliged to make good any losses which the Sub-Fund incurs in connection with the loss of such monies to the investor/ Unitholder (in its capacity as an unsecured creditor of the Sub-Fund), in which case such loss will need to be discharged out of the assets of the relevant Sub-Fund and therefore will represent a diminution in the Net Asset Value per Unit for existing Unitholders of the relevant Sub-Fund.

## GDPR

The GDPR came into effect in all Member States on May 25 2018 and replaced all previous EU data privacy laws. Under the GDPR, data controllers are subject to additional obligations including, amongst others, accountability and transparency requirements whereby the data controller is responsible for, and must be able to demonstrate compliance with the rules set down in the GDPR relating to data processing and must provide data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include more enhanced data consent requirements and the obligation to report any personal data breach to the relevant supervisory authority without undue delay. Under the GDPR, data subjects are afforded additional rights, including the right to rectify inaccurate personal information, the right to have personal data held by a data controller erased in certain circumstances and the right to restrict or object to processing in a number of circumstances.

The implementation of GDPR may result in increased operational and compliance costs being borne directly or indirectly by the Fund. Further there is a risk that the measures will not be implemented correctly by the Manager or its service providers. If there are breaches of these measures by the Manager or any of its service providers, the Manager or its service providers could face significant administrative fines and/or be required to compensate any data subject who has suffered material or non-material damage as a result as well as the Manager suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

***The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Potential investors should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.***

## 5. MANAGEMENT OF THE FUND

### Manager, Global Distributor and AIFM

The Manager is a private company limited by shares and was incorporated in Ireland on March 27, 1997. The Manager, which has an authorised share capital of Euro 6.25 million and issued and paid up share capital (including capital contributions from its ultimate owner) of Euro 2,552,662, is ultimately 100% owned by Banca Mediolanum S.p.A. Banca Mediolanum S.p.A. is also the promoter of the Fund.

Mediolanum S.p.A. was constituted in December 1995 as a result of a merger between Fininvest Italia S.p.A., Fintre S.p.A. and Programmaltalia S.p.A. In 2015, Mediolanum S.p.A. was merged by incorporation (by means of a reverse merger) into one of its subsidiaries, Banca Mediolanum S.p.A. as a result of which Banca Mediolanum S.p.A. became the ultimate parent undertaking of the Mediolanum Group.

Banca Mediolanum S.p.A. and its controlled companies (the "**Mediolanum Group**") represent one of the principal Italian groups of companies offering savings products to individuals and families.

The Mediolanum Group currently markets several mutual funds. These products are marketed in Italy to retail clients through Banca Mediolanum S.p.A., in Spain through BANCO-MEDIOLANUM S.A. and in Germany through Bankhaus August Lenz & Co. AG.

The life insurance products marketed by the Mediolanum Group, which are primarily capital accumulation products and individual private pension plans, are produced by the Group's wholly owned subsidiary Mediolanum Vita S.p.A. The products of Mediolanum Vita S.p.A are distributed through the Banca Mediolanum S.p.A. network.

In Spain, the life insurance products marketed are produced by the Group's wholly owned subsidiary Mediolanum International Life Designated Activity Company.

In line with management's strategy to diversify the Group's product offerings, the Group has introduced a number of new life insurance products in recent years that have differed markedly from traditional products. Management believes that the Group's ability to design new products and bring them to market quickly represents a key competitive advantage.

The Group attributes its success in large measure to its sales force, which is trained in financial planning related to the financial products offered by the Group, and its client-oriented selling approach, known as *consulenza globale* (comprehensive financial advising), which entails reviewing each client's investment objectives and then proposing a package of insurance and financial products to meet such objectives pursuant to an investment strategy that emphasises diversification of risk and long-term investment. Management believes that this approach to product distribution provides the Group with a significant competitive advantage, assisting in the creation of long-term client relationships and facilitating the cross-selling to clients of the Group's life insurance and mutual fund products.

Under the Trust Deed, the Manager is responsible for the general management and administration of the Fund's affairs including the investment and re-investment of each Sub-Funds' assets adhering to the investment objective and policies of each Sub-Fund. However, the Manager has delegated to one or more Delegate Investment Managers all or part of their responsibility to manage some or all of the assets of one or more Sub-Funds. The Manager shall not be held liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of the Delegate Investment Managers or for its own acts or omissions in bona fide following the advice or recommendations of a Delegate Investment Manager. The Manager shall be indemnified by the Fund for any actions, costs, charges, losses, damages and expenses arising as a result of its reliance on any recommendation or advice of a Delegate Investment Manager (other than by reason of the Manager's material breach of the Trust Deed, fraud, negligence, bad faith, wilful default, recklessness or failure of the Manager to comply with its obligations therein or in the UCITS Regulations) in the performance of its duties. The Manager is also responsible for preparing accounts, executing redemption of Units, making distributions and calculating the Net Asset Value per Unit and also acts as Global Distributor for the Sub-Funds.

The Directors of the Manager are:

*Corrado Bocca (Italian)*

Corrado Bocca is Chief Lending Officer with Banca Mediolanum SpA since May 2013. He has also been the Chairman of the Mediolanum Specialities SICAV SIF in Luxembourg since 2007. Prior to his current position, Mr. Bocca was Head of Compliance and the Risk Management Function within the Mediolanum Group. He also held the position of Managing Director of Mediolanum International Funds Limited and Mediolanum Asset Management Limited as well as Director of Mediolanum International Life Designated Activity Company from September 2000 to 2005, and prior to that, Assistant General Manager, Foreign Operations of Mediolanum SpA from October 1997. Mr. Bocca was Deputy General Manager and Controller at Nuova Tirrena SpA from 1994 to 1997. From 1988 to 1993 he was Internal Audit Manager at Fininvest SpA prior to which he was Auditor at Price-Waterhouse (Milan Office). Mr. Bocca has a degree in Economics from the University L. Bocconi in Milan.

*Furio Pietribiasi (Italian)*

Furio Pietribiasi is Managing Director of Mediolanum International Funds Limited, a position he assumed in November 2008. Prior to his current position, Mr. Pietribiasi was the General Manager of Mediolanum Asset Management Limited since January 2004. Prior to that, Mr. Pietribiasi held various positions within Mediolanum Asset Management Limited, including Head of Investments from January 1999. He started his career in investment management in Mediolanum Gestione Fondi in Milan and prior to that he worked in one of the leading legal and fiscal practices in Italy. Mr. Pietribiasi has a degree in Economics and Finance from the University of Trieste in Italy.

*Andrew Bates (Irish)*

Andrew Bates is a commercial lawyer and has been a partner in Dillon Eustace since 1996, where he works principally in the area of funds management, life assurance and securities offerings. Prior to his current position, Mr. Bates was a solicitor in Cawley Sheerin Wynne since 1992.

*Des Quigley (Irish)*

Mr Des Quigley was born and educated in Dublin and trained as a Chartered Accountant in London. He was a partner at E&Y for over 30 years, and was also appointed Managing Partner for two consecutive terms. He was appointed head of the Financial Services Group in 1995, the largest division within the Irish firm, covering asset management, banking and insurance business. He retired from E&Y in 2010 to pursue a career as a non-executive director.

Mr Quigley was a Council member of the Irish Funds Industry Association for five years, and a founding member (and past chairman) of the E&Y Global Hedge Fund Committee. He is currently a board member of a number of funds and financial services companies. He is a Fellow Chartered Accountant with Chartered Accountants Ireland.

*Paul O’Faherty (Irish)*

Mr O’Faherty is an actuary. He started his career in New Ireland Assurance and then worked with Mercer for 33 years in a range of business and consulting roles in the investment, pensions and health fields. Mr O’Faherty became Chief Executive of Mercer Ireland in 2001. He returned to that role in 2008 having spent the previous couple of years working with Mercer in Europe. He retired from Mercer in June 2013. Mr O’Faherty now holds several independent non-executive directorships in the financial services and not-for-profit sectors. He also acts as a strategy consultant and an executive coach. He is a Chartered Director of the Institute of Directors. He is a Fellow and a past president of the Society of Actuaries in Ireland. Mr O’Faherty is also a past chair of the Irish Association of Pension Funds.

*Martin Nolan (Irish)*

Martin Nolan was a Director of Mediolanum Asset Management Limited from June 2011 up until March, 2019. Prior to that, Mr. Nolan had worked for over 22 years in the funds, asset management, and property investment industry with market leading companies. Mr. Nolan was Chief Executive Officer with Aviva Investors Ireland and he also held the position of Chief Investment Officer. Prior to that, Mr Nolan was Director of Group Investments at Norwich Union having held a variety of positions within that Group, particularly in relation to the management of equities and property. Mr Nolan began his career in the construction sector with John Sisk Ltd. Mr. Nolan is a member of the Life Industry Association and currently sits on the boards of a number of Irish financial companies, including Irish-domiciled investment funds.

The address of the Directors of the Manager, who (with the exception of Mr. Pietribiasi) are all non-executive Directors, is the registered office of the Manager, Fourth Floor, The Exchange, IFSC, Dublin

1, Ireland. The company secretary of the Manager is David Harte, Fourth Floor, The Exchange, IFSC, Dublin 1, Ireland.

The Manager is also the manager of Mediolanum Best Brands and CHALLENGE Funds, each a collective investment scheme authorised by the Central Bank.

### **Distributors**

The Manager acts as Global Distributor of the Sub-Funds and may appoint one or more Distributors to distribute on its behalf Units in one or more Classes of one or more Sub-Funds. There may be more than one Distributor for a Sub-Fund. The names of certain Classes may include the name of the relevant Distributor and certain Classes may be distributed exclusively under the brand or logo of the relevant Distributor. Except where the Distributor has been appointed in some other capacity in respect of the Fund, the sole relationship between the Distributor and the Fund will be as Distributor of Units of the relevant Classes/Sub-Funds to its own clients. Separate Class Information Cards may be issued relating to one or more of the Classes of Units being distributed by a Distributor and may carry that Distributor's brand/logo.

The fees of any Distributors so appointed will be paid for by the Manager out of its own fees.

### **Delegate Investment Managers**

The Manager may, in accordance with the requirements of the Central Bank delegate one or more Delegate Investment Managers all or part of their responsibility to manage some or all of the assets of one or more Sub-Funds and will be disclosed in the periodic reports of the Fund.

Details of any Delegate Investment Managers appointed in respect of a particular Sub-Fund will be available to Unitholders upon request.

### **Administrator**

The Manager has appointed Northern Trust International Fund Administration Services (Ireland) Limited to act as administrator, registrar and transfer agent to the Fund pursuant to the Administration Agreement with responsibility for performing the day-to-day administration of the Fund and for providing fund accounting services to the Fund, including the calculation of the Net Asset Value and the Net Asset Value per Unit.

The Administrator is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. The principal business activity of the Administrator is the administration of collective investment schemes. The registered office of Northern Trust International Fund Administration Services (Ireland) Limited is Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Fund and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it. The Administrator is not responsible for the monitoring of the compliance of the Fund's or any Sub-Fund's investments with any investment rules and restrictions contained in any agreement and/or this Prospectus and/or in any other service agreement(s) concluded between the Manager and its service providers unless otherwise stated.

The Administrator shall not be responsible for the accuracy of financial data, opinions or advice furnished to it by the AIFM or its delegates, the Manager or its agents and delegates including an External Valuer, prime broker(s), market makers and/or independent third party pricing services. The Administrator may accept, use and rely on prices provided to it by the AIFM or its delegates or other agreed independent third party pricing services for the purposes of determining the Net Asset Value of the Fund or any Sub-Fund or Class and shall not be liable to the Manager, the AIFM, the Trustee, an External Valuer, any Unitholder or any other person in so doing by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the AIFM or its delegates, the Manager or its agents and delegates, an External Valuer or other independent third party pricing services or its delegates that the Administrator is directed to use by the AIFM or an External Valuer in accordance with the AIFM's valuation policy.

## **Trustee**

The Northern Trust Fiduciary Services (Ireland) Limited acts as trustee of the Fund's assets pursuant to the Trust Deed.

The Trustee is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Trustee is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September, 2018, the Northern Trust Group's assets under custody totaled approximately \$8.2 trillion.

### *Duties of the Trustee*

The duty of the Trustee is to provide safekeeping, oversight and asset verification services in respect of the assets of the Fund and each Sub-Fund in accordance with the provisions of the AIFMD Legislation. The Trustee will also provide cash monitoring services in respect of each Sub-Fund's cash flows and subscriptions.

The Trustee will be obliged, inter alia, to ensure that the issue and repurchase of Units in the Fund is carried out in accordance with the relevant legislation and the Trust Deed. The Trustee will carry out the instructions of the Manager unless they conflict with the Act or the Trust Deed. The Trustee is also obliged to enquire into the conduct of the Manager in each financial year and report thereon to the Unitholders.

### *Trustee's Liability*

Pursuant to the Trust Deed, the Trustee will be liable for loss of assets in custody (i.e. those assets which are required to be held in custody pursuant to the AIFMD Regulations) or in the custody of any sub-custodian, unless it can prove that loss has arisen as a result of an external event beyond its control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In respect of the loss of assets other than custody assets (as defined in the AIFMD Regulations and Level 2 Regulation such as each derivative instruments, etc.), the Trustee shall be liable for any loss suffered as a result of the Trustee's negligence or intentional failure to properly fulfil its obligations under the Trust Deed, the AIFMD Regulations and the requirements of the Central Bank.

Under the Trust Deed, the Trustee has power to delegate the whole or any part of its depositary functions but, save as is summarised below, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Trustee has delegated its safe-keeping duties in respect of financial instruments in custody to certain delegates. A list of the delegates used by the Trustee as at the date hereof is listed in Appendix III of the Prospectus.

In summary, in order for the Trustee to discharge its liability for loss of custody investments by a sub-custodian, the Trustee must exercise care and diligence in the selection of sub-custodian as safekeeping agent so as to ensure that it has and maintains the expertise, competence and standing appropriate to discharge their responsibilities as sub-custodian, the Trustee must maintain an appropriate level of supervision over the sub-custodian and make appropriate enquiries, periodically, to confirm that the obligations of such sub-custodians continue to be competently discharged; and the Trustee must enter into an agreement with the Manager to discharge that liability in accordance with the AIFMD Legislation. The Trustee may also discharge itself of liability in accordance with the AIFMD Legislation where it is required by the Manager or its delegate to appoint a local agent in a market where no local agent meets the requirements applicable to the selection and appointment of sub-custodians under the AIFMD Regulations. In the foregoing circumstances, it may be possible for the Manager and/or the Sub-Fund to have a claim against the particular local agent. However, there is no guarantee that such claim will be enforceable or successful under local law.

The Manager will disclose to investors before they invest in the Sub-Fund any arrangement made by the Trustee, as depositary, to contractually discharge itself of liability. In the event that there are any changes to depositary liability, the Manager will inform Unitholders of such changes without delay.

### **Correspondent Banks/Paying Agents**

The Manager may appoint Correspondent Banks or Paying Agents in one or more countries. Each Correspondent Bank or Paying Agent so appointed will act as correspondent bank or paying agent for the Fund and each of its Sub-Funds performing its tasks of receiving payments on behalf of persons resident in the relevant country who wish to subscribe for the Units, of making payments of the redemption price of Units and of distributions to Unitholders and of keeping at the disposal of Unitholders the documents that the Manager, as manager of the Fund, is obliged to draw up in accordance with current legislation of the relevant country as well as any notices calling meetings of

Unitholders and the texts of any resolutions passed or to be passed thereat. Biographical details of any Correspondent Banks or Paying Agents appointed in different countries shall be set out in an appropriate Appendix of this Prospectus.

### **Dealings by Manager, Delegate Investment Managers, Administrator, Trustee and Associates**

Subject to the AIFMD Legislation, there is no prohibition on dealings in the assets of a Sub-Fund by the Manager, the Delegate Investment Managers, the Administrator, the Trustee or entities related to the Manager, the Delegate Investment Managers, the Administrator or the Trustee or to their respective officers, directors or executives, provided that the transaction is effected on normal commercial terms negotiated at arm's length. Such transactions must be in the best interests of the Unitholders.

Transactions effected in accordance with paragraphs (i), (ii) or (iii) below are acceptable where:

- (i) a person approved by the Trustee (or in the case of a transaction involving the Trustee, by the Manager) as independent and competent certifies the price at which the transaction is effected is fair; or
- (ii) the execution of the transaction is on best terms on organised investment exchanges under their rules; and
- (iii) where the conditions set out in (i) or (ii) above are not practical, the transaction is executed on terms which the Trustee (or in the case of a transaction involving the Trustee, by the Manager) is satisfied confirm with the principle set out in the first paragraph above.

### **Conflicts of Interest**

The Manager, the Delegate Investment Managers, the Administrator, the Trustee, and their respective affiliates, officers and shareholders (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest with the management of a Sub-Fund. These include management of other funds, purchases and sales of securities, investment and management counselling, brokerage services, trustee and custodial services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which a Sub-Fund may invest. In particular, it is envisaged that the Delegate Investment Managers may be involved in valuing unlisted securities and as their respective fees are based on the Net Asset Value of the relevant Sub-Funds, the amount of their fees will increase as the value of the relevant Sub-Funds increase. The Delegate Investment Managers may also be managing or advising on the investments of other investment funds which may have similar or overlapping investment objectives to or with a Sub-Fund. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the Directors of the Manager shall endeavour to ensure that it is resolved fairly.

The Manager operates a conflicts of interest policy that describes how it takes reasonable steps to identify and, wherever practicable, mitigate conflicts of interest that arise as a result of such business

dealings.

### **Fair Treatment of Unitholders**

The Manager may from time to time determine to provide Unitholders in certain Classes with preferential treatment (including but not limited to information disclosed to such Unitholders and redemption, dealing or transfer terms for such Classes). Any preferential treatment will be set out in the Sub-Fund Information Card or relevant Classes Information Card (so as to ensure the fair treatment of all Unitholders) which shall describe any instance where a Class of Units receives preferential treatment, a description of that preferential treatment and the types of Unitholders who will be permitted to subscribe for such Classes and, where relevant, their legal or economic links to the Manager.

For the avoidance of doubt, the Manager may in its absolute discretion, differentiate between Sub-Funds, Classes and Units of Sub-Funds including, without limitation, currency of denomination, hedging strategies if any applied to such currency of denomination, voting rights, return of capital, distribution policy, the level of fees and expenses to be charged, use of techniques and instruments for efficient portfolio management or to provide protection against exchange risks, subscription or redemption procedures, Minimum Subscription and/or any other differentiating feature(s) as may be determined by the Manager in its absolute discretion and any such Units may have preferred, deferred or other special rights, privileges or restrictions attached thereto.

### **Side Letters**

The Manager may, at its sole and absolute discretion, agree with any existing or prospective investor, whether by means of a side letter or other agreement, to waive or modify the application of any of the terms described herein in this Prospectus or in the Application Form or to agree any specific terms with an investor ("**Side Letter**"). Such investors may include entities or persons who are affiliated with the Manager and/or investors who hold a majority or substantial interest in the Fund or a Sub-Fund. Any such Side Letter may be agreed in accordance with the requirements of the Central Bank and the AIFMD Legislation in relation to (but is not limited to) the application or calculation of fees provisions, indemnification obligations and/or additional representations, warranties and covenants. For the avoidance of doubt, the Manager will not agree any Side Letter which provides an investor with different rights of access to portfolio information, disclosure of market sensitive events, or alter the liquidity provisions, redemption rights or voting rights of any investor and in this regard, will ensure that investors are treated fairly. Neither the Manager nor the Manager/Delegate Investment Manager is obligated to disclose the existence or specific terms of any Side Letter agreed with an investor to any other investors.

## 6. ADMINISTRATION OF THE FUND

### Description of Units

Units of each Sub-Fund are all freely transferable and, subject to the differences between Units of different Classes as outlined below, are all entitled to participate equally in the profits and distributions (if any) of that Sub-Fund and in its assets in the event of termination. A Unitholders holding of Units will be evidenced in the register of the Sub-Fund. The Units, which are of no par value and which must be fully paid for upon issue other than in certain circumstances which are at the discretion of the Manager, carry no preferential or pre-emptive rights. Fractions of Units may be issued up to six decimal places.

A Unit in a Sub-Fund represents the beneficial ownership of one undivided share in the assets of the relevant Sub-Fund attributable to the relevant Class.

The Fund is made up of the Sub-Funds, each Sub-Fund being a single pool of assets. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund to which different levels of subscription fees and expenses (including the management fee), minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy, Minimum Subscription and such other features as the Manager may determine may be applicable. Units shall be issued to investors as Units in a Class.

"A" Units shall not be entitled to receive distributions whereas "B" Units shall.

### Operation of Umbrella Cash Accounts

The Manager may establish Umbrella Cash Accounts. All subscriptions, redemptions or dividends payable to or from the relevant Sub-Fund will be channelled and managed through such Umbrella Cash Accounts. However the Manager will ensure that the amounts within an Umbrella Cash Account whether positive or negative can be attributed to the relevant Sub-Fund in order to comply with the requirement as set out in the Trust Deed that the assets and liabilities of each Sub-Fund are kept separate from all other Sub-Funds and that separate books and records are maintained for each Sub-Fund in which all transactions relevant to a Sub-Fund are recorded.

Further information relating to such accounts is set out in the sections entitled (i) "Application for Units" – "Operation of Umbrella Cash Accounts"; (ii) "Redemption of Units" - "Operation of Umbrella Cash Accounts"; and (iii) "Distribution Policy" respectively. In addition, attention is drawn to the section of this Prospectus entitled "Risk Factors" – "Operation of Umbrella Cash Accounts" above.

### Abusive Trading Practices/Market Timing

The Manager generally encourages investors to invest in the Sub-Funds as part of a long-term investment strategy and discourages excessive or short term or abusive trading practices. Such activities, sometimes referred to as "market timing", may have a detrimental effect on the Sub-Funds

and Unitholders. For example, depending upon various factors such as the size of the Sub-Fund and the amount of its assets maintained in cash, short-term or excessive trading by Unitholders may interfere with the efficient management of the Sub-Fund's portfolio, increased transaction costs and taxes and may harm the performance of the Sub-Fund.

The Manager seeks to deter and prevent abusive trading practices and to reduce these risks, through several methods, including the following:

- (i) to the extent that there is a delay between a change in the value of a Sub-Fund's portfolio holdings and the time when that change is reflected in the Net Asset Value per Unit, a Sub-Fund is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming Units at a Net Asset Value which does not reflect appropriate fair value prices. The Manager seeks to deter and prevent this activity, sometimes referred to as "stale price arbitrage", by the appropriate use of its power to adjust the value of any investment having regard to relevant considerations in order to reflect the fair value of such investment.
- (ii) the Manager may monitor Unitholder account activities in order to detect and prevent excessive and disruptive trading practices and reserves the right to exercise its discretion to reject any subscription or conversion transaction without assigning any reason therefore and without payment of compensation if, in its judgement, the transaction may adversely affect the interest of a Sub-Fund or its Unitholders. The Manager may also monitor Unitholder account activities for any patterns of frequent purchases and sales that appear to be made in response to short-term fluctuations in the Net Asset Value per Unit and may take such action as it deems appropriate to restrict such activities.

There can be no assurances that abusive trading practices can be mitigated or eliminated. For example nominee accounts in which purchases and sales of Units by multiple investors may be aggregated for dealing with the Sub-Fund on a net basis, conceal the identity of underlying investors in a Sub-Fund which makes it more difficult for the Manager to identify abusive trading practices.

## **Application for Units**

### *Application Procedure*

Applications for Units should be made to the Administrator or to the Correspondent Bank/Paying Agent by completing an application form in such form as the Manager may from time to time prescribe, the original of which should be delivered to the Administrator or to the Correspondent Bank/Paying Agent. Initial applications received by facsimile will be processed by the Administrator, however, redemption proceeds will not be paid until receipt by the Administrator of a completed original application form together with relevant documentation. Redemption proceeds of non-cleared investors will be held in a non-interest bearing account until such time as all outstanding documentation is provided.

All applications must be received by letter (or by facsimile) by the Administrator no later than 12.00 noon (Irish time) 3 Business Days prior to the relevant Dealing Day. Where the application is received by facsimile, the original application must follow by post as soon as possible thereafter. Where a

subscription application is being submitted through a Correspondent Bank/Paying Agent for onward transmission to the Administrator Unitholders should ensure that the application form is received by the Correspondent Bank/Paying Agent in sufficient time for forwarding to the Administrator to be received by the Administrator prior to 12.00 noon (Irish time) 3 Business Days prior to the relevant Dealing Day. Subject to exceptional circumstances and the Manager's discretion to accept any application received after the time as aforesaid but before the relevant Valuation Point, any application received after the time aforesaid shall be deemed to be made in respect of the Dealing Day next following the relevant Dealing Day.

Allotment of Units may take place provisionally notwithstanding that cleared funds or such information and declarations (including inter alia any declarations or information required pursuant to anti-money laundering or counter terrorist financing requirements) as may be required by Manager have not been received. However, the Manager may cancel any such provisional allotment made and make any necessary alteration in the relevant register and such Units shall be deemed never to have been issued. The Manager may charge the applicant interest at a rate to be determined by the Manager and/or, if the applicant is a Unitholder, may be required to redeem or sell all or part of his holding of Units and use the proceeds thereof to satisfy and make good any loss, cost, expense or fees suffered by the Manager, the Fund or any Sub-Fund as a result of non-receipt by the Manager or its agent of such funds and papers.

In the event of a delay in the settlement of subscription proceeds, the Fund may temporarily borrow an amount up to the value of the delayed subscription on or after the relevant settlement date. Any such borrowing will be subject to the restrictions on borrowing set forth above. Once the required subscription monies have been received, the Fund will use this to repay the borrowings. The Fund reserves the right to charge the relevant Unitholder for any interest or other costs incurred by the Fund as a result of any borrowing arising from such delay or failure to settle subscription monies on time. If the Unitholder fails to reimburse the Fund for those charges, the Fund will have the right to sell all or part of the investor's holdings of Units in the Fund in order to meet those charges and/or to pursue that Unitholder for such charges.

The Manager may reject at its discretion any application for Units in whole or in part in which event the application monies or any balance thereof will (if permitted by applicable law) be returned to the applicant by transfer to the applicants designated account or by post, each at the applicant's sole risk.

The Administrator or the Correspondent Bank/Paying Agent may reject at an application for Units in whole or in part in the event that such application or its accompanying documentation is incomplete or inadequate in anyway, in which event the application monies or any balance thereof will (if permitted by applicable law) be returned to the applicant by transfer to the applicants designated account or by post, each at the applicant's sole risk.

Following the initial offer period of a Sub-Fund, any further issue of Units shall be at the discretion of the Manager and shall only be made by the Administrator with effect from a Dealing Day.

US Persons may not purchase Units of any Sub-Fund in the Fund and applicants will be required to certify that they are not acquiring Units for, directly or indirectly, US Persons and that such applicants

will not sell or offer to sell or transfer such Units to a US Person. The Manager reserves the right to compulsorily redeem Units held by any investor who is or subsequently becomes a US Person.

#### *Settlement Details*

Details of settlement for subscriptions for Units are given in the application form. Payment in respect of subscriptions must be received in cleared funds by the Trustee no later than 3 Business Days prior to the relevant Dealing Day. Settlement for subscriptions for Units is in all cases due by the settlement deadline set out in the application form.

The Manager may reject at its discretion any application for Units in whole or in part where the application monies or any balance thereof is not received by the settlement deadline. In addition the Manager reserves the rights to cancel any allotment where cleared funds are not received by the settlement deadline and to charge the applicant for losses accruing.

#### *Single Subscriptions and Savings Plans*

For all Unit Classes applicants may subscribe for Units by way of single subscription whereas the option to subscribe by way of a savings plan, where the applicant for Units agrees to purchase Units in a certain pre-agreed amount over a certain period, is limited to certain Unit Classes only. The subscription options available are set out in the relevant application forms available from the Manager and the Distributors.

Prospective investors should note that by completing the application form they are providing information to the Manager which may constitute personal data within the meaning of the GDPR. This data will be used by or on behalf of the Manager for the purposes of client identification and the subscription process, management and administration of your holding in the Fund, statistical analysis, market research, to comply with any applicable legal, taxation or regulatory requirements and, if an applicant's consent is given, for direct marketing purposes. Such data may be disclosed and / or transferred to third parties including regulatory bodies, tax authorities, delegates, advisers and service providers of the Manager and their duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including to countries outside the EEA which may not have the same data protection laws as in Ireland) for the purposes specified.

Unitholders have a right to obtain a copy of their personal data kept by the Manager and any of their appointed service providers such as the Distributor, Administrator or Trustee, the right to rectify any inaccuracies in personal data held by the Manager and in a number of circumstances a right to be forgotten and a right to restrict or object to processing. In certain limited circumstances a right to data portability may apply. Where a Unitholder consents to the processing of personal data for direct marketing purposes, that Unitholder may withdraw this consent at any time.

The Manager and its appointed service providers will retain all documentation provided by a Unitholder in relation to its investment in the Fund for such period of time as may be required by Irish legal and regulatory requirements, but for at least six years after the period of investment has ended or the date on which a Unitholder has had its last transaction with the Manager in respect of the Fund.

A copy of the data privacy statement of the Manager is available at [www.mifl.ie](http://www.mifl.ie) or upon request from the Manager.

#### *Operation of Umbrella Cash Accounts*

Subscription monies received from an investor in advance of a Dealing Day in respect of which an application for Units has been, or is expected to be, received will be held in an Umbrella Cash Account and will be treated as an asset of the relevant Sub-Fund upon receipt and will not benefit from the application of any investor money protection rules (i.e. the subscription monies in such circumstance will not be held on trust as investor monies for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the relevant Sub-Fund with respect to the amount subscribed and held by the Trustee on behalf of the Fund until such Units are issued as of the relevant Dealing Day.

In the event of an insolvency of the Sub-Fund or the Fund, there is no guarantee that the Sub-Fund or the Fund will have sufficient funds to pay unsecured creditors in full. Investors who have forwarded subscription monies in advance of a Dealing Day as detailed above and which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Sub-Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account in relation to the application for Units.

Attention is drawn to the “Risk Factors” –“*Operation of Umbrella Cash Accounts*” section of this Prospectus.

#### *Anti-Money Laundering and Countering Terrorist Financing Measures and Data Protection*

Measures aimed towards the prevention of money laundering and terrorist financing require a detailed verification of the applicant's identity and where applicable the beneficial owner on a risk sensitive basis. Politically exposed persons (“**PEPs**”), an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function, and immediate family members, or persons known to be close associates of such persons, must also be identified.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence together with evidence of his/her address such as two original or certified copies of evidence of his/her address such as a utility bill or bank statement not less than three months old and disclose his/her occupation, date of birth and tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business address of all directors and beneficial owners and of the authorised signatories of the investor, which must be certified. Amendment to any investor records will only be effected by the Administrator and the Correspondent Bank/Paying Agent upon receipt of original evidencing documentation.

Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a relevant third party as such term is defined in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended). This exception will only apply if the relevant third party referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations and/or satisfies other applicable conditions such as providing a letter of undertaking confirming that it has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Administrator, the Correspondent Bank/Paying Agent, the Distributor or the Manager.

The details above are given by way of example only and in that regard the Administrator, the Correspondent Bank/Paying Agent and the Distributor, as appropriate, each reserves the right to request such information as is necessary at the time of application for units in a Sub-Fund to verify the identity of an investor and where applicable the beneficial owner of an investor. In particular, the Administrator, the Correspondent Bank/Paying Agent and the Distributor, as appropriate, each reserve the right to carry out additional procedures in relation to both new and existing investors who are/become classed as PEPs. Verification of the investor's identity is required to take place before the establishment of the business relationship. In any event, evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator, the Correspondent Bank/Paying Agent or the Distributor, as appropriate, may, at their discretion, refuse to accept the application and subscription monies and/or return all subscription monies or compulsorily repurchase such unitholder's units and/or payment of repurchase proceeds may be delayed (no repurchase proceeds will be paid if the unitholder fails to produce such information). None of the Directors, the Administrator, the Correspondent Bank/Paying Agent, the Distributor or the Manager shall be liable to the subscriber or unitholder where an application for units is not processed or units are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator, the Correspondent Bank/Paying Agent and the Distributor, as appropriate, will return application monies or the balance thereof in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Administrator, the Correspondent Bank/Paying Agent and the Distributor, as appropriate, may refuse to pay or delay payment of redemption proceeds where the requisite information for verification purposes has not been produced by a unitholder.

The redeeming Unitholder will rank as an unsecured creditor of the relevant Sub-Fund until such time as the Administrator, the Correspondent Bank/Paying Agent or the Distributor are satisfied that their anti-money laundering and terrorist financing procedures have been fully complied with, following which redemption proceeds will be released.

In the event of an insolvency of the Sub-Fund or the Fund, there is no guarantee that the Sub-Fund or the Fund will have sufficient funds to pay unsecured creditors in full. Investors / Unitholders due redemption / dividend monies which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Sub-Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner.

Therefore a Unitholder is advised to ensure that all relevant documentation requested by the Administrator, the Correspondent Bank/Paying Agent, the Distributor or the Manager in order to comply with anti-money laundering and terrorist financing procedures, tax or other regulatory requirements is submitted promptly on subscribing for Units in the Fund.

The Administrator, the Correspondent Bank/Paying Agent, the Distributor and the Manager reserve the right to obtain any additional information from investors so that it can monitor the ongoing business relationship with such investors. The Administrator, the Correspondent Bank/Paying Agent, the Distributor and the Manager cannot rely on third parties to meet this obligation, which remains their ultimate responsibility.

The Administrator, the Correspondent Bank/Paying Agent, the Distributor and the Manager also reserve the right to obtain any additional information from investors to keep its customer due diligence records up to date.

#### *Beneficial Ownership Regulations*

The Administrator or the Manager may also request such information as may be required for the establishment and maintenance of the Fund's beneficial ownership register in accordance with the Beneficial Ownership Regulations. Details of all beneficial owners (as defined in the Beneficial Ownership Regulations) will be maintained on the Fund's beneficial ownership register which will, ultimately, be transmitted to a publically available central register of beneficial ownership to be established and maintained in accordance with the fourth Anti-Money Laundering Directive (EU 2015/849).

### **Issue Price of Units**

#### *Initial Issues*

During the initial offer period of a Sub-Fund or Class the Manager shall, before the issue of any Units in the Sub-Fund or Class, determine the initial issue price thereof. The time at which, the terms upon which and the initial issue price per Unit of the initial issue of Units of a Sub-Fund or Class shall be specified in the relevant Class Information Card to this Prospectus.

#### *Subsequent Issues*

Thereafter, Units shall be issued at a price equal to the Net Asset Value per Unit as at the Valuation Point prior to the relevant Dealing Day on which the Units are to be issued plus any applicable anti-dilution levy. Dealing is carried out on a forward pricing basis, i.e. the Net Asset Value next computed after receipt of subscription requests. A subscription fee not exceeding 5% of the total subscription amount shall be deducted from the total subscription amount and shall be paid to the Manager or to any placing or sales agent or agents or distributors appointed by the Manager for its or their absolute use and benefit and shall not form part of the assets of the relevant Sub-Fund. The Manager may at its sole discretion waive such fee or fees or differentiate between applicants as to the amount of such fee or fees within the permitted limits.

***Applicants who can and do subscribe for Units by way of a savings plan are obliged to pay to the Manager on the date of their first subscription under their savings plan a subscription fee not exceeding 5% of the total amount to be subscribed by them under their savings plan over the relevant period. In the event that an investor subscribing by way of savings plan cancels his savings plan before the end of the relevant period he shall automatically forfeit the full amount of subscription fees so paid.***

## **Redemption of Units**

The Administrator will at any time during the term of a Sub-Fund on receipt by it of a request by a Unitholder redeem on any Dealing Day all or any part of such Unitholder's holding of Units at a price per Unit equal to the Net Asset Value per Unit as at the Valuation Point prior to the relevant Dealing Day less any applicable anti-dilution levy.

All redemption requests must be received by letter or by facsimile, by the Administrator no later than 12.00 noon (Irish time) 35 calendar days prior to the relevant Dealing Day. Where a redemption request is being submitted through a Correspondent Bank/Paying Agent for onward transmission to the Administrator Unitholders should ensure that the redemption request form is received by the Correspondent Bank/Paying Agent in sufficient time for forwarding to the Administrator to be received by the Administrator prior to 12.00 noon (Irish time) 35 calendar days prior to the relevant Dealing Day. Subject to the Manager's discretion to accept any redemption requests received after the time as aforesaid but before the relevant Valuation Point, any redemption requests received after the time aforesaid shall be deemed to be made in respect of the Dealing Day next following the relevant Dealing Day. Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions. Redemption proceeds will not be paid out until all necessary documentation is in place. The Manager may at its sole discretion waive such fee or fees or differentiate between applicants as to the amount of such fee or fees within the permitted limits. Redemption requests will be irrevocable except in the event of a suspension of redemptions.

The redemption price will be payable to the Unitholder within 35 Business Days after the relevant Dealing Day on which the redemption is to be effected subject to receipt by the Administrator of the original initial subscription form and certificates (if any) in respect of the Units. The redemption price payable to the Unitholder will be paid in the base currency of the relevant Sub-Fund or the designated currency of the Class by bank transfer at the expense of the Unitholder. Every such bank transfer shall be made payable to the order of such Unitholder, or in the case of joint Unitholders, made payable to the order of the joint Unitholder who has requested such redemption at the risk of such Unitholder or joint Unitholders. Payments of redemption proceeds will only be made to the account on record. No third party payments will be made.

If the number of Units of a Sub-Fund falling to be redeemed on any Dealing Day is equal to one tenth or more of the total number of Units of that Sub-Fund in issue or deemed to be in issue on such Dealing Day, then the Manager may in its discretion refuse to redeem any Units in excess of one tenth of the total number of Units of that Sub-Fund in issue or deemed to be in issue as aforesaid and, if the Manager so refuses, the requests for redemption on such Dealing Day shall be reduced rateably and the Units to which each request relates which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day

until all the Units to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

#### *Operation of Umbrella Cash Accounts*

Redemption monies payable to an investor or Correspondent Bank/Paying Agent subsequent to a Dealing Day of a Sub-Fund as of which Units of that investor were redeemed (and consequently the investor is no longer a Unitholder of the Sub-Fund as of the relevant Dealing Day) will be held in an Umbrella Cash Account and may be treated as an asset of the Sub-Fund until paid to that investor and will not benefit from the application of any investor money protection rules (i.e. the redemption monies in such circumstance will not be held on trust for the relevant investor). In such circumstance, the investor will be an unsecured creditor of the relevant Sub-Fund with respect to the redemption amount held by the Trustee on behalf of the Fund until paid to the investor.

In the event of an insolvency of the Sub-Fund or the Fund, there is no guarantee that the Sub-Fund or the Fund will have sufficient funds to pay unsecured creditors in full. Investors due redemption monies which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Sub-Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account for onward transmission to that investor.

Attention is drawn to the “Risk Factors” –“*Operation of Umbrella Cash Accounts*” section of this Prospectus.

#### **Compulsory Redemption of Units**

The Manager may at any time compulsorily redeem, or request the transfer of, Units held by Unitholders who are excluded from purchasing or holding Units under the Trust Deed. The Manager may also compulsorily redeem any Units held by any person who does not supply any information or declaration (including, inter alia, any declarations or information required pursuant to anti-money laundering, counter terrorist financing requirements, tax or other regulatory documentation) as may be required by the Manager within seven days of a request to do so. The Manager may charge any such Unitholder any legal, accounting or administration costs associated with such compulsory redemption. Any such redemption will be made on a Dealing Day at a price equal to the Net Asset Value per Unit on the relevant Dealing Day on which the Units are to be redeemed.

None of the Manager, the Directors, the Trustee, the Delegate Investment Manager or the Administrator shall be liable to the investor where an application for Units is not processed or Units are compulsorily redeemed in such circumstances. If an application is rejected, the Administrator will return application money or the balance thereof by telegraphic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Administrator may refuse to pay redemption proceeds or accept further subscription money where the requisite information for verification purposes has not been produced by a Unitholder.

## Liquidity Management Policy

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Fund and each Sub-Fund and to ensure the liquidity profile of the investments of the Fund will facilitate compliance with its underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Fund and its Sub-Funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Fund and its Sub-Funds.

In summary, the liquidity management policy monitors the profile of investments held by each Sub-Fund and ensures that such investments are appropriate to the redemption policy as stated herein or in the Sub-Fund Information Card and will facilitate compliance with the Fund's underlying obligations. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager/Delegate Investment Manager to manage the liquidity risk of each Sub-Fund in exceptional and extraordinary circumstances.

The Manager seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Sub-Fund are consistent. The investment strategy, liquidity profile and redemption policy will be considered to be aligned when investors have the ability to redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the Fund's redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the Manager shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Sub-Fund.

## Switching

Switching is available but only between the same Classes of different Sub-Funds distributed by the same Distributor, unless expressly authorised on a case by case basis by the Manager.

Subject to the above and to the Units being in issue and being offered for sale and provided that the issue and redemption of Units has not been suspended, Unitholders may, in respect of Units held in one or more Classes (the "**Original Units**"), apply to switch some or all of such Original Units into Units in one or more other Classes (the "**New Units**"). Applications for switching should be made by letter or by facsimile to the Administrator or to the Correspondent Bank/Paying Agent by completing a switching form in such form as the Manager may from time to time prescribe, the original of which should be delivered to the Administrator or the Correspondent Bank/Paying Agent.

All switching requests must be received by letter or by facsimile by the Administrator no later than 12.00 noon (Irish time) 35 calendar days prior to the relevant Dealing Day. Where a switching request is being submitted through a Correspondent Bank/Paying Agent for onward transmission to the Administrator Unitholders should ensure that the switching request form is received by the Correspondent Bank/Paying Agent in sufficient time for forwarding to the Administrator to be received by the Administrator prior to 12.00 noon (Irish time) 35 calendar days prior to the relevant Dealing Day. Subject to the Manager's discretion to accept any switching requests received after the time as aforesaid but before the relevant Valuation Point, any switching requests received after the time

aforesaid shall be deemed to be made in respect of the Dealing Day next following the relevant Dealing Day. Switching requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

On the Dealing Day next following the receipt of the switching form, Units to be switched shall ipso facto be switched into the appropriate number of New Units. The Original Units shall on that Dealing Day have the same value (the "**Switched Amount**") as if they were being redeemed by the Administrator from the Unitholder. The appropriate number of New Units shall be equal to the number of Units in that Class that would be issued on that Dealing Day if the Switched Amount were invested in Units in that Class, provided that, for this purpose, the subscription fee shall not be chargeable.

Upon any such switch, there shall be reallocated from the relevant Class or Classes, as the case may be, to which the Original Units belonged, assets or cash equal in value to the Switched Amount to the Class or Classes, as the case may be, to which the New Units belong.

In respect of each such switch, unless otherwise specified in the relevant Class Information Cards attached to this Prospectus, the Unitholder shall pay to the Manager in such manner as the Manager may from time to time determine a fee for each switch not exceeding an amount equal to the subscription fee which would be payable if the value of the Original Units being switched was subscribed for New Units. Such fee may be retained by the Manager or by any agent or agents or distributors appointed by the Manager for its or their absolute use or benefit and shall not form part of the relevant Class. The Unitholders shall also reimburse to the Administrator any fiscal, sale and purchase charges arising out of such switching.

Upon any such switch, the Administrator shall amend the relevant registers accordingly.

### **Transfer of Units**

Units in each Sub-Fund will be transferable by instrument in writing signed by the transferor and the transferor shall be deemed to remain the holder of the Units until the name of the transferee is entered in the relevant register in respect thereof. The transferee shall be required, prior to the registration of the transfer, to complete and send to the administrator and application form in full and also to provide all necessary identification documentation as set out under "Anti-Money Laundering Procedures" above. In the case of the death of one of joint Unitholders, the survivor or survivors will be the only person or persons recognised by the Administrator as having any title to or interest in the Units registered in the names of such joint Unitholders.

A fee not exceeding Euro 25 may be charged by the Manager for the registration of each transfer and at the discretion of the Manager.

### **Calculation of Net Asset Value**

The Net Asset Value of a Sub-Fund shall be expressed in the base currency of the relevant Sub-Fund and shall be calculated on each Dealing Day as at the Valuation Point by ascertaining the value of the assets of the Sub-Fund on such Dealing Day and deducting from such value the liabilities of the Sub-Fund on such Dealing Day.

The increase or decrease in the Net Asset Value of a Sub-Fund over or under, as the case may be, the closing Net Asset Value of that Sub-Fund as at the Valuation Point for the immediately preceding Dealing Day is then allocated between the different Classes of Units in that Sub-Fund based on their pro rata closing Net Asset Values on the immediately preceding Dealing Day, as adjusted for subscriptions and redemptions executed at the prices calculated as at that immediately preceding Dealing Day to determine the Net Asset Value of each Class. Each Net Asset Value of a Class is then divided by the number of Units in issue, respectively, at the relevant Valuation Point and then rounded to a number of decimal places to be determined by the Administrator to give the Net Asset Value per Unit.

Where there is more than one Class of Units in issue in a Sub-Fund, the Net Asset Value per Unit of each Class may be adjusted to reflect Different entitlements, costs, fees or expenses (for example, the annual investment management fee) or liabilities attributable to different Classes, (including the gains/losses on and costs of financial instruments employed for currency hedging between the base currency of a Sub-Fund and a designated currency of a Class) will be excluded from the initial calculation of the Net Asset Value of the Sub-Fund and applied separately to the Net Asset Value attributed to the relevant Class.

Due to the nature of the assets in which the Sub-Funds may invest, the prices of the underlying assets may not be available to the Fund on the Dealing Day. In this event the calculation of the Net Asset Value of the relevant Sub-Fund will be delayed until the prices are available. Accordingly, although the Net Asset Value of each Sub-Fund and the Net Asset Value per Unit will be calculated as at the Valuation Point, the calculation may not be made until sometime after the relevant Dealing Day. The time limit for the calculation of the Net Asset Value and the Net Asset Value per Unit of a Sub-Fund is set out in the relevant Sub-Fund Information Card. Units of a Sub-Fund will only be issued and redeemed when the Net Asset Value for the relevant Sub-Fund is available.

The assets of a Sub-Fund will be valued as follows:-

- (a) any asset listed and regularly traded on a Recognised Exchange and for which market quotations are readily available shall be valued at the closing price at the relevant Valuation Point and any asset listed but not regularly traded on a Recognised Exchange and for which market quotations are reading available shall be valued at the latest available price at the relevant Valuation Point, provided that the value of any investment listed on a Recognised Exchange but acquired or traded at a premium or at a discount outside or off the relevant Recognised Exchange or on an over-the-counter market, shall be valued taking into account the level of premium or discount as of the date of valuation of the investment;
- (b) if an asset is listed on several Recognised Exchanges, the stock exchange or market which in the opinion of the Manager constitutes the main market for such assets will be used;
- (c) the assets of a Sub-Fund which are not listed or which are listed but in respect of which prices are not available or in respect of which the closing price does not in the opinion of the Manager represent fair market value shall be valued at their probable realisation value estimated with care in good faith by a competent person, firm or corporation (including any

Delegate Investment Manager) selected by the Manager and approved for the purpose by the Trustee;

- (d) derivative contracts traded on a regulated market including without limitation futures and options contracts and index futures shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be 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 firm or corporation selected by the Manager and who has been approved for the purpose by the Trustee. Over-the-counter derivative contracts will be valued weekly either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least monthly by a party who is approved for the purpose by the Trustee and who is independent of the counterparty (the “**Counterparty Valuation**”); or (ii) using an alternative valuation provided by a competent person appointed by the Manager who has been approved for the purpose by the Trustee (the “**Alternative Valuation**”). Where such Alternative Valuation method is used the Manager will follow international best practise and adhere to the principles on valuation of over-the-counter instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Forward foreign exchange and interest rate swap contracts shall be valued in the same manner as over-the-counter derivatives contracts or by reference to freely available market quotations;
- (e) forward foreign exchange and interest rate swap contracts shall be valued in the same manner as over-the-counter derivatives contracts or by reference to freely available market quotations;
- (f) notwithstanding paragraph (a) above units in collective investment schemes shall be valued by reference to the latest available net asset value of the units of the relevant collective investment scheme. In certain exceptional circumstances the net asset value provided for the units of the collective investment scheme and used in the calculation of the Net Asset Value of a Sub-Fund may be an estimated value. The use of estimates will occur if appropriate in the opinion of the Manager. If estimates are unavailable the probable realisation value will be used which will be estimated with care in good faith by the Manager or its delegate or a competent professional person, appointed by the Manager. In the event that such an estimate is used the Net Asset Value of the relevant Sub-Fund that is arrived at will be final and conclusive notwithstanding any subsequent variation in the net asset value per unit in the collective investment scheme;
- (g) assets and liabilities denominated in a currency other than in the base currency (or the designated currency of the relevant Class) of the relevant Sub-Fund shall be converted into that base currency (or the designated currency of the relevant Class) at the rate (whether official or otherwise) which is available to the Administrator or otherwise as the Manager deems appropriate in the circumstances; and
- (h) cash and other liquid assets shall be valued at their nominal value plus accrued interest.

Notwithstanding the valuation rules set out in paragraphs (a) to (h) the valuation of a specific asset may be carried out under an alternative method of valuation if the Manager deems it necessary. The alternative method of valuation rationale/methodologies used will be clearly documented.

Prices from independent brokers in respect of investments traded on an over-the-counter market and/or premiums or discounts thereon shall be obtained by the relevant Delegate Investment Manager and furnished to the Manager or the Administrator. The Manager, may adjust the value of such investments if it considers that such adjustment is required to reflect the fair value thereof, in the context of currency, marketability, dealing costs and such other considerations which are deemed relevant.

Notwithstanding monies in an Umbrella Cash Account may be treated as assets of and attributable to a Sub-Fund:-

- (a) any subscription monies received from an investor prior to the Dealing Day of a Sub-Fund in respect of which an application for Units has been, received will not be taken into account as an asset of the Sub-Fund for the purpose of determining the Net Asset Value of that Sub-Fund until the Valuation Day in respect of the Dealing Day as of which Units of the Sub-Fund are agreed to be issued to that investor;
- (b) any redemption monies payable to an investor subsequent to the Dealing Day of a Sub-Fund as of which Units of that investor were redeemed will not be taken into account as an asset of the Sub-Fund for the purpose of determining the Net Asset Value of that Sub-Fund; and
- (c) any dividend amount payable to a Unitholder of a Sub-Fund will not be taken into account as an asset of that Sub-Fund for the purpose of determining the Net Asset Value of that Sub-Fund.

### **No External Valuer**

Ultimate responsibility for the valuation of assets of the Fund rests with the Manager. Various roles in relation to the valuation of assets are assigned to the delegate service providers of the Fund. These roles are set out in detail in any delegate investment management agreements and the Trust Deed of the Fund and the AIFM's valuation policy for the Fund. The Manager has not appointed an External Valuer to perform the valuation function.

### **Publication of Net Asset Value Per Unit**

Except where the determination of the Net Asset Value of a Sub-Fund, the Net Asset Value per Unit and the issue and redemption of Units has been suspended in the circumstances described below, the Net Asset Value per Unit on each Dealing Day will be made public at the registered office of the Manager and will be published by the Manager as often as the Sub-Fund deals in the II Sole 24 Ore newspaper and such other newspapers, as the Manager and the Trustee may agree, circulating in the jurisdictions in which Units are marketed and which are notified to Unitholders.

## **Temporary Suspension of Calculation of Net Asset Value and of Issues and Redemptions of Units**

The Manager may, with the consent of the Trustee, temporarily suspend the calculation of the Net Asset Value of each or any Sub-Fund, the Net Asset Value per Unit of each such Sub-Fund and the issue and redemption of Units of such Sub-Fund to and from Unitholders when:-

- (a) a market which is the basis for the valuation of a major part of the assets of the relevant Sub-Fund is closed (except for the purposes of a public/bank holiday), or when trading on such a market is limited or suspended;
- (b) a political, economic, military, monetary or other emergency beyond the control, liability and influence of the Manager makes the disposal of the assets of the relevant Sub-Fund impossible or impracticable under normal conditions or such disposal would be detrimental to the interests of the Unitholders;
- (c) the disruption of any relevant communications network or any other reason makes it impossible or impracticable to determine the value of a major portion of the assets of the relevant Sub-Fund;
- (d) the relevant Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units from Unitholders or making any transfer of funds involved in the realisation or acquisition of investments or when payments due on redemption of Units from Unitholders cannot in the opinion of the Manager be effected at normal rates of exchange;
- (e) any period when proceeds of any sale or repurchase of Units cannot be transmitted to or from the account of the Sub-Fund; or
- (f) when proceeds of any sale or redemption of units or shares in underlying collective investment schemes cannot be transmitted to or from the account of the relevant Sub-Fund.
- (g) any other reason makes it impossible or impracticable to determine the value of a substantial portion of the assets of the Sub-Fund.

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

Any such suspension will be notified to the Central Bank immediately and in any event on the same Business Day on which such suspension shall have been declared and shall be notified to Unitholders if in the opinion of the Manager it is likely to exceed fourteen (14) days and will be notified to investors or Unitholders requesting issue or redemption of Units by the Manager at the time of application for such issue or filing of the written request for such redemption.

No Units may be issued or redeemed during a period of suspension. In the event of a suspension a Unitholder may withdraw his subscription or redemption request provided such withdrawal is actually

received before the termination of the period of suspension. Where a request is not withdrawn is will be dealt with on the relevant subscription/redemption next following the end of the suspension.

## 7. MANAGEMENT AND FUND CHARGES

The fees of the Manager may be different from Sub-Fund to Sub-Fund and from Class to Class and shall be calculated on that proportion of the Net Asset Value attributable to the relevant Class.

The annual management fee payable out of the Sub-Fund's assets may differ from Sub-Fund to Sub-Fund and from Class to Class.

The fees of the Administrator (other than the registrar and transfer agency fee) and the Trustee shall be calculated at the Sub-Fund level pro-rata to their respective Net Asset Values at the time when the determination is made. The expenses of the Manager, the Administrator and the Trustee shall be similarly borne jointly by all the Sub-Funds save that any expenses which are directly or indirectly attributable to a particular Sub-Fund or Class shall be borne solely by that Sub-Fund or Class. The registrar and transfer agency fee shall be paid by each Sub-Fund individually.

### **The Manager**

#### *Management Fee*

The Manager shall be entitled to receive out of that proportion of the assets of a Sub-Fund attributable to the relevant Class an annual fee, accrued as at each Valuation Point and payable monthly in arrears at the rate (plus VAT, if any) set out in the relevant Class Information Cards attached to this Prospectus together with such performance fee (plus VAT, if any) set out in the relevant Class Information Cards attached to this Prospectus. The Manager may, from time to time and at its sole discretion, for any Class of Unit (i) waive or reduce the amount of any accrued management fees payable to it or (ii) out of its own resources rebate part of all of its management fee to Distributors, other intermediaries or to certain Unitholders, without entitling any other Unitholder to any such rebate or reduction. The maximum annual fee payable to the Manager may not be increased without the approval of Unitholders of the relevant Sub-Fund or Class on the basis of a majority of votes cast at a general meeting of Unitholders of the relevant Sub-Fund or Class. In the event of an increase in the maximum annual fee payable to the Manager, a reasonable notification period shall be provided by the Manager to enable Unitholders redeem their Units prior to the implementation of the increase.

#### *Investment Management Fee*

The Manager shall be entitled to receive out of that proportion of the assets of a Sub-Fund attributable to the relevant Class an annual fee, accrued daily and payable monthly in arrears at the rate (plus VAT, if any) set out in the relevant Class Information Cards attached to this Prospectus. The Manager may, from time to time and at its sole discretion, for any Class of Unit waive or reduce the amount of any accrued investment management fees payable to it.

The fees (plus VAT, if any) of each Delegate Investment Manager appointed in respect of a Sub-Fund shall be borne by the Manager and shall not be charged to the Fund. A Delegate Investment Manager shall not be entitled to be repaid for any out-of-pocket expenses out of the assets of a Sub-Fund.

### *Administrative Expenses/Chargers*

The Manager shall also be entitled to be repaid all of its Administration Expenses out of the assets of the Fund, which include an annual fee, accrued as at each Valuation Point and payable monthly in arrears of up to 0.045% of the Net Asset Value of each relevant Sub-Fund for which services are provided (plus VAT, if any) in relation to the provision of performance attribution, performance measurement, risk analyses and research services to each relevant Sub-Fund.

The Manager shall also be entitled to receive from each Unitholder an annual administrative charge which shall be calculated as follows:

A fee of €10 (gross of any relevant taxes) per Class of each Sub-Fund in which a Unitholder holds less than 25 Units. The appropriate number of Units of each such Unitholder will be automatically redeemed to pay these administrative charges. If a Unitholder holds a number of Units in any Class of any Sub-Fund with a value of less than €10 (gross of any relevant taxes), then his/her entire holding in that Class shall be automatically redeemed and paid to the Manager. This administrative charge shall be adjusted periodically in accordance with the Eurostat All Items Harmonised Index of Consumer Prices (HICP). This administrative charge is chargeable on the first Dealing Day in December of each year. The Manager may, from time to time and at its sole discretion waive or reduce this administrative charge in any particular case.

### **Remuneration Policy of the Manager**

This remuneration policy has been approved by the Board of Directors of the Manager who will be held ultimately responsible for its implementation. Any amendments to this policy will be subject to the prior approval of the Manager.

The policy reflects the Manager's objective for good corporate governance and is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager and is consistent with the Manager's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The policy is consistent with and promotes sound and effective risk management by:

- having a business model which by its nature does not promote excessive risk taking;
- defining performance goals and objectives for employees of the Manager's delegates which are aligned with the business; and
- ensuring that the fixed salary element of those involved in relevant functions reflects the market rate.

This remuneration policy (together with compliance herewith) will be subject to both internal and independent annual review. These reviews will ensure that:

- the overall remuneration system operates as intended;
- the remuneration pay-outs are appropriate;

- the risk profile, long term objectives and goals of the Manager are adequately reflected; and
- the policy reflects best practice guidelines and regulatory requirements.

The designated person within the Manager will take appropriate measures to address any deficiencies.

The principles set out in this policy apply to remuneration of any type paid by the Manager including carried interest, and to any transfer of Units of the Fund, in certain circumstances and to certain persons prescribed in Annex II of the AIFM Directive. Annex II of the AIFM Directive should be considered as forming part of the remuneration policy of the Manager.

When delegating portfolio management (or any part thereof) and/or risk management activities, the Manager requires that:

- a) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines on Remuneration/Annex II of the AIFM Directive; or
- b) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines on Remuneration/Annex II of the AIFM Directive.

The remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.

The method of determining the remuneration of a compliance officer and other persons in the compliance function do not affect their objectivity and are not likely to do so as their remuneration is not linked in any way to the Fund's performance.

### **The Administrator**

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears of up to 0.04% per annum of the Net Asset Value of the Fund as a whole.

Such fee is subject to a minimum monthly fee of €3,000 per Sub-Fund or, where the relevant Sub-Fund has multiple Classes a minimum monthly fee of €3,250.

If at any time during a calendar year there are ten or more Unitholders in the Fund, the following transfer agency fees will apply:

- an annual Unitholder register fee of €25 per Unitholder; and
- a transaction fee of €25 for each subscription, conversion, redemption or transfer of Units.

The Administrator shall also be entitled to be repaid out of the assets of each Sub-Fund all of its reasonable out-of-pocket expenses incurred on behalf of each Sub-Fund which shall include legal fees, couriers' fees and telecommunications costs and expenses.

Each Sub-Fund will bear its proportion of the fees and expenses of the Administrator.

### **The Trustee**

The Trustee shall be entitled to receive out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears of up to 0.04% of the Net Asset Value of the Fund as a whole.

The Trustee shall also be entitled to a transaction charge of €150 per investment transaction and telegraphic transfer charge of €25 per transaction.

Each Sub-Fund will also be responsible for sub-custodian fees and charges (which will be charged at normal commercial rates).

The Trustee shall also be entitled to be repaid all of its Disbursements out of the assets of each Sub-Fund.

### **Anti-Dilution Levy/Duties and Charges**

The Manager reserves the right to impose "an anti-dilution levy" representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold) and duties and charges (including any redemption charges on underlying schemes) and other dealing costs relating to the acquisition or disposal of assets in the event of receipt for processing of net subscription or redemption requests exceeding 1% of the Net Asset Value of a Sub-Fund including subscriptions and/or redemptions which would be effected as a result of requests for switching from one Sub-Fund into another Sub-Fund. Any such provision will be added to the price at which Units will be issued in the case of net subscription requests exceeding 1% of the Net Asset Value of the Sub-Fund and deducted from the price at which Units will be redeemed in the case of net redemption requests exceeding 1% of the Net Asset Value of the Sub-Fund including the price of Units issued or redeemed as a result of requests for switching. In addition, the Manager may, in exceptional circumstances where it considers such a provision to be in the best interests of a Sub-Fund, apply a provision for market spreads and duties and charges (including any redemption charges on underlying schemes) in any other case where net subscription or redemption requests do not exceed 1% of the Net Asset Value of the Fund

The above levies may be imposed to the extent necessary to preserve the value of the underlying assets. The amount that may be charged as a levy is therefore limited to the actual level of the market spreads, duties and charges, and/or dealing costs (as appropriate) incurred by the Sub-Fund and will be paid into the account of the relevant Sub-Fund. Any anti-dilution levy will be applied in the best interest of a Sub-Fund and its Unitholders as a whole. The criteria used for the calculation of the anti-dilution levy (if any) will be determined by the Manager or its delegates and agreed with the Trustee.

## **Research Costs**

The Manager may utilise investment research services offered by independent service providers in executing the investment policies of the Sub-Funds. These research services may include published research notes or reports, other material or services suggesting or recommending an investment strategy or trade ideas (including in the form of software tools, programs or other technology), macroeconomic analysis, and access to research analysts or industry experts (including expert networks). The Manager considers that access to research services and materials is integral to its ability to execute the investment policies of the Sub-Funds and that such services and materials will inform, and add value to, the Manager's investment decisions made on behalf of the Sub-Funds. It is proposed that such research fees will be paid by the Manager.

To the extent that costs relating to the payment for such research services are to be charged to the assets of the relevant Sub-Fund in the future, the Manager will open and maintain one or more research payment accounts (the "**RPAs**"). To the extent any RPAs may be opened in the future, such RPAs will be operated in accordance with the conditions set down in MiFID II. Any such RPAs will be funded by a specific research charge to the relevant Sub-Fund based on a research budget set by the Directors of the Manager and agreed in writing in advance with such research budget being regularly assessed. In the event that the Manager does intend to charge such costs to the Sub-Funds and open RPAs in the future, it will adopt internal arrangements, including a methodology for the remuneration policy of the Manager.

## **Subscription Fee**

Unitholders are subject to a subscription fee calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 5% of the Net Asset Value per Unit purchased by Unitholders. The subscription fee may be waived or reduced at the absolute discretion of the Manager or Distributor as appropriate. Any such charge will be payable to the paid to the Manager or to any Distributor or sub-distributor, as the case may be, for its absolute use and benefit.

## **Switching Fee**

Unitholders may be subject to a switching fee for each switch not exceeding the subscription fee which would be payable if the value of the Original Units being switched was subscribed for New Units

## **General**

Each Sub-Fund is responsible for the expenses incurred by it in connection with litigation. Pursuant to provisions contained in the Trust Deed, a Sub-Fund shall indemnify the Trustee in certain circumstances including costs and expenses incurred in litigation by or on behalf of the Sub-Fund. The Manager is entitled to recover from a Sub-Fund the costs and expenses incurred by it in litigation by or on behalf of that Sub-Fund.

Each Sub-Fund pays out of its assets all fees, costs and expenses, including Administration Expenses and Disbursements, of or incurred by the Manager, the Administrator and the Trustee in

connection with the ongoing management, administration and operation of the Sub-Fund. Such fees, costs expenses and disbursements payable by the relevant Sub-Fund include, but are not limited to:

- (a) auditors' and accountants' fees;
- (b) lawyers' fees;
- (c) commissions, fees and reasonable out-of-pocket expenses payable to any placing agent, structuring agent, paying agent, correspondent bank or distributor of the Units;
- (d) merchant banking, stockbroking or corporate finance fees including interest on borrowings, index calculation, performance attribution, risk control and similar services' fees and expenses;
- (e) all fees for investment research (to the extent such fees are charged through an RPA);
- (f) taxes or duties imposed by any fiscal authority and any regulatory levies;
- (g) the Central Bank's annual levy;
- (h) costs of preparation, translation and distribution of all Prospectuses, reports, certificates (if any), confirmations of purchase of Units and notices to Unitholders;
- (i) fees and expenses incurred in connection with the listing of Units on any Recognised Exchange and in complying with the listing rules thereof;
- (j) initial and ongoing fees and expenses in connection with registering the Units for sale in any other jurisdiction;
- (k) expenses of Unitholders' meetings;
- (l) custody and transfer expenses (including without limitation, sub-custodian fees and transaction charges);
- (m) insurance premia;
- (n) any other expenses, including clerical costs of issue or redemption of Units;
- (o) the cost of preparing, translating, printing and/or filing in any language the Trust Deed and all other documents relating to the Fund or to the relevant Sub-Fund including registration statements, Prospectuses, listing particulars, explanatory memoranda, annual, half-yearly and extraordinary reports with all authorities (including local securities dealers associations) having jurisdiction over the Fund or any of the Sub-Funds or the offer of Units of the relevant Sub-Fund and the cost of delivering any of the foregoing to the Unitholders;
- (p) advertising expenses relating to the distribution of Units of the Sub-Fund;

- (q) the cost of publication of notices in local newspapers in any relevant jurisdiction;
- (r) the total costs of any amalgamation or reconstruction of any Sub-Fund;
- (s) all fees and expenses of any External Valuer appointed by the Manager in accordance with the Trust Deed or other supplier of services to the Fund;
- (t) the costs of terminating the Fund or any Sub-Fund;
- (u) all fees payable in respect of investments in other collective investment schemes including, without limitation, subscription, redemption, management, performance, distribution, administration and/or custody fees in respect of each collective investment fund in which any of the Sub-Funds invest, except where this is not permitted by the Central Bank;
- (v) licence fees and other expenses associated with the use of any investment management software employed by a Sub-Fund of the Fund; and
- (w) all other fees and all expenses incurred in connection with the Fund's operation and management.

in each case plus any applicable VAT.

## 8. TAXATION

### General

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

***The following is a brief summary of certain aspects of Irish taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change.***

Dividends, interest and capital gains (if any) which the Fund receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Fund may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Fund the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Unitholders rateably at the time of repayment.

### Irish Taxation

The Manager has been advised that on the basis that the Fund is resident in Ireland for taxation purposes the taxation position of the Fund and the Unitholders is as set out below.

### The Fund

The Manager has been advised that, under current Irish law and practice, the Fund qualifies as an investment undertaking as defined in Section 739B of the Taxes Act., so long as the Fund is resident in Ireland. Accordingly the Fund is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Fund. A chargeable event includes any distribution payments to Unitholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Units or the appropriation or cancellation of Units of a Unitholder by the Fund for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Fund in respect of chargeable events in respect of a Unitholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the Fund satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

- An exchange by a Unitholder, effected by way of an arm's length bargain where no payment is made to the Unitholder, of Units in the Fund for other Units in the Fund;
- Any transactions (which might otherwise be a chargeable event) in relation to units held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- A transfer by a Unitholder of the entitlement to Units where the transfer is between spouses and former spouses, subject to certain conditions; or
- An exchange of Units arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Fund with another investment undertaking.

If the Fund becomes liable to account for tax if a chargeable event occurs, the Fund shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Units held by the Unitholder or the beneficial owner of the Units as are required to meet the amount of tax. The relevant Unitholder shall indemnify and keep the Fund indemnified against loss arising to the Fund by reason of the Fund becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Dividends received by the Fund from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Fund can make a declaration to the payer that it is a collective investment undertaking beneficially entitled to the dividends which will entitle the Fund to receive such dividends without deduction of Irish dividend withholding tax.

### **Stamp Duty**

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Units in the Fund. Where any subscription for or redemption of Units is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets.

No Irish stamp duty will be payable by the Fund on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act or a "qualifying company" within the meaning of Section 110 of the Taxes Act ) which is registered in Ireland.

### **Unitholders Tax**

#### *Units which are held in a Recognised Clearing System*

Any payments to a Unitholder or any encashment, redemption, cancellation or transfer of Units held in a Recognised Clearing System will not give rise to a chargeable event in the Fund (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Units held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal, therefore, as previously advised, Unitholders should seek their own tax advice in this

regard). Thus the Fund will not have to deduct any Irish taxes on such payments regardless of whether they are held by Unitholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Unitholder has made a Relevant Declaration. However, Unitholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Units are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Units.

To the extent any Units are not held in a Recognised Clearing System at the time of a chargeable event (and subject to the previous paragraph relating to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable event.

*Unitholders who are neither Irish Residents nor Ordinarily Resident in Ireland*

The Fund will not have to deduct tax on the occasion of a chargeable event in respect of a Unitholder if (a) the Unitholder is neither Irish Resident nor Ordinarily Resident in Ireland, (b) the Unitholder has made a Relevant Declaration on or about the time when the Units are applied for or acquired by the Unitholder and (c) the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration (provided in a timely manner) or the Fund satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) tax will arise on the happening of a chargeable event in the Fund regardless of the fact that a Unitholder is neither Irish Resident nor Ordinarily Resident in Ireland. The appropriate tax that will be deducted is as described below.

To the extent that a Unitholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Fund on the occasion of a chargeable event provided that either (i) the Fund satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Unitholders who are neither Irish Residents nor Ordinarily Resident in Ireland and either (i) the Fund has satisfied and availed of the equivalent measures or (ii) such Unitholders have made Relevant Declarations in respect of which the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Units and gains made on the disposal of their Units. However, any corporate Unitholder which is not Irish Resident and which holds Units directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Units or gains made on disposals of the Units.

Where tax is withheld by the Fund on the basis that no Relevant Declaration has been filed with the Fund by the Unitholder, Irish legislation provides for a refund of tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

### *Unitholders who are Irish Residents or Ordinarily Resident in Ireland*

Unless a Unitholder is an Exempt Irish Investor and makes a Relevant Declaration to that effect and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or unless the Units are purchased by the Courts Service, tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) will be required to be deducted by the Fund from a distribution (where payments are made annually or at more frequent intervals) to a Unitholder who is Irish Resident or Ordinarily Resident in Ireland. Similarly, tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) will have to be deducted by the Fund on any other distribution or gain arising to the Unitholder (other than an Exempt Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation, transfer or deemed disposal (see below) of Units by a Unitholder who is Irish Resident or Ordinarily Resident in Ireland.

The Finance Act 2006 introduced rules (which were subsequently amended by the Finance Act 2008) in relation to an automatic exit tax for Unitholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Units held by them in the Fund at the ending of a Relevant Period. Such Unitholders (both companies and individuals) will be deemed to have disposed of their Units (“**deemed disposal**”) at the expiration of that Relevant Period and will be charged to tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) on any deemed gain (calculated without the benefit of indexation relief) accruing to them based on the increased value (if any) of the Units since purchase or since the previous exit tax applied, whichever is later.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Fund will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Fund will refund the Unitholder for the excess (subject to the paragraph headed “*15% threshold*” below).

#### 10% Threshold

The Fund will not have to deduct tax (“**exit tax**”) in respect of this deemed disposal where the value of the chargeable units (i.e. those Units held by Unitholders to whom the declaration procedures do not apply) in the Fund (or Sub-Fund being an umbrella scheme) is less than 10% of the value of the total Units in the Fund (or the Sub-Fund) and the Fund has made an election to report certain details in respect of each affected Unitholder to Revenue (the “**Affected Unitholder**”) in each year that the de minimus limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Unitholder on a self-assessment basis (“**self-assessors**”) as opposed to the Fund or Sub-Fund (or their service providers). The Fund is deemed to have made the election to report once it has advised the Affected Unitholders in writing that it will make the required report.

### 15% Threshold

As previously stated where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal (e.g. due to a subsequent loss on an actual disposal), the Fund will refund the Unitholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable units in the Fund (or Sub-Fund being an umbrella scheme) does not exceed 15% of the value of the total Units, the Fund may elect to have any excess tax arising repaid directly by Revenue to the Unitholder. The Fund is deemed to have made this election once it notifies the Unitholder in writing that any repayment due will be made directly by Revenue on receipt of a claim by the Unitholder.

### *Other*

To avoid multiple deemed disposal events for multiple units an irrevocable election under Section 739D(5B) can be made by the Fund to value the Units held at the 30th June or 31st December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group units in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

The Irish Revenue Commissioners have provided updated investment undertaking guidance notes which deal with the practical aspects of how the above calculations/objectives will be accomplished.

Unitholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Units. Alternatively they may be entitled to a refund of all or part of any tax deducted by the Fund on a chargeable event.

### *Equivalent Measures*

The Finance Act 2010 ("Act") introduced measures commonly referred to as equivalent measures to amend the rules with regard to Relevant Declarations. The position prior to the Act was that no tax would arise on an investment undertaking with regard to chargeable events in respect of a unitholder who was neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event, provided that a Relevant Declaration was in place and the investment undertaking was not in possession of any information which would reasonably suggest that the information contained therein was no longer materially correct. In the absence of a Relevant Declaration there was a presumption that the investor was Irish Resident or Ordinarily Resident in Ireland. The Act however contained provisions that permit the above exemption in respect of unitholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where the investment undertaking is not actively marketed to such investors and appropriate equivalent measures are put in place by the investment undertaking to ensure that such unitholders are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received approval from the Revenue Commissioners in this regard.

## *Personal Portfolio Investment Undertaking*

The Finance Act 2007 introduced provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold units in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking ("**PPIU**"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking either directly or through persons acting on behalf of or connected to the investor. Depending on individuals' circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors (i.e. it will only be a PPIU in respect of those individuals' who can "influence" selection). Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual on or after 20<sup>th</sup> February 2007, will be taxed at the rate of 60%. Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted units deriving their value from land.

## **Capital Acquisitions Tax**

The disposal of Units may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Fund falls within the definition of investment undertaking (within the meaning of Section 739B(1) of the Taxes Act), the disposal of Units by a Unitholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Unitholder disposing ("**disponer**") of the Units is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Units are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponer will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless;

- i) that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- ii) that person is either resident or ordinarily resident in Ireland on that date.

## **Compliance with US reporting and withholding requirements**

The foreign account tax compliance provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act 2010 represent an expansive information reporting regime enacted by the United States ("**US**") aimed at ensuring that Specified US Persons with financial assets outside the US are paying the correct amount of US tax. FATCA will generally impose a withholding tax of up to 30% with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends paid to a foreign financial institution ("**FFI**") unless the FFI enters directly into a contract ("**FFI agreement**") with the US Internal Revenue Service ("**IRS**") or alternatively the FFI is located in a IGA country (please see

below). An FFI agreement will impose obligations on the FFI including disclosure of certain information about US investors directly to the IRS and the imposition of withholding tax in the case of non-compliant investors. For these purposes the Fund would fall within the definition of a FFI for the purpose of FATCA.

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement (“**Irish IGA**”) on the 21<sup>st</sup> December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting Guidance Notes (which will be updated on an ad-hoc basis) were issued by the Irish Revenue Commissioners on 1 October 2014.

The Irish IGA is intended to reduce the burden for Irish FFIs of complying with FATCA by simplifying the compliance process and minimising the risk of withholding tax. Under the Irish IGA, information about relevant US investors will be provided on an annual basis by each Irish FFI (unless the FFI is exempted from the FATCA requirements) directly to the Irish Revenue Commissioners. The Irish Revenue Commissioners will then provide such information to the IRS (by the 30<sup>th</sup> September of the following year) without the need for the FFI to enter into a FFI agreement with the IRS. Nevertheless, the FFI will generally be required to register with the IRS to obtain a Global Intermediary Identification Number commonly referred to as a GIIN.

Under the Irish IGA, FFIs should generally not be required to apply 30% withholding tax. To the extent the Fund does suffer US withholding tax on its investments as a result of FATCA, the Directors of the Manager may take any action in relation to an investor's investment in the Fund to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding.

Each prospective investor should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

### **Common Reporting Standards**

On 14 July 2014, the OECD issued the Standard for Automatic Exchange of Financial Account Information (“**the Standard**”) which therein contains the Common Reporting Standard (“**CRS**”). The subsequent introduction of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU) provides the international framework for the implementation of the CRS by Participating Jurisdictions. In this regard, the CRS was implemented into Irish law by the inclusion of relevant provisions in Finance Act 2014 and 2015 and the issuance of Regulation S.I. No. 583 of 2015.

The main objective of the CRS is to provide for the annual automatic exchange of certain financial account information between relevant tax authorities of Participating Jurisdictions.

The CRS draws extensively on the intergovernmental approach used for the purposes of implementing FATCA and, as such, there are significant similarities between both reporting mechanisms. However, whereas FATCA essentially only requires reporting of specific information in relation to Specified US Persons to the IRS, the CRS has a significantly wider ambit due to the multiple jurisdictions participating in the regime.

Broadly speaking, the CRS will require Irish Financial Institutions to identify Account Holders resident in other Participating Jurisdictions and to report specific information in relation to these Account Holders to the Irish Revenue Commissioners on an annual basis (which, in turn, will provide this information to the relevant tax authorities where the Account Holder is resident). In this regard, please note that the Fund will be considered an Irish Financial Institution for the purposes of the CRS.

For further information on the CRS requirements of the Fund, please refer to the below “Customer Information Notice”.

Each prospective investor should consult their own tax advisor regarding the requirements under CRS with respect to their own situation.

### **Customer Information Notice**

The Manager on behalf of the Fund intends to take such steps as may be required to satisfy any obligations imposed by (i) the Standard and, specifically, the CRS therein or (ii) any provisions imposed under Irish law arising from the Standard or any international law implementing the Standard (to include the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU)) so as to ensure compliance or deemed compliance (as the case may be) with the Standard and the CRS therein from 1 January 2016.

The Manager is obliged under Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to that section to collect certain information about each Unitholder’s tax arrangements.

In certain circumstances the Manager may be legally obliged to share this information and other financial information with respect to a Unitholder’s interests in the Fund with the Irish Revenue Commissioners. In turn, and to the extent the account has been identified as a Reportable Account, the Irish Revenue Commissioners will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, the following information will be reported by the Manager on behalf of the Fund to the Irish Revenue Commissioners in respect of each Reportable Account maintained by the Manager;

- The name, address, jurisdiction of residence, tax identification number and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the

account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person.

- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period;
- The currency in which each amount is denominated.

Please note that in certain limited circumstances it may not be necessary to report the tax identification number and date of birth of a Reportable Person.

In addition to the above, the Irish Revenue Commissioners and Irish Data Protection Commissioner have confirmed that Irish Financial Institutions (such as the Fund) may adopt the “wider approach” for CRS. This allows the Manager on behalf of the Fund to collect data relating to the country of residence and the tax identification number from all non-Irish resident Unitholders.

The Manager on behalf of the Fund can send this data to the Irish Revenue Commissioners who will determine whether the country of origin is a Participating Jurisdiction for CRS purposes and, if so, exchange data with them. Revenue will delete any data for non-Participating Jurisdictions.

The Irish Revenue Commissioners and the Irish Data Protection Commissioner have confirmed that this wider approach can be undertaken for a set 2-3 year period pending the resolution of the final CRS list of Participating Jurisdictions.

Unitholders can obtain more information on the Fund’s tax reporting obligations on the website of the Irish Revenue Commissioners. (which is available at: <http://www.revenue.ie/en/business/aeoi/index.html>) or the following link in the case of CRS only: <http://www.oecd.org/tax/automatic-exchange/>.

All capitalised terms above, unless otherwise defined in this paragraph, shall have the same meaning as they have in the Standard and EU Council Directive 2014/107/EU (as applicable).

## 9. GENERAL INFORMATION

### Meetings

The Trustee or the Manager may convene a meeting of Unitholders at any time. The Manager must convene such a meeting if requested to do so by the holders of not less than 15% in aggregate of the Units in issue (excluding Units held by the Manager).

All business transacted at a meeting of Unitholders duly convened and held shall be by way of extraordinary resolution.

Not less than fourteen (14) days' notice of every meeting must be given to Unitholders. The notice shall specify the place, day and hour of meeting and the terms of the resolution to be proposed. A copy of the notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee. A copy of the notice shall be sent by post to the Manager unless the meeting shall be convened by the Manager. The accidental omission to give notice to or the non-receipt of notice by any of the Unitholders shall not invalidate the proceedings at any meeting.

The quorum shall be Unitholders present in person or by proxy holding or representing at least 5% in number of the Units for the time being in issue. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

At any meeting (a) on a show of hands every Unitholder who is present in person or by a proxy shall have one vote and (b) on a poll every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder.

With regard to the respective rights and interests of Unitholders in different Sub-Funds or different Classes of the same Sub-Fund the foregoing provisions shall have effect subject to the following modifications:-

- (a) a resolution which in the opinion of the Manager affects one Sub-Fund or Class only shall be deemed to have been duly passed if passed at a separate meeting of the Unitholders of that Sub-Fund or Class;
- (b) a resolution which in the opinion of the Manager affects more than one Sub-Fund or Class but does not give rise to a conflict of interest between the Unitholders of the respective Sub-Funds or Classes shall be deemed to have been duly passed at a single meeting of the Unitholders of those Sub-Funds or Classes;
- (c) a resolution which in the opinion of the Manager affects more than one Sub-Fund or Class and gives or may give rise to a conflict of interest between the Unitholders of the respective Sub-Funds or Classes shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Unitholders of those Sub-Funds or Classes, it shall be passed at separate meetings of the Unitholders of those Sub-Funds or Classes.

## **Reports**

The Accounting Date of the Fund and of each of its Sub-Funds is December 31 in each year or (in the case of the termination of the Fund or of a Sub-Fund) the date on which monies required for the final distribution shall have been paid to the Unitholders in the relevant Sub-Fund or Sub-Funds with the prior approval of the Central Bank.

In respect of each Accounting Period the Manager shall cause to be audited and certified by the auditors an annual report relating to the management of the Fund and each of its Sub-Funds. Such annual report shall be in a form approved by the Central Bank and shall contain such information required under the AIF Rulebook. There shall be attached to such annual report a statement by the Trustee in relation to the Fund and each of its Sub-Funds and a statement of such additional information as the Central Bank may specify.

The said annual report shall be made available not later than six months after the end of the period to which it relates at [www.mifl.ie](http://www.mifl.ie) and at the respective registered offices of the Manager, of the Trustee and the business addresses of the Correspondent Bank/Paying Agents.

The Manager shall prepare an un-audited half-yearly report for the six months immediately succeeding the Accounting Date by reference to which the last annual report of the Fund and of each of the Sub-Funds was prepared. Accordingly, the half-yearly reporting date is June 30 in each year. Such half-yearly report shall be in a form approved by the Central Bank and shall contain such information required under the AIF Rulebook.

Copies of the said half-yearly report shall be made available not later than two months from the end of the period to which it relates at [www.mifl.ie](http://www.mifl.ie) and at the respective registered offices of the Manager, of the Trustee and the business addresses of the Correspondent Bank/Paying Agents.

The Manager shall provide the Central Bank with any monthly or other reports it may require.

The Trust Deed is available for consultation at the respective registered offices of the Manager, of the Trustee and the business addresses of the Correspondent Bank/Paying Agent.

Where applicable, the historical performance of each Class of Units shall be made available from the AIFM.

## **Regular and Periodic Reporting**

The Manager shall inform prospective investors before they invest of any arrangements made by the Trustee to contractually discharge itself of any liability. The Manager will also inform Unitholders of any changes with respect to depositary liability without delay.

Where a Sub-Fund employs leverage, the Manager will disclose on a regular basis (i) any changes to the maximum level of leverage which it may employ on behalf of the Sub-Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement and (ii) the total amount of leverage employed by the Sub-Fund.

The Manager shall periodically disclose to Unitholders:

- (i) the percentage of a Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature;
- (ii) any new arrangements for managing the illiquidity of a Sub-Fund; and
- (iii) the current risk profile of a Fund and the risk management systems employed by the Manager to manage those risks.

Such disclosure will be disclosed to Unitholders as part of the periodic reports issued to Unitholders or at least at the same time as the publication of the Fund's annual report. On occasion, the Directors may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the Manager will make all reasonable efforts to ensure the same level of information is available to all investors.

### **Notices**

Notices may be given to Unitholders and shall be deemed to have been duly given as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand :	The day of delivery
Post :	2 business days after posting
Fax :	Positive transmission receipt received
Electronically :	The day on which the electronic transmission has been sent to the electronic information system designated by a Unitholder
Publication :	The day of publication in a leading financial newspaper circulating in the market in which the Units are sold or such other newspaper as the Manager and the Trustee may agree

### **Material Contracts**

The following contracts, further details of which are set out in the sections headed "Management of the Fund" and "Management and Fund Charges", not being contracts entered into in the ordinary course of business, have been or will be entered into and are or may be material:

- (i) The Trust Deed;
- (ii) The Administration Agreement. This Agreement is for an indefinite period and may be terminated by the Manager or the Administrator at any time by giving not less than ninety

days written notice, however, any such termination shall not become effective until such time as a suitable replacement administrator has been appointed by the Manager and all relevant documentation has been filed with the Central Bank in respect of such replacement administrator. In the event that the Manager does not appoint a replacement administrator within six months from the date of it issuing or receiving notice of termination, this Agreement shall automatically terminate. This Agreement provides that the Manager shall indemnify and hold harmless the Administrator against all actions, proceedings and claims and against all costs, demands and expenses (including legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Administrator by reason of the performance or non-performance of its duties under the terms of this Agreement (other than due to the fraud, negligence or wilful default of the Administrator or for indirect or consequential losses or loss of profit). The terms of this Agreement regarding the remuneration of the Administrator are set out under the section "Management and Fund Charges".

The Manager shall enter into one or more correspondent bank or paying agency agreements pursuant to which it shall appoint one or more Correspondent Banks or Paying Agents to provide correspondent bank or paying agency facilities for the Fund in one or more countries. Any such agreements shall be detailed in an appropriate Appendix of this Prospectus.

Any other contracts subsequently entered into, not being contracts entered into in the ordinary course of business which are or may be material, shall be detailed in an appropriate Appendix or Information Card to this Prospectus.

### **Side Pockets**

The Trust Deed outlines the provisions whereby, in certain exceptional circumstances, the Manager, in consultation with the relevant Delegate Investment Manager and acting in accordance with the requirements of the Central Bank may create and issue from time to time, a new Class or Classes of Units (each a "**Side Pocket Class**") in a Sub-Fund to which assets and liabilities of a Sub-Fund may be allocated at the discretion of the Manager, as being investments that are illiquid or otherwise difficult to value or realise, plus such additional cash or other assets representing a reserve for related commitments and contingencies as the Manager, in consultation with the relevant Delegate Investment Manager, determines. Units in such Side Pocket Class ("**Side Pocket Units**") shall be redeemable by the Sub-Fund and/or by the Unitholders only when so determined by the Manager. Unitholders may be required to maintain their Side Pocket Units for a significant period of time as they are only likely to be able to redeem Side Pocket Units when the assets within the Side Pocket Class are capable for being properly valued or realised. Side Pocket Classes are generally valued either at cost or estimated fair market value, as determined in accordance with the provisions contained in the Trust Deed. Given the illiquid nature of the assets held in Side Pocket Classes, these valuations may not reflect the actual amount that would be realised by the relevant Sub-Fund upon the disposition of such investments. The creation of Side Pocket Classes shall always be done in the best interests of Unitholders. Unitholders will be notified of the creation of any Side Pocket Classes.

## Termination

The Fund or any of its Sub-Funds or Classes may be terminated by the Trustee by notice in writing as hereinafter provided upon the occurrence of any of the following events, namely:

- (i) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or over any of their assets;
- (ii) if the Fund shall cease to be an Authorised Unit Trust under the Act or if any of the Sub-Funds shall cease to be approved by the Central Bank;
- (iii) if in the reasonable opinion of the Trustee the Manager shall be incapable of performing its duties;
- (iv) if any law shall be passed which renders it illegal to continue the Fund or any of its Sub-Funds or Classes;
- (v) if within a period of twelve months from the date of the Trustee expressing in writing to the Manager its desire to retire the Manager shall have failed to appoint a new Trustee pursuant to the provisions of the Trust Deed; or
- (vi) the Central Bank may replace the Trustee under the Act in the interest of Unitholders.

The Fund or any of its Sub-Funds or Classes may be terminated by the Manager in its absolute discretion by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if one year from the date of the first issue of Units or on any Dealing Day thereafter the Net Asset Value of any Sub-Fund shall be less than 15 million Euros or the Net Asset Value of the Fund shall be less than 15 million Euros multiplied by the number of Sub-Funds;
- (ii) if the Fund shall cease to be an Authorised Unit Trust under the Act or if any of the Sub-Funds shall cease to be approved by the Central Bank;
- (iii) if any law shall be passed which renders it illegal or in the reasonable opinion of the Manager impracticable or inadvisable to continue the Fund or any of its Sub-Funds; or
- (iv) if within a period of three months from the date of the Manager expressing in writing to the Trustee its desire to retire, a replacement manager shall not have been appointed.

The party terminating the Fund or a Sub-Fund or Class shall give notice thereof to the Unitholders in the manner herein provided and by such notice fix the date on which such termination is to take effect which date shall not be less than two months after the service of such notice.

The Fund or any of its Sub-Funds or Class may at any time be terminated by extraordinary resolution of a meeting of the Unitholders duly convened and held in accordance with the provisions contained

in the Schedule to the Trust Deed and such termination shall take effect from the date on which the said resolution is passed or such later date (if any) as the said resolution may provide.

Not later than two months before the termination of the Fund or of a Sub-Fund or Class, as the case may be, the Manager shall (if practically possible) give notice to the Unitholders advising them of the impending distribution of the assets of the Fund, the Sub-Fund or attributable to the relevant Class, as the case may be. After such termination the Manager shall procure the sale of all investments then remaining in the Trustee's and its nominee's hands as part of the assets of the Fund, the Sub-Fund or attributable to the relevant Class and such sale shall be carried out and completed in such manner and within such period after the termination of the Fund or of the Sub-Fund or Class as the Manager and the Trustee thinks desirable. The Manager shall at such time or times as it shall deem convenient and at its entire discretion procure the distribution to the Unitholders, in accordance with the latest available allocation of the Net Asset Value of the Sub-Fund or Class between Units pursuant to the Trust Deed and then pro rata to the number of Units of the relevant Class held by them respectively, of all net cash proceeds derived from the realisation of the investments and any cash then forming part of the assets of the relevant Sub-Fund or attributable to the relevant Class so far as the same are available for the purpose of such distribution. Every such distribution shall be made only after the certificates (if any) relating to the Units in respect of which the same is made shall have been lodged with the Manager together with such form of request of payment and receipt as the Manager shall in its absolute discretion require provided that the Manager shall be entitled to retain out of any such monies in the hands of the Trustee full provision for all costs, charges, expenses, claims, liabilities and demands relating to the relevant Sub-Funds or Classes, for which the Manager is or may become liable or incurred, made or expended by the Manager in connection with the liquidation of the Fund or any of the Sub-Funds or Classes, as the case may be, and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands. Any unclaimed net proceeds or other cash held by the Trustee may at the expiration of twelve months from the date on which the same were payable be paid into court subject to the right of the Trust to deduct therefrom any expenses it may incur.

### **Continuance or Retirement of Manager**

The Manager shall so long as the Fund subsists continue to act as the Manager thereof in accordance with the terms of the Trust Deed.

The Manager for the time being shall be subject to removal and shall be so removed by (immediate in the case of (i)) (three months (in the case of (ii)) notice in writing given by the Trustee to the Manager in any of the following events:

- (i) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets; or
- (ii) if a Meeting of the Unitholders by extraordinary resolution determines that the Manager should retire.

The Manager shall have the power on the giving of three months' written notice to the Trustee to retire in favour of some other corporation approved by the Trustee and the Central Bank upon and subject to such corporation entering into an acceptable deed.

### **Retirement or Removal of Trustee**

- (i) The Trustee may retire voluntarily by the issue of a notice in writing delivered or posted, postage pre-paid, to the Manager, such termination to take effect not sooner than one hundred and twenty (120) days (or such shorter notice period as such other party may agree to accept) after the date of such delivery or posting.
  - (ii) Subject and without prejudice to Section (iii) below, the Trustee may at any time immediately retire:
    - (a) in the event of the winding up of the Manager or the appointment of an administrator, examiner or receiver to the Manager or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction;
    - (b) if the Manager shall commit any material breach of the provisions of the Trust Deed and shall (if such breach is capable of remedy) not have remedied the same within 30 days after the service of notice requiring it to be remedied;
    - (c) if fraud is proven against the Manager in a court of competent jurisdiction; or
    - (d) if the continued performance of the Trust Deed shall for any reason cease to be lawful.
  - (iii) For the avoidance of doubt and subject to (iv) below, in order to ensure the protection of Unitholders, the retirement of the Trustee pursuant to (i) or (ii) above shall not take effect unless and until:
    - (a) a successor depositary approved for such purpose by the Central Bank shall have been appointed by the Manager; or
    - (b) the authorisation of the Fund by the Central Bank has been revoked.
- The Central Bank may also replace the Trustee with another depositary in accordance with the terms of the Act.
- (iv) In the event that no succeeding depositary approved by the Central Bank is appointed by the Manager within ninety days either (a) following the expiry of a notice served pursuant to (i) above or (b) following service of a notice pursuant to (ii) above, the Manager shall:-
    - (a) apply to the Central Bank for the revocation of the Fund's authorisation under the Act; and

- (b) in conjunction with the Trustee, make a joint application to the High Court for an order to wind up the Fund or convene in accordance with the Trust Deed an Extraordinary General Meeting of the Unitholders of the Fund at which there shall be proposed a resolution to wind up the Fund.

### **General**

The Fund is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors of the Manager or to the Trustee to be pending or threatened by or against the Fund since its establishment.

### **Documents Available for Inspection**

The following documents are available for inspection on any Business Day at the registered office of the Manager and at the offices of Dillon Eustace, 33, Sir John Rogerson's Quay, Dublin 2, Ireland from the date of this Prospectus:

- (a) the Trust Deed;
- (b) the material contracts referred to above; and
- (c) annual reports, incorporating audited financial statements, and half-yearly reports, incorporating unaudited financial statements, when published.

Copies of the document referred to at (a) above can be obtained by Unitholders at the respective registered offices of the Manager, of the Trustee and at the business addresses of the Correspondent Bank/Paying Agent free of charge on request.

Copies of each of the documents referred to at (b) above can be obtained by Unitholders at the registered office of the Manager and at the business addresses of the Correspondent Bank/Paying Agent free of charge on request.

Copies of each of the documents referred to at (c) above can be obtained by Unitholders at [www.mifl.ie](http://www.mifl.ie) and the respective registered offices of the Manager, of the Trustee and at the business addresses of the Correspondent Bank/Paying Agent free of charge on request.

**APPENDIX I**  
**RECOGNISED EXCHANGES**

The following is a list of regulated stock exchanges and markets on which a Sub-Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted investments, will be listed or traded and is set out in accordance with Central Bank's requirements. With the exception of permitted investments in unlisted securities investment in securities will be restricted to the stock exchanges and markets listed below. The Central Bank does not issue a list of approved stock exchanges or markets.

(i) any stock exchange which is:-

- located in any Member State of the European Union; or
- located in any Member State of the European Economic Area with the exception of Liechtenstein (European Union, Norway and Iceland)
- located in any of the following countries:-

Australia  
Canada  
Japan  
Hong Kong  
New Zealand  
Switzerland  
United Kingdom  
United States of America

(ii) any of the following stock exchanges or markets:-

China  
(Peoples' Rep. of –  
Shanghai) - Shanghai Securities Exchange  
China  
(Peoples' Rep. of –  
Shenzhen) - Shenzhen Stock Exchange  
India - Bangalore Stock Exchange  
India - Delhi Stock Exchange  
India - Mumbai Stock Exchange  
India - National Stock Exchange of India  
Mexico - Bolsa Mexicana de Valores  
Taiwan  
(Republic of China) - Taiwan Stock Exchange Corporation

(iii) any of the following markets

Moscow Exchange;

the market organised by the International Capital Market Association;

the market conducted by the "listed money market institutions", as described in the FSA publication "The Investment Business Interim Prudential Sourcebook (which replaces the "Grey Paper") as amended from time to time;

AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.

NASDAQ in the United States;

The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;

The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The French market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments);

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

CATALIST (the second tier of the Singapore Stock Exchange.)

All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State
- in a Member State in the European Economic Area with the exception of Liechtenstein (European Union Norway and Iceland);

United States of America

- Chicago Board of Trade
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;

- New York Futures Exchange.

Osaka Securities Exchange

SGX

Tokyo International Futures Exchange

Tokyo Stock Exchange

For the purposes only of determining the value of the assets of a Sub-Fund, the term "Recognised Exchange" shall be deemed to include, in relation to any futures or options contract utilised by the Sub-Fund for the purposes of efficient portfolio management or to provide protection against exchange rate risk any organised exchange or market on which such futures or options contract is regularly traded.

## APPENDIX II U.S. PERSON RELATED DEFINITIONS

### Definition of “U.S. Person”

A person is a “U.S. Person” for purposes of this Prospectus if such person is a US person as defined in the US Internal Revenue Code of 1986, as amended (the “**Code**”), a “US Person” as defined in Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”) or not a “non-United States person” as defined in Commodity Futures Trading Commission Rule 4.7. For the avoidance of doubt, a person will not be a US Person only if such person (i) does not fall within the definition of US Person from the Code; (ii) does not fall within the definition of “US Person from Regulation S; and (iii) falls within the definition of “non-United States person” found in CFTC Rule 4.7.

### Code definition of “US Person”

A person is a “U.S. Person” under the Code if such person is (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust which either (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

### Regulation S definition of “US Person”

A person is a “U.S. Person” under Regulation S if such person is (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) Any trust of which any trustee is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if: (A) organized or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in § 230.501(a)) who are not natural persons, estates or trusts.

The following are not “U.S. persons” under the Regulation S definition: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if: (a) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and (b) the estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a

trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if: (x) the agency or branch operates for valid business reasons; and (y) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

#### **CFTC Rule 4.7 Definition of “non-United States person”**

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

**APPENDIX III  
DELEGATES OF TRUSTEE**

<b>1. Jurisdiction</b>	<b>2. Sub-custodian</b>	<b>3. Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	Deutsche Bank AG	
<b>Bermuda</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Bermuda Limited
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>Canada</b>	The Northern Trust Company, Canada	

<b>Canada*</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A.,	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Nordea Bank Abp	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Eswatini (formerly Swaziland)</b>	Standard Bank Swaziland Ltd	
<b>Finland</b>	Nordea Bank Abp	
<b>France</b>	The Northern Trust Company	

<b>Germany</b>	Deutsche Bank AG	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock Connect Shanghai/Shenzhen)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	UniCredit Bank Hungary Zrt.	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)*	
<b>Israel</b>	Bank Leumi Le-Israel B.M.	
<b>Italy</b>	Deutsche Bank SpA	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Standard Chartered Bank	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	

<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	Deutsche Bank AG	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Nordea Bank Abp	
<b>Oman</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G

<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Polska Kasa Opieki Spółka Akcyjna,	
<b>Portugal</b>	BNP Paribas Securities Services	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Saudi Arabia
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	DBS Bank Ltd	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	

<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Deutsche Bank SAE	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Svenska Handelsbanken AB (publ)	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	Bank of Taiwan	
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale De Banques	
<b>Turkey</b>	Deutsche Bank AG & Deutsche Bank AS	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)	

<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	

\*The Royal Bank of Canada serves as sub-custodian for securities not eligible for settlement in Canada's local central securities depository.

**APPENDIX IV  
DIRECTORY**

**MANAGER,  
GLOBAL DISTRIBUTOR and AIFM**

Mediolanum International  
Funds Limited,  
Fourth Floor, The Exchange,  
IFSC,  
Dublin 1,  
Ireland.

**PROMOTER**

Banca Mediolanum S.p.A.  
Palazzo Meucci Milano 3,  
Via Francesco Sforza, 15,  
20080 Basiglio – Milano 3,  
Milano,  
Italy.

**TRUSTEE**

Northern Trust Fiduciary Services  
(Ireland) Limited,  
George's Court,  
54/62 Townsend Street,  
Dublin 2,  
Ireland.

**LEGAL ADVISERS**

**IN IRELAND**

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland.

**ADMINISTRATOR,  
REGISTRAR AND  
TRANSFER AGENT**

Northern Trust International Fund Administration Services  
(Ireland) Limited,  
George's Court,  
54/62 Townsend Street,  
Dublin 2,  
Ireland.

**AUDITORS**

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

## SUB-FUND INFORMATION CARD

**This Sub-Fund Information Card forms part of and should be read in conjunction with this Prospectus dated 1 April, 2019 for the Fund and which is available from the Administrator at George's Court, 54/62 Townsend Street, Dublin 2, Ireland.**

This Sub-Fund Information Card contains specific information in relation to the following sub-funds (the "**Sub-Funds**"), of Mediolanum Fund of Hedge Funds (the "**Fund**") an open-ended umbrella unit trust authorised in Ireland by Central Bank of Ireland pursuant to the provisions of the Act.

Alternative Strategy Collection  
Mediolanum High Volatility Fund

The Directors of the Manager of the Fund, whose names appear in the Prospectus under the heading "Management of the Fund", 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) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

### **1. Sub-Fund Investment Objectives**

#### **Alternative Strategy Collection**

The investment objective of Alternative Strategy Collection is to achieve medium to long term capital appreciation while attempting to considerably limit investment risk and the year-on-year volatility rate to less than that of the global equity markets.

#### **Mediolanum High Volatility Fund**

The investment objective of Mediolanum High Volatility Fund is to achieve medium to long term capital appreciation while attempting to limit investment risk and the year-on-year volatility rate to less than that of the global equity markets.

### **2. Individual Sub-Fund Investment Policies**

#### **Alternative Strategy Collection**

In seeking to achieve the Sub-Fund's investment objective, the Sub-Fund will invest primarily in open-ended regulated (which fall under category 1 or category 2 investment funds as set out in the AIF Rulebook) and non-regulated collective investment schemes which pursue a range of alternative investment strategies (the "**Hedge Funds**") thus allowing diversification by investment manager, investment strategy and/or financial assets held, with the aim of lowering overall risk. The categories of investment strategies utilised by the Hedge Funds may include, but are not limited to, arbitrage/relative value, event driven, directional/tactical strategies. Within each of these categories there exist a wide range of sub-strategies that may be utilised.

Alternative Strategy Collection will generally focus its investments in Hedge Funds which invest in strategies including, but not limited to, Global Macro, Event Driven (Merger Arbitrage and Special Situations), Convertible Arbitrage and Equity Long/Short (as detailed below). The Sub-Fund may also combine investments in Hedge Funds which utilise more volatile strategies and investments in Hedge Funds which utilise less volatile strategies to provide an overall level of volatility appropriate to the investment objective.

The Sub-Fund's investments generally will not include high levels of investment in Hedge Funds which have demonstrated a high volatility of returns or which utilise investment strategies which have a history of high volatility. It should be understood however that there can be no guarantee that the Sub-Fund, the Hedge Funds or the strategies in which the Hedge Funds invest will not display unexpectedly high levels of volatility in the future or will achieve investment returns, even in the medium to long term, corresponding to asset classes of similar volatility.

The annualised volatility of the Hedge Funds is expected to range between 2.00% and 20.00%. The average is expected to be 8.00 %. These percentages are estimates and there can be no guarantee that the actual Hedge Funds volatilities will be close to these figures. Due to the diversification and the non-correlation of the Hedge Funds in which the Sub-Fund will invest it is expected that that the volatility of the Sub-Fund will be considerably lower than the maximum volatility.

### **Mediolanum High Volatility Fund**

In seeking to achieve the Sub-Fund's investment objective, the Sub-Fund will invest primarily in open-ended regulated (which fall under category 1 or category 2 investment funds as set out in the AIF Rulebook) and non-regulated collective investment schemes which pursue a range of alternative investment strategies (the "**Hedge Funds**") thus allowing diversification by investment manager, investment strategy and/or financial assets held, with the aim of lowering overall risk. The categories of investment strategies utilised by the Hedge Funds may include, but are not limited to arbitrage/relative value, event driven, directional/tactical strategies. Within each of these categories there exist a wide range of sub-strategies that may be utilised.

The Mediolanum High Volatility Fund will generally focus its investments in Hedge Funds which invest in high volatility strategies including, but not limited to, Long or Short only equity investment, Managed Futures, Merger Arbitrage, certain types of higher risk Special situations (for example share buy backs or initial public offerings), Distressed or Global Macro (as detailed below).

The Sub-Funds investments generally will include high levels of investment in Hedge Funds which have demonstrated a high volatility of returns or which utilise investment strategies which have a history of high volatility. It should be understood however that there can be no guarantee that the Sub-Fund, the Hedge Funds or the strategies in which the Hedge Funds invest will achieve investment returns even in the medium to long term corresponding to asset classes of similar volatility.

The annualised volatility of the Hedge Funds is expected to ranges between 2.00% and 30.00%. The average is expected to be 12.00%. These percentages are estimates and there can be no guarantee that the actual Hedge Funds volatilities will be close to these figures.

### **3. Common Investment Policies**

#### **The following investment policies are common to the Alternative Strategy Collection and Mediolanum High Volatility Fund:**

Each of the Sub-Funds, in seeking to achieve its investment objective, will invest primarily in open-ended regulated and non-regulated collective investment schemes which pursue a range of alternative investment strategies thus allowing diversification by investment manager, investment strategy and/or financial assets held, with the aim of lowering overall risk.

The Hedge Funds may be located in any jurisdiction including, but not limited to Bermuda, Cayman Islands, Guernsey, Jersey, Ireland, British Virgin Islands, Luxembourg and the Bahamas. A regulated collective investment scheme is an investment fund which is either a category 1 or category 2 investment fund as set out in the AIF Rulebook.

Each Sub-Fund will invest in a minimum of 8 Hedge Funds, and it is expected that the Sub-Fund will generally be invested in between 10 and 20 Hedge Funds. The diversification afforded by adopting a "fund of hedge funds" approach should result in a reduced level of risk and volatility, as the diversification of fund holdings should limit the impact of a single investment or single constituent Hedge Fund on a Sub-Fund as a whole.

The Manager/Delegate Investment Manager will identify the optimal mix of potential funds for investment, using both quantitative and qualitative analyses. The quantitative manager selection process involves the screening of performance, detailed statistical analysis, stress testing and other proprietary quantitative techniques. The qualitative process incorporates regular detailed meetings with fund managers and a review of the strategy employed, risk control, dealing procedures, administration and other processes. Once the funds have been selected for investment a regular monitoring process is employed to ensure consistency of returns.

The Hedge Funds in which a Sub-Fund invests may utilise various investment instruments including but not limited to equities and equity related securities (including preference shares, corporate debt securities convertible into equity securities and other instruments linked to such equity securities (such as, inter alia, warrants)), bonds (including convertible bonds), which may be un-rated or rated below investment grade, derivatives (including derivatives deriving their value from commodities), money market instruments (including certificates of deposit and commercial paper) and foreign exchange. The Hedge Funds may also hold large quantities of cash. Generally, the Hedge Funds have broad flexibility to take long or short positions, employ leverage, use derivative instruments, and to choose jurisdictions and markets in which to employ trading strategies. The Hedge Funds in which a Sub-Fund invests may utilise high levels of leverage in achieving their investment objectives. Such leverage may be achieved by way of borrowing or through the use of derivatives.

The Hedge Funds in which the Sub-Fund will invest will generally be open-ended although they can be closed for new investment. The Hedge Funds in which the Sub-Fund may invest may not provide a level of investor protection equivalent to schemes authorised under Irish laws and subject to Irish regulations and conditions. The Hedge Funds may be listed or unlisted.

The Sub-Funds will not generally invest in feeder schemes. However, access to certain Hedge Funds, is only permissible through a master / feeder structure and in this case the feeder prohibition will not apply. In such cases the master and feeder schemes must, in effect act as a singular structure rather than two separate schemes and must have the same manager, administrator and depository. Where a Sub-Fund proposes to invest in such a scheme the Manager/Delegate Investment Manager must be happy that there will be no double charging of investment management fees (including performance fees) and custody fees although these fees may be borne at the level of the master scheme, the level of the feeder scheme or alternatively they may be split between the two schemes. Such an investment will nevertheless face some duplication of fees for example in relation to administration fees, legal fees, audit fees, listing fees and registration fees. The annual and semi-annual reports issued by the Fund will provide full information in relation to the investment in the underlying master scheme.

Many Hedge Funds require for investors to "lock-up", their investments with the Hedge Fund for a period of time, typically one year after the investment, during which time no redemptions may be made from the Hedge Fund. Such "lock-up" may be unconditional or they may be waivable on the payment of an early redemption penalty fee. Such early redemption penalty fees are usually approximately 3-5% of the redemption proceeds but may be higher.

The Sub-Funds may invest in Hedge Funds which operate unconditional and waivable "lock-ups". Such investments will have lower liquidity than investment in Hedge Funds which do not operate "lock-ups" or traditional collective investment schemes. In some cases such investments will be completely illiquid for up to a year and in other case the liquidity will only be available on the payment of considerable penalty. Overall this reduced liquidity will reduce the potential liquidity of the Sub-Funds.

The Sub-Funds may invest in Hedge Funds which operate "lock ups" for a number of reasons a) The majority of Hedge Funds operate a "lock-up" period and therefore in order to achieve optimal diversification and/or to invest in the Hedge Funds desired by the Manager such investment is necessary b) Hedge Funds operating a "lock-up" period will sometimes provide a preferential management fee arrangement for investors willing to "lock-up" their investment for a period c) the operation of a "lock-up" period tends to discourage investors that buy in and out of a Hedge Fund on a short term basis forcing a higher trading frequency by the Hedge Fund and thus higher trading costs.

The Manager may invest in such Hedge Funds to the extent that it determines that such investment will not affect the Sub-Fund's ability to provide a level of redemptions on each Dealing Day of at least 10% of Net Asset Value.

The percentage of Net Asset Value that will be invested in Hedge Funds that operate an unconditional "lock-up" may be up to 30% of Net Asset Value at any one time. Investment in Hedge Funds with a "lock-up" waivable on the payment of an early redemption penalty fee will not exceed 70% of Net Asset Value.

Other Hedge Funds provide that the possibility of redemption out of the Hedge Fund is less frequent than is provided for in the Sub-Fund or provide for a longer period of time between application for redemption and receipt of redemption proceeds than the Sub-Fund.

Following the launch of the Fund it is likely that the percentage of assets that are locked up and the average length of time remaining on existing lock-ups will decline due to the lapsing of "lock-ups" on Hedge

Funds in which the Sub-Fund is invested. This percentage may however periodically increase as further new investments are made by the Sub-Fund in Hedge Funds which operate lock-ups. Thus the percentage of the Sub-Fund's assets which are invested in Hedge Funds which operate lock-ups and the average time remaining on the "lock-ups" will generally be a function of the percentage of the Sub-Fund's assets invested initially and on reinvestment in such Hedge Funds and the rate of turnover of such investments by the Sub-Fund.

In order to further ensure such liquidity the Manager/Delegate Investment Manager will monitor the liquidity of the Sub-Fund on a regular basis and endeavour to ensure that the Sub-Fund has sufficient liquidity to meet all redemptions. In this regard the Manager/Delegate Investment Manager may utilise credit facilities to increase a Sub-Fund's liquidity. The Manager/Delegate Investment Manager will also seek, where reasonably possible, that the managers of the Hedge Funds will volunteer to waive any such lock-up period for the Sub-Fund, by way of side letter. In the case of large scale redemptions from the Sub-Fund the Manager have the right to limit redemptions to 10% of the total number of Units in issue or deemed to be in issue in respect to any Dealing Day.

The Manager/Delegate Investment Manager may select Hedge Funds which are managed by Mediolanum Group companies and its branches and affiliates. However, when investing in a Hedge Fund managed by a related entity, the related entity must waive any initial charge/sales commission or redemption charge it is entitled to charge. Moreover, any commission received by the Manager by virtue of any investment in a Hedge Fund must be paid into the property of the Sub-Fund.

Derivatives are not to be used as part of the investment strategy at the Sub-Fund level except for the purposes of efficient portfolio and risk management as described below. In addition, while no short selling of any form is undertaken at the level of the Sub-Fund, the underlying Hedge Fund may engage in such practices.

The Sub-Fund may also retain amounts in cash if this is considered appropriate to the objective of maximising absolute returns.

Classes of Units may be designated in a currency other than the base currency of the relevant Sub-Fund and currency hedging may be undertaken to reduce the exposure of a Class to the fluctuations of the exchange rate between the base currency of the Sub-Fund and the designated currency of the Class but in any event such hedging will not exceed 100% of the Net Asset Value attributable to the relevant Class.

The strategy of the Sub-Fund and the strategies of the Hedge Funds, even if implemented according to design, may not produce the performance results anticipated by the Manager/Delegate Investment Manager or the Hedge Funds. Accordingly, there can be no assurance that the Sub-Fund's investment objective will be attained. Moreover, although the underlying strategies employed by the Sub-Fund and/or Hedge Funds should have a limited exposure to the underlying markets, they can still retain a significant positive correlation especially in market stress situations and times of extreme market movements. Therefore, the future correlation of the Sub-Fund's portfolio to traditional markets is unpredictable.

The periodic reports of the Fund will list the names of the Hedge Funds, their managers and their domicile. The annual report of the Fund will provide information on the impact of fees, including performance fees, on returns to Unitholders.

#### **4. Hedge Fund Investment Strategies**

The Hedge Funds will use a wide variety of investment styles and strategies and in most cases the organisational or mandate documents of the Hedge Funds allow them to be reasonably flexible across strategies. Moreover, even among Hedge Funds that follow seemingly similar investment strategies, there are many different ways of implementing those strategies. Therefore, it is often difficult to assign Hedge Funds into specific investment categories. Although classification systems vary, investment methods are still often classified into broad strategy categories. Investment Strategies utilised by the Hedge Funds in which the Sub-Fund will invest vary and may include some or all of investment styles listed below.

Any of these investment styles may involve short selling assets. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of an asset involves the risk of a theoretically unlimited increase in the market price of the asset, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that assets necessary to cover a short position will be available for purchase.

Some additional risks associated with each style category are noted below.

Broadly the investment styles used by the Hedge Funds are described as:

##### ***Arbitrage/Relative Value***

Arbitrage/Relative Value strategies exploit pricing discrepancies between closely related assets. These may include the following:

##### ***Equity Market Neutral***

Market Neutral strategies are based on both long and short positions in securities which seeks to profit by exploiting pricing inefficiencies between related securities. Positions are often diversified so that no one position has a disproportionate effect on the portfolio. Related short positions hedge out much of the market risk in long positions so that the overall portfolio has a limited exposure to market moves. Stock selection is based on either fundamental or statistical methods.

There is a risk that the positions taken by the Hedge Funds operating market neutral strategies in certain market conditions may result in pricing volatility which forces a mismatch between the long and short positions taken. Such moves may result in the neutrality of the portfolio being compromised and may result in loss. Market neutral Hedge Funds will also face risks associated with the selection of each individual stock.

##### ***Relative Value***

Relative value strategies attempt to take advantage of price or spread inefficiencies between securities including equities, debt, options and futures. Performance of relative value strategies is not generally dependent on the direction of the bond, equity or other markets unlike many directional hedge funds which can be up to 100% exposed to market risk. These relative value strategies include yield curve arbitrage, equity pairs trading, mortgage backed securities arbitrage and futures arbitrage

Relative value strategies bear a risk that the markets or stocks in which the Hedge Fund is invested may not move in the anticipated direction. The price or spread inefficiencies which the Hedge Fund hopes to take advantage could broaden significantly and/or remain for long periods. Such a broadening of a spread could result in the Hedge Fund having to liquidate its position at a loss. Failure of a price inefficiency to narrow for a long period may mean that the Hedge Fund's investment yields no return or a negative return. Any such losses could be magnified if the Hedge Fund has engaged in leveraged positions to maximise its return.

#### *Fixed Income Arbitrage*

Fixed Income Arbitrage strategies attempt to exploit pricing inefficiencies between correlated fixed income securities while neutralising exposure to interest rate risk. The positions consist of government bonds, investment-grade corporate bonds, government agency securities, swap contracts, and futures and options on fixed-income instruments. Specialities include mortgage arbitrage where the Hedge Fund takes positions in mortgage-backed securities.

There is a risk that the positions taken by the Hedge Funds operating fixed income arbitrage strategies will not perform as expected resulting in a realised loss. For example, a Hedge Fund may employ a strategy of holding a series of corporate bonds and selling short a government bond of similar maturity. If for unexpected reasons the series of corporate bonds react negatively due to a poor earnings announcement or concerns over the solvency of an issuer, the corporate bonds would fall in price greater than the offsetting short position in the government bond. In such a circumstance a loss will be incurred by the Hedge Fund.

#### *Convertible Arbitrage*

Convertible Arbitrage strategies involve taking long positions in a company's convertible bonds, preferred stock, or warrants and short positions in the underlying equity shares in an attempt to exploit the mispricing between the two. These strategies usually employ leverage. A convertible Hedge Fund effectively takes an exposure to the volatility of the equity and/or the credit risk of the bond, hedging out the other factors.

There is a risk that the positions taken by the Hedge Funds operating convertible arbitrage strategies will not perform as expected resulting in a realised loss. For example, a Hedge Fund may purchase a convertible bond, (i.e. a bond which contains a provision that permits conversion of the bond to the issuer's common stock at a fixed exchange ratio), and short the issuer's stock. If unexpectedly, the issuer cannot meet the obligations on the convertible bond held, the price of the bond may fall greater than the short position on the stock. In such an instance a loss will be incurred by the fund.

#### ***Event-Driven***

Event-Driven strategies attempt to take advantage of opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganisations, recapitalisations and share buybacks. These may include the following:

For Hedge Funds utilising Event-Driven strategies the main risk is that a transactional event, such as a merger or acquisition, fails to materialise. In this case there is a risk that a considerable loss is

realised due to the negative price impact on the securities the manager invests in. For example, the spread on a merger between the transaction price and the market price of the target company may widen considerably if the merger is not executed. Such a movement may force the manager to realise a loss on the positions taken.

### *Merger Arbitrage*

The Merger Arbitrage (or Risk Arbitrage) strategy involves taking positions in companies that are, or are likely to be, engaged in a merger, leveraged buyout or take-over. Hedge Funds following this strategy typically buy shares in the target company and sell an appropriate quantity of shares in the acquirer or vice versa. Factors that affect returns include the extent of the spread that can be earned through this transaction, the likelihood of a deal coming to fruition and the likely date of completion of the deal.

For Hedge Funds utilising Merger Arbitrage strategies the main risk is the uncertainty of whether or not the underlying transactions will or will not be completed. If the Hedge Fund was to take a position that a merger was likely to be successful and that merger subsequently failed the Hedge Fund would be likely to realise a loss on the positions taken

### *Special Situations*

Special Situation strategies seek profit opportunities from a broad range of corporate events. They are typically based on corporate events such as a mergers and acquisitions, distressed securities, changes in index composition, share buy backs (where companies repurchase their own share) or initial public offerings. They may also be based on an attempt to systematically exploit undervalued obligations such as bank debt or trade claims. They also include Capital Structure Arbitrage, i.e. investing long and short in different parts of the capital structure of the same firm, or other relative-value trades, such as trading between ADRs and local shares or voting versus non-voting shares, as well as strategies involving trading a holding company versus positions in its listed subsidiaries (a "stub" trade). They also include Closed End Fund Arbitrage, which involves the purchase and hedging of closed-end funds that may be trading at a significant difference from their net asset values (although the Hedge Fund itself will be open ended)

As Special Situation strategies by their nature depend on the occurrence of a broad range of corporate events the risks associated with such strategies are difficult to specify precisely. Generally they will face the risk that the outcome of the corporate event will not be as anticipated which could lead to substantial loss to the Hedge Fund, such loss possibly being magnified if the Hedge Fund has utilised leverage to maximise its returns. For example a the Hedge Fund may anticipate a change in the composition of an equity index will result in the fall in value of the shares which are excluded from the index and/or a rise in the value of shares newly included in the index. The hedge Fund however risks losses if the anticipated shares are not excluded/included or if the exclusion/inclusion does not lead to the anticipated change in value of the share.

### *Distressed*

Distressed security funds generally invest or take short positions in securities of financially troubled companies, i.e. those involved in bankruptcies, exchange offers, workouts, financial reorganisations, and other special credit event-related situations. These strategies may concentrate on distressed securities in general or focus on particular segments of the market. Investments are made with a view to an exit via the

secondary market, or with the expectation that the company will be re-capitalised, restructured, or liquidated. The Hedge Fund may either seek to be actively or passively involved in the process.

For Hedge Funds investing in distressed securities the main risk is the uncertainty of whether or not the distressed security will or will not exit the distressed phase or enter liquidation as expected by the Hedge Fund. If the Hedge Fund was to take a position that a reorganisations was likely to be successful but the reorganisation subsequently failed, the Hedge Fund would be likely to realise a loss on the positions taken

### ***Directional/Tactical***

These strategies exploit broad market trends in various securities and asset classes. These may include the following:

#### *Long/Short Equity*

Long/Short strategies are similar to Market Neutral strategies and are based on both long and short positions in securities however in Long/Short strategies little or no effort may be made to ensure a correlation between the long and the short positions to make the Hedge Fund market neutral. Where short positions are unrelated or only mildly related to long positions they will not hedge out the market risk in the long positions. This will have the effect of making the overall portfolio more sensitive to market moves. Stock selection is based on either fundamental or statistical methods. In addition positions may be concentrated so that a small number of position has a disproportionate effect on the portfolio.

There is a risk that the price movements in the equity positions taken by the Hedge Funds operating Equity Long/Short strategies will not perform as expected resulting in a realised loss. Where the long and the short positions taken by a Hedge Fund operating Long/Short strategies are not correlated the Hedge Fund will face a risks relating to general market movement as well as stock selection risks. For example, a Hedge Funds may have invested in a group of equities and hedged the position with a short sale of an index. If the group of equities fell in price more than the index, due to unexpected poor equity selection, losses will be incurred by the fund.

#### *Long Or Short Only Equity*

Long or short only equity strategies involve the taking long or short stock positions in particular stocks, industries and/or markets and attempt to profit may be based on fundamental stock analysis, technical analysis, market trends and sentiment factors. Long or Short only Equity Hedge Funds may specialise by industry, sector or market.

There is a risk that the positions taken by Hedge Funds operating long or short only equity strategies will not perform as expected resulting in a loss. The long or short positions taken by a Hedge Fund will be in the expectation of the movement of a particular stock or market in a particular direction. If the stock or market fails to move in the anticipated direction the Hedge Fund will suffer a loss.

In the case of long only equity strategies the risk of loss is generally limited to the amount that has been invested by the Hedge Fund. The losses may be magnified however where the Hedge Fund has utilised leverage or borrowing in order to maximise returns.

For example, where a Hedge Fund has bought a particular stock in the expectation that it will rise in value, if the stock were to fall losses will be incurred by the Hedge Fund up to the value of the shares purchased. If the Hedge Fund had borrowed money in order to purchase some or all of the shares then the Hedge Fund could stand to lose more than if it had invested solely with its own monies.

In the case of short only equity strategies the risk of loss is generally not limited to the amount that has been invested by the Hedge Fund and is potentially unlimited. The losses may be further magnified where the Hedge Fund has utilised leverage or borrowing in order to maximise returns.

For example, where a Hedge Fund has sold a security that the Hedge Fund does not own in the expectation that the stock will subsequently fall in value, if the stock were to rise losses will be incurred by the Hedge Fund up to the value of the increase in value of the shares above the price at which the shares were sold. This amount is potentially unlimited. If the Hedge Fund had borrowed money in order to borrow some or all of the shares then the Hedge Fund could stand to lose more than if it had invested solely with its own monies.

For example, a Hedge Fund may be positioned for a particular stock market to rise, if therefore the stock market were to fall due to reasons not anticipated by the manager, losses will be incurred by the fund.

#### *Managed Futures*

Managed Futures strategies are typically employed by Hedge Funds who take long and short positions in liquid financial futures such as currencies, interest rates, stock indices, and commodities. Managed Futures programs typically base their investment decisions either on systematic methods, notably, trend-following models or discretionary views.

Managed Futures strategies encompass a very broad range of possible strategies and many of the risks associated with the other investment strategies in this section are applicable to this strategy. Managed Futures strategies will also bear risks associated with the use of financial futures.

#### *Global Macro*

Macro strategies take long and short positions in currencies, bonds, equities, and commodities. The Hedge Fund tries to exploit perceived divergences between and within these various asset classes. The investment decisions are based on top-down views of the world, including business conditions, economic policy, price development, and market sentiment. The Hedge Fund may also base investment decisions on relative valuations of financial instruments within or between asset classes.

There is a risk that the directional positions taken by Hedge Funds operating global macro strategies will not perform as expected resulting in a loss. For example, a Hedge Fund may be positioned for a particular stock market to rise, if therefore the stock market were to fall due to reasons not anticipated by the manager, losses will be incurred by the fund.

## 5. Investment Restrictions

The following restrictions apply to each of the Sub-Funds:

- (a) the Sub-Fund may invest no more than 20% of its net assets in securities which are not dealt in on a Recognised Exchange;
- (b) the Sub-Fund may invest no more than 20% of its net assets in securities issued by the same body; in the case of a Sub-Fund whose investment policy is to replicate an Index, this limit is increased to 35% in the case of a single issuer, where this is justified by exceptional market conditions;
- (c) provided no more than 10% of the Net Asset Value of the Sub-Fund is invested in unregulated open-ended Hedge Funds, investment may be made in regulated open-ended Hedge Funds subject to no more than 20% of the Net Asset Value of the Sub-Fund being invested in any one regulated open-ended Hedge Fund. However, this limit may be raised to 30% for one of the open-ended regulated Hedge Funds in which it invests;
- (d) investment may be made in unregulated open-ended Hedge Funds provided that where more than 10% of the Net Asset Value of the Sub-Fund is invested in such schemes the Sub-Fund may not invest more than 20% of the Net Asset Value of the Sub-Fund in the units of any one Hedge Fund;
- (e) if investment is made in a Hedge Fund managed by either the Manager/Delegate Investment Manager or a related company, the manager of the scheme in which the investment is being made will waive any preliminary or initial charge or any redemption charge which it is entitled to charge for its own account in relation to the investment;
- (f) any commission received by the Manager or an Manager/Delegate Investment Manager in consideration of the investment in a Hedge Fund will be paid into the Sub-Fund;
- (g) the Sub-Fund which invests more than 30% of its Net Asset Value in other investment funds shall ensure that the investment funds in which it invests are prohibited from investing more than 30% of net assets in other investment funds (this restriction is disapplied in the circumstances set out at (f) below). Any such investments must not be made for the purpose of duplicating management and/or investment management fees;
- (h) the Sub-Fund will not generally invest in Hedge Funds which are feeder schemes. However in certain cases access to certain Hedge Funds, is only permissible through a master/feeder structure and in this case the prohibition will not apply. The normal diversification rules will apply in relation to such an investment;
- (i) investment in Hedge Funds that operate an unconditional "lock-up" are limited to 30% of Net Asset Value of a Sub-Fund at any one time. Such "lock-ups" will not exceed one year;
- (j) investment in Hedge Funds with a "lock-up" waivable on the payment of an early redemption penalty fee will not exceed 70% of Net Asset Value of a Sub-Fund. Hedge Funds which levy an

early redemption fee in excess of 5% of the redemption proceeds will be considered to be operating an unconditional “lock-up”, will not be redeemed before the end of the “lock-up” period and will fall within the limit set out at (g) above;

- (k) No more than 10% of the Net Asset Value of the Sub-Funds may be invested directly in transferable securities which includes investment in closed-ended collective investment schemes but excludes investment in open-ended collective investment schemes;
- (l) a Sub-Fund may not hold more than 20 per cent of any class of security issued by any single issuer. This requirement does not apply to investments in other open-ended collective investment schemes;
- (m) the Sub-Fund may not invest in real property;
- (n) the Sub-Fund may not acquire shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body nor will it take legal or management control of an issuing body (this requirement does not apply to investments in other investment funds);
- (o) no more than 10% of the Net Asset Value of any Sub-Fund may be kept on deposit or in securities issued or guaranteed by any one institution and listed on any Recognised Markets; this limit is increased to 30% in the case of:
  - (i) An EU credit institution
  - (ii) A bank authorised in a Member State of the European Economic Area (EEA) (Norway, Iceland, Liechtenstein)
  - (iii) A bank authorised by a signatory state, other than an EU Member State, or a Member State of EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States)
- (i) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
- (ii) the Trustee; or
- (iii) with the prior approval of the Central Bank a credit institution which is an associated or related company of the Trustee.
- (p) where currency hedging transactions are undertaken on behalf of any Class, the Class must not be leveraged as a result of such transactions;
- (q) the Sub-Fund may not carry out sales of transferable securities when such securities are not in ownership of the Sub-Fund;
- (r) the Sub-Fund may hold ancillary liquid assets;
- (s) the Sub-Fund shall not have a risk exposure to a counterparty in an OTC derivative transaction which exceeds the following:
  - (a) where the counterparty is a relevant institution, 10% of the Sub-Fund’s net assets; or

(b) in any other case, 5% of the Sub-Fund's net assets.

A Sub-Fund may derogate from these investment restrictions for six months following the date of its launch provided it observes the principle of risk spreading.

The limits on investments contained above, in the AIF Rulebook and in this Prospectus are deemed to apply at the time of purchase of the investments. If these limits are subsequently exceeded for reasons beyond the control of the Manager or as a result of the exercise of subscription rights, the Manager will adopt as a priority objective the remedying of that situation, taking due account of the interests of Unitholders.

#### *Borrowing and Leverage Restrictions*

Each Sub-Fund may from time to time borrow up to 25% of the Net Asset Value of the Sub-Fund if the Directors, in their absolute discretion, consider that such borrowing is necessary or desirable for liquidity purposes. The Manager may from time to time secure such borrowings by pledging, mortgaging or charging up to 100% of the assets of the relevant Sub-Fund.

It is not intended that any of the Sub-Funds will be leveraged. Further, no arrangements have been made for the provision of collateral by the Sub-Funds to third parties or for the re-use of assets of the Sub-Funds by third parties.

Leverage may be used by Hedge Funds and may take the form of trading on margin, investing in derivative instruments that are inherently leveraged, and entering into other forms of direct or indirect borrowings. The level of leverage utilised by Hedge Funds is potentially unlimited. Each Sub-Fund may therefore be exposed to much higher levels of leverage through the Hedge Funds than the Sub-Fund is permitted to engage in itself. While leverage presents opportunities for increasing the total return on investments, it also has the effect of potentially increasing losses.

The Manager will, with respect to each Sub-Fund, adhere to any investment or borrowing restrictions herein in respect of any Units or Sub-Fund or Class in the Fund, subject always to the AIFMD Legislation and the AIF Rulebook.

## **6. Unit Classes**

Units of the Sub-Funds shall be issued to investors as Units of a Class in the relevant Sub-Fund. The Manager may, whether on the establishment of a Sub-Fund or from time to time, create more than one Class of Units in a Sub-Fund to which different levels of subscription fees and expenses (including the management fee), minimum holding, designated currency, hedging strategy (if any) applied to the designated currency of the Class, distribution policy, Minimum Subscription and such other features as the Manager may determine may be applicable.

The Classes available in a Sub-Fund and their respective subscription fees and expenses (including the management fee), minimum subscription, designated currency and other features shall be detailed in separate Class Information Cards available from the relevant Distributors.

## **7. Issue of Units**

The procedures to be followed in applying for Units whether by single subscription or by savings plan and details of applicable subscription fees are set out in this Prospectus under the heading "Administration of the Fund-Application for Units".

### *Initial Issue*

During the initial offer period of a Class, Units shall be offered to investors at an initial fixed issue price per Unit as set out in the relevant Class Information Card.

The initial offer period may be shortened or extended by the Manager. The Central Bank shall be notified periodically of any such shortening or extension.

### *Subsequent Issues*

Thereafter, Units shall be issued at a price equal to the Net Asset Value per Unit on the relevant Dealing Day on which the Units are to be issued plus any applicable anti-dilution levy.

## **8. Calculation of Net Asset Value**

The Net Asset Value and the Net Asset Value per Unit of the Sub-Fund will be calculated and available within 30 calendar days of the relevant Valuation Point. Units of a Sub-Fund will only be issued or redeemed when the Net Asset Value and the Net Asset Value per Unit of the Sub-Fund is available. The redemption price will be payable to the Unitholder within 35 Business Days after the relevant Dealing Day on which the redemption is to be effected subject to receipt by the Administrator of the redemption request.

## **9. Minimum Subscription**

Each Class of Units will have a minimum initial and subsequent subscriptions as set out in the relevant Class Information Card.

## **10. Dealing Day**

The first Business Day of each month

## **11. Base Currency**

Euro.

## **12. Distribution Policy**

"A" Units shall not be entitled to receive distributions whereas "B" Units shall.

### **13. Fees**

In addition to the fees and expenses of the Administrator, the Trustee, the Manager and the Correspondent Banks/Paying Agents and the general management and fund charges set out in the Prospectus under the heading "Management and Fund Charges", certain Class specific fees are payable out of certain Classes of the Sub-Funds as set out in the relevant Class Information Cards. The aggregate annual management fees that will be charged by the Hedge Funds in which the Sub-Funds will invest is estimated to be 1.5 –1.6 percent of aggregate net asset value per annum. The actual management fees charged to the Sub-Fund by the Hedge Funds will be disclosed in the Fund's annual report.

### **14. Risk Factors**

The risk factors applicable to a Sub-Fund are set out in the Prospectus under the heading "Risk Factors" and, where considered relevant in the Sub-Fund Information Card.

**Dated: 1 April, 2019**

## MEDIOLANUM S CLASSES INFORMATION CARD

**This Information Card forms part of and should be read in conjunction with this Prospectus dated 1 April, 2019 for the Fund and which is available from the Administrator at George's Court, 54/62 Townsend Street, Dublin 2, Ireland.**

This Information Card contains specific information in relation to the Mediolanum S Classes of the sub-funds of Mediolanum Fund of Hedge Funds (the "**Fund**"), an open-ended umbrella unit trust authorised in Ireland by Central Bank of Ireland pursuant to the provisions of the Act.

The Directors of the Manager of the Fund, whose names appear in the Prospectus under the heading "Management of the Fund", 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) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Sub-Fund	Class	Initial Issue Price/Period	Issue Price <sup>1</sup>	Minimum Initial / Subsequent Subscription	Management Fee <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee <sup>4</sup>	A Units	B Units
Alternative Strategy Collection	Mediolanum S Class	n/a	NAV Per Unit	n/a	1.5 %	0.30%	10%	Yes	Yes
Mediolanum High Volatility Fund	Mediolanum S Class	n/a	NAV Per Unity	n/a	1.5 %	0.30%	10%	Yes	Yes

<sup>1</sup> The procedures to be followed in applying for Units whether by single subscription or by savings plan and details of applicable subscription fees are set out in the Prospectus under the heading "Administration of the Fund – Application for Units".

<sup>2</sup> The annual management fee, accrued and payable monthly in arrears is calculated on that proportion of the Net Asset Value of the Sub-Fund attributable to the relevant Class. The Manager shall also be entitled to be repaid all of its Administration Expenses out of the assets of the Sub-Fund attributable to the Class. The fees and expenses of the Administrator, the Trustee and the Correspondent Banks/Paying Agents and the general management and fund charges are set out in this Prospectus under the heading "Management and Fund Charges".

<sup>3</sup> The annual investment management fee, accrued daily and payable monthly in arrears to the Manager is calculated on that proportion of the Net Asset Value of the Sub-Fund attributable to the relevant Class and is subject to a minimum annual fee of €75,000 per Sub-Fund.

<sup>4</sup> The Manager shall be entitled out of the assets of the Sub-Fund to a performance fee of up to 10% of the increase in the Net Asset Value of each Sub-Fund, taking subscriptions and redemptions into account, calculated in the following manner:

1. At the end of the first Performance Period for the Sub-Fund, the Benchmark is the issue price per Unit in the Initial Offer.
2. If the Net Asset Value per Unit (before deducting the amount of any accrued liability for a performance fee) at the end of a Performance Period exceeds the Benchmark, a performance fee is payable. Subject to 1 above, in this case, the Benchmark for a Performance Period is the reported, final Net Asset Value per Unit at the end of the previous Performance Period for which a performance fee was payable.
3. If the Net Asset value per Unit (before deducting the amount of any accrued liability for a performance fee) at the end of a Performance Period is lower than the Benchmark, no performance fee is payable. In this case, the Benchmark for the next Performance Period will be the Benchmark for the last Performance Period for which a performance fee was payable.
4. When a performance fee is payable on Units, it is calculated as the Net Asset Value per Unit (before deducting the amount of any accrued liability for a performance fee) less the Benchmark multiplied by up to 10% multiplied by the number of Units in issue at the end of the Performance Period. The number of Units in issue at the end of the Performance Period shall be deemed to include Units which fall to be redeemed and exclude Units which fall to be issued as at the end of the Performance Period.

The performance fee will accrue and be taken into account in the calculation of the Net Asset Value per Unit on each Dealing Date. The "Benchmark" is the value, on the last Dealing Day of each Performance Period which the Net Asset Value per Unit (before deducting the amount of any accrued liability for a performance fee) on the same day must exceed in order for a performance fee to be payable. "Performance Period" means the period from one Valuation Point to the next. The calculation of the performance fee will be verified by the Trustee.

***Where a performance fee is payable out of the Sub-Fund it shall be calculated upon the increase in the Net Asset Value per Unit calculated at the end of the relevant Performance Period. Included in that calculation shall be net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.***

**Dated: 1 April, 2019**