



**NORTHERN TRUST UCITS MANAGED  
FUNDS**

YOUR PROSPECTUS INSIDE  
22 JULY 2014



**Northern Trust**



# NORTHERN TRUST UCITS MANAGED FUNDS

## **NORTHERN TRUST UCITS MANAGED FUNDS (the Trust)**

An open-ended umbrella unit trust divided into a number of Funds established under the laws of Ireland pursuant to the Regulations

PROSPECTUS Dated 22 July 2014

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

The Board of the Irish Stock Exchange approves the admission of the under-mentioned securities to listing on the official list and trading on the main market of the Irish Stock Exchange.

Neither the admission of Units of the Trust to official list and trading on the main market of the Irish Stock Exchange nor the approval of the Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any other party connected with the Trust, the adequacy of information contained in the Prospectus or the suitability of the Trust for investment purposes.

Maples and Calder,  
Solicitors,  
75 St. Stephen's Green,  
Dublin 2,  
Ireland.

**This document contains important information about the Trust and the Funds and should be read carefully before investing. If you have questions or concerns about the contents of this Prospectus or the suitability of an investment in the Funds for your particular situation you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

The Trust, initially called the Northern Trust Managed Funds, was initially constituted on 27 November 2002 by a trust deed entered into between the Manager and the Trust and was previously authorised by the Central Bank pursuant to the provisions of the Unit Trusts Act 1990. Pursuant to an amended and restated Trust Deed dated 22 July 2014, the Trust was reauthorised by the Central Bank as a UCITS pursuant to the Regulations on 22 July 2014.

**Authorisation by the Central Bank is not an endorsement or guarantee of the Trust by the Central Bank. The Central Bank shall not be liable by virtue of its authorisation of the Trust or by reason of the exercise of the functions conferred on it by legislation in relation to the Trust for any default of the Trust and the Central Bank shall not be responsible for the contents of the Prospectus and the Supplements. Authorisation of the Trust does not constitute a warranty by the Central Bank as to the performance of the Trust and the Central Bank shall not be liable for the performance or default of the Trust.**

The Trust is structured as an umbrella unit trust in that Units representing interests in different Funds may be issued from time to time by the Directors. Units of more than one class may be issued in relation to a Fund. All Units of each class will rank *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund (for which prior Central Bank approval is required) or any new class of Units (which is subject to complying with the requirements of the Central Bank Notices), the Manager will prepare and the Directors will issue a Supplement setting out the relevant details of each such Fund or new class of Units as the case may be. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each class of Unit) and will be invested in accordance with the investment objective and policies applicable to such Fund. Particulars relating to individual Funds and the classes of Units available therein are set out in the relevant Supplement.

This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised.

In particular:-

*(a) the Units have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or the securities laws of any state or political subdivision of the United States and may not be directly or indirectly offered or sold in the United States or to any U.S. Person. The Units will be offered and sold outside the United States to persons who are not U.S. Persons, pursuant to Regulation S under the Securities Act and otherwise in accordance with an available exemption from registration under the Securities Act and, additionally, the Trust will not be registered or seek to register as an investment company under the United States Investment Company Act of 1940, as amended; and*

*(b) unless the Directors otherwise determine, the Units may not be purchased or held by or for Taxable Irish Persons.*

*The Trust Deed gives powers to the Directors to impose restrictions on the holding of Units by (and consequently to repurchase Units held by), or the transfer of Units to:*

*(a) any Taxable Irish Persons (unless the Directors otherwise determine);*

*(b) U.S. Persons (unless permitted under certain exceptions under the laws of the United States);*

*(c) any person who does not clear such money laundering checks as the Directors may determine;*

*(d) any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold Units;*

*(e) any person or persons in circumstances which (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Directors to be relevant), in the opinion of the Directors, might result in the Manager, the Trustee, the Trust or any Fund incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Manager, the Trustee, the Trust or any Fund might not otherwise have incurred, suffered or breached, or*

*(f) any individual under the age of 18 (or such other age as the Manager may think fit).*

The Trust Deed also permits the Manager where necessary to repurchase and cancel Units held by a person who is or is deemed to be acting on behalf of a Taxable Irish Person on the occurrence of a chargeable event for Irish taxation purposes.

The Trust Deed also permits the Manager to take either of the following actions or any reasonable additional or ancillary actions as they deem necessary in their absolute discretion to comply with FATCA: (a) require any Unitholder to provide such information or confirmations as necessary from time to time, or (b) share such information with the IRS, the Revenue Commissioners or any other relevant tax or other government authority. Where any Unitholder has failed to provide such information or confirmations as requested or is in any other respect deemed to be a recalcitrant account-holder for the purposes of FATCA or is for any other reason deemed not to be compliant with FATCA or would prejudice the Trust's ability to comply with FATCA, the Manager may repurchase and cancel the Unitholder's Units and/or compel or effect the sale of those Units or take any other such actions as may reasonably be deemed necessary to enable the Trust to comply with FATCA.

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

**Potential subscribers and purchasers of Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any**

**foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Units.**

The value of and income from Units in a Fund may go up or down and an investor may not get back the amount it invested in the Fund. Units constituting each Fund are described in a Supplement to this Prospectus for each such Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Fund. There can be no assurance that a Fund will achieve its investment objectives and an investment in Units involves certain risks your attention is drawn to the section headed "Risk Factors" below and, where applicable, the relevant section of the Supplement for a discussion of certain risks that should be considered by you. Such investment is only suitable for you if you (either alone or with the help of an appropriate financial or other adviser) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

**A typical investor will be seeking to achieve a return on its investment in the medium to long term. A target investor profile may also be dependent on specific elements relating to a particular Fund, further details in relation to the profile of a typical investor may be set out in the Supplement for the relevant Fund.**

**The difference at any one time between the prices at which Units in the Trust may be issued or redeemed means that an investment should be viewed as medium to long term.**

**As the price of Units in each Fund may fall as well as rise, the Trust shall not be a suitable investment for an investor who cannot sustain a loss on his investment.**

**A Repurchase Charge of up to two (2) per cent of the Redemption Proceeds may be charged. The amount of Repurchase Charge (if any) will be set out in the relevant Supplement.**

Any information given, or representations made, by any dealer, salesman or other person which are not contained in this Prospectus or the relevant Supplement or in any reports and accounts of any Fund forming part hereof must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus or the relevant Supplement nor the offer, issue or sale of Units shall under any circumstances constitute a representation that the information contained in this Prospectus or the relevant Supplement is correct as of any time subsequent to the date of this Prospectus or the relevant Supplement. This Prospectus or the relevant Supplement may from time to time be updated and intending subscribers should enquire of the Manager or the Administrator as to the issue of any later Prospectus or as to the issue of any reports and accounts of any Fund.

All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed, copies of which are available as mentioned herein.

This Prospectus and the relevant Supplements shall be governed by and construed in accordance with Irish Law.

Each Unit represents one undivided share in the property of the Trust and is a beneficial interest under the Trust.

Unless otherwise defined within the text, defined terms used in this Prospectus shall have the meanings attributed to them in the Definitions section.

# NORTHERN TRUST UCITS MANAGED FUNDS

## **DIRECTORS OF THE MANAGER**

Mr. John Fitzpatrick  
Mr Michael Boyce  
Mr Gerry Brady  
Ms. Penelope Biggs  
Mr. Liam Butler

## **PROMOTER**

The Northern Trust Company  
50 S. LaSalle Street  
Chicago, IL 60603  
USA

## **MANAGER**

Northern Trust Fund Managers (Ireland) Limited  
George's Court,  
54-62 Townsend Street  
Dublin 2  
Ireland

## **COMPANY SECRETARY TO THE MANAGER**

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

## **ADMINISTRATOR**

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

## **TRUSTEE**

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

## **AUDITORS**

KPMG  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

## **LEGAL ADVISERS IN IRELAND**

Maples and Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

## **INVESTMENT MANAGER**

Northern Trust Global Investments Limited  
50 Bank Street  
Canary Wharf  
London, E14 5NT  
England

(unless otherwise specified in a Supplement)

## **SPONSORING BROKER**

Maples and Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

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# DEFINITIONS

“**Act**” means the Unit Trusts Act 1990;

“**Accounting Period**” means a period ending on 31 March of each year;

“**Administration Agreement**” means the amended and restated agreement dated 22 July 2014 as may be amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;

“**Administrator**” means Northern Trust International Fund Administration Services (Ireland) Limited or any successor thereto duly appointed in accordance with the requirements of the Central Bank;

“**Anti-Dilution Levy**” means in respect of each Fund, such percentage of the Net Asset Value per Unit as the Manager may determine to be retained by the relevant Fund on any Dealing Day where there are net subscriptions and/or net redemptions, in order to cover any duties, charges and dealing costs and to preserve the value of the underlying Assets of the relevant Fund;

“**Application Form**” means the application form for Units;

“**Associated Person**” means a person who is associated with a Director if, and only if, he or she is;

*(a) that Director's spouse, parent, brother, sister or child;*

*(b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls; or*

*(c) a partner of that Director.*

A company will be deemed to be associated with a Director if it is controlled by that Director;

“**Assets**” means the investments, cash, derivatives and all property of each Fund from time to time;

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

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

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

“**Central Bank Notices**” means the notices and guidelines issued by the Central Bank in respect of UCITS from time to time affecting the Trust or any Fund as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;

“**Connected Person**” means the persons defined as such in the section headed “GENERAL – Conflicts of Interest”;

“**Dealing Day**” means in respect of each Fund such Business Day or Business Days as is or are specified in

the Supplement for the relevant Fund provided that there shall be at least one Dealing Day per fortnight;

“**Dealing Deadline**” means in relation to applications for subscription, repurchase or exchange of Units in a Fund, the day and time specified in the Supplement for the relevant Fund provided always that the Dealing Deadline is before the Valuation Point;

“**Directors**” means the directors of the Manager, each a “Director”;

“**EU**” means the European Union;

“**Euro**” or “**€**” means the lawful currency of the European Monetary Union Member States;

“**Exchange Charge**” means the charge, if any, payable on the exchange of Units as is specified herein;

“**FATCA**” means

(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;

(b) any intergovernmental agreement, treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any government authority or taxation authority in any other jurisdiction;

“**FDI**” means a financial derivative instrument (including an Over-The-Counter (“**OTC**”) derivative) permitted by the Regulations;

“**Foreign Person**” means a person who is neither resident nor ordinarily resident in Ireland for tax purposes, who has provided the Manager with the appropriate declaration under Schedule 2B of the TCA and in respect of whom the Manager is not in possession of any information that would reasonably suggest that the declaration is incorrect or has at any time been incorrect;

“**Fund**” means a portfolio of assets held upon trust constituted by the Trust Deed which are invested in accordance with the investment objective and policies as set out in the relevant Supplement, and to which all liabilities, income and expenditure attributable or allocated to such fund shall be applied and charged, and “**Funds**” means all or some of the Funds as the context requires or any other funds as may be established by the Manager with the prior approval of the Trustee and the Central Bank and each Fund constitutes a separate trust;

“**Initial Issue Price**” means the price (**excluding any Preliminary Charge**) per Unit at which Units are initially offered in a Fund during the Initial Offer Period as specified in the Supplement for the relevant Fund;

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

**“Intermediary”** means a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking resident in Ireland and on behalf of other persons, or holds units in an investment undertaking on behalf of other persons;

**“Investment Manager”** means Northern Trust Global Investments Limited or such other entity as may be set out in the Supplement for the relevant Fund;

**“Investment Management Agreement”** means the agreement dated 22 July 2014 between the Manager and the Investment Manager as may be amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;

**“Irish Stock Exchange”** means The Irish Stock Exchange plc;

**“Manager”** means Northern Trust Fund Managers (Ireland) Limited or any successor thereto duly appointed with the prior approval of the Central Bank;

**“Market”** means any stock exchange in or outside of the EEA or any market which is regulated, operates regularly, is recognised and open to the public, details of which are set out in Schedule I hereto;

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

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

**“Minimum Initial Investment Amount”** means such amount (if any) or its foreign currency equivalent or any such higher amount as the Manager may from time to time determine in its absolute discretion as the minimum initial investment amount required by each Unitholder for Units of each Class in a Fund as is specified in the Supplement for the relevant Fund;

**“Minimum Net Asset Value”** means such amount as the Manager considers for each Fund (if any) and as set out in the Supplement for the relevant Fund;

**“Minimum Repurchase Amount”** means such minimum number or minimum value of Units of any Class as the case may be (if any) which may be repurchased at any time by a Fund and as such is specified in the Supplement for the relevant Fund;

**“Minimum Unitholding”** means such number or value of Units of any class (if any) as is specified in the Supplement as the minimum unitholding for the relevant class of Units within a Fund;

**“Month”** means calendar month;

**“Net Asset Value” or “Net Asset Value per Unit”** means in respect of the assets of a Fund or the Units in a Fund, the amount determined in accordance with the principles set out in the “Determination of Net Asset Value/Valuation of Assets” section as the Net Asset Value of a Fund or the Net Asset Value per Unit;

**“Ordinarily Resident in Ireland”** The term “ordinary residence” as distinct from “residence” relates to a person’s

normal pattern of life and denotes residence in a place with some degree of continuity;

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year;

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in Ireland in 2004 and departs from Ireland in that tax year **will remain** ordinarily resident up to the end of the tax year in 2007;

**“Portfolio Manager”** means such person or persons as may be appointed by Northern Trust Global Investments Limited or any other Investment Manager or Sub-Investment Manager as portfolio manager of a Fund or any other person or persons for the time being duly appointed portfolio manager, in addition to or in succession thereto, in accordance with the requirements of the Central Bank;

**“Preliminary Charge”** means in respect of a Fund, the charge payable (if any) on the subscription for Units as is specified in the Supplement for the relevant Fund;

**“Promoter”** means The Northern Trust Company;

**“Redemption Proceeds”** means the amount due on the redemption of Units being the Net Asset Value per Unit;

**“Regulations”** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. 352 of 2011), as may be amended, consolidated or substituted from time to time;

**“Related Companies”** has the meaning assigned thereto in Section 140(5) of the Irish Companies Act, 1990. In general this states that companies are related where 50% of the paid up share capital of, or 50% of the voting rights in, one company are owned directly or indirectly by another company;

**“Relevant Declaration”** means the declaration relevant to the Unitholder as set out in Schedule 2B TCA;

**“Repurchase Charge”** means in respect of a Fund, the charge (which is inclusive of fiscal and sales charges, if any) payable (if any) on the repurchase of Units as specified herein;

**“Residence – Company”** means a company which has its central management and control in Ireland (the “State”) and is resident in the State irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in the State is resident in the State except where:

*(a) the company or a related company carries on a trade in Ireland and is ultimately controlled by persons resident in any EU member state or, in a country 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 tax treaty country provided that in each case, the company is not managed and controlled in a jurisdiction which does not apply a residency test based on central management and control; or*

*(b) the company is regarded as not resident in the State under a double taxation treaty between the State and another country.*

The determination of a company's residence for tax purposes can be complex in certain cases and declarants are referred to the specific legislative provisions which are contained in section 23A of the TCA;

A trust will generally be resident in Ireland where all of the trustees are Irish Residents and the trust is administered in Ireland.

**“Residence – Individual”** An individual will be regarded as being resident in the State Ireland for a tax year if that person:

(a) spends 183 days or more in the State in that tax year; or

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

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two-year test. Presence in the State for a day means the personal presence of an individual at any point in time during the particular day in question;

**“Settlement Date”** means in respect of receipt of monies for subscription for Units or dispatch of monies for the repurchase of Units, the date specified in the Supplement for the relevant Fund;

**“£”, “Sterling” and “Pound”** means the lawful currency of the United Kingdom;

**“Sub-Investment Manager”** means such person or persons as may be appointed by Northern Trust Global Investments Limited or any other Investment Manager or as sub-investment manager of a Fund or any other person or persons for the time being duly appointed sub-investment manager, in addition to or in succession thereto, in accordance with the requirements of the Central Bank;

**“Supplement”** means any supplement to the Prospectus issued on behalf of the Trust in connection with a Fund from time to time;

**“Exempt Irish Unitholder”** means:

(i) A qualifying management

(iv) a specified company within the meaning of section 734 of the TCA;

(iii) an investment limited partnership within the meaning of section 739J TCA;

(iv) an investment undertaking within the meaning of section 739(B) of the TCA;

(v) an exempt approved scheme or a retirement annuity contract or trust scheme within the provisions of 774, 784 or 785 of the TCA;

(vi) a company carrying on life business within the meaning of section 706 of the TCA;

(vii) a special investment scheme within the meaning of section 737 of the TCA;

(viii) a unit trust to which section 731(5)(a) of the TCA applies;

(ix) a charity entitled to an exemption from income tax under section 207(1)(b) of the TCA;

(x) a qualifying fund manager within the meaning of section 784A TCA or a qualifying savings manager within the meaning of section 848B TCA, in respect of units which are assets of a special savings incentive account within the meaning of section 848C TCA;

(xi) a person entitled to exemption from income tax and capital gains tax under section 784(A)(2), section 787I TCA or section 848E TCA and the units held are assets of an approved retirement fund, an approved minimum retirement fund, a special savings incentive account, or a personal retirement savings account (as defined in section 787A TCA);

(xii) the Courts Service;

(xiii) a credit union;

(xiv) a company within the charge to corporation tax under section 739G(2) TCA, but only where the fund is a money market fund;

(xv) a company with the charge to corporation tax under section 110(2) TCA;

(xvi) the National Pensions Reserve Fund Commission; and

(xvii) any other person as may be approved by the Directors from time to time provided the holding of Units by such person does not result in a potential liability to tax arising to the Trust or a Fund in respect of a Unitholder under section 739 TCA;

in respect of each of which, where relevant, the Manager or the Trust is in possession of a Relevant Declaration in respect of that Unitholder ;

**“TCA”** means the Irish Taxes Consolidation Act, 1997, as amended;

**“Transferable Securities”** means:

- (i) shares in companies and other securities equivalent to shares in companies which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;
- (ii) bonds and other forms of securitised debt which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;
- (iii) other negotiable securities which carry the right to acquire any securities within (i) or (ii) above by subscription or exchange which fulfil the criteria specified in Part 1 of Schedule 2 of the Regulations; and
- (iv) securities specified for this purpose in Part 2 of Schedule 2 of the Regulations.

**“Trust”** means Northern Trust UCITS Managed Funds and includes where the context so admits or requires the Funds;

**“Trust Deed”** means the amended and restated trust deed dated the 22 July 2014 between Northern Trust Fund Managers (Ireland) Limited and Northern Trust Fiduciary Services (Ireland) Limited and as may be further amended

and supplemented from time to time with the prior approval of the Central Bank;

**“Trustee”** means Northern Trust Fiduciary Services (Ireland) Limited or any successor thereto duly appointed trustee with the prior approval of the Central Bank;

**“UCITS”** means an undertaking for collective investment in transferable securities established pursuant to the Regulations;

**“Unit”** means one undivided share in the assets of a Fund and includes any fraction of a Unit, which shall represent the corresponding fraction of an undivided share in the assets of a Fund;

**“Unitholders”** means all holders of Units;

**“United Kingdom”** and **“UK”** means the United Kingdom of Great Britain and Northern Ireland;

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

**“U.S. Dollars”**, **“Dollars”** and **“\$”** means the lawful currency of the United States or any successor currency;

**“U.S. Person”** means any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the U.S. Securities Act of 1933 as amended from time to time;

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

**“Yen”** **“JPY”** and **“¥”** means the lawful currency of Japan or any successor currency.

# INVESTMENT OBJECTIVE AND POLICIES

## STRUCTURE

The Trust, initially called the Northern Trust Managed Funds, was initially constituted on 27 November 2002 by a trust deed entered into between the Manager and Northern Trust Custodial Services (Ireland) Limited and was previously authorised by the Central Bank pursuant to the provisions of the Unit Trusts Act 1990.

Pursuant to an amended and restated Trust Deed dated 22 July 2014, the Trust was reauthorised by the Central Bank as a UCITS pursuant to the Regulations on 22 July 2014.

The Trust is structured as an umbrella fund consisting of different Funds, each comprising one or more Classes.

The Assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement. At the date of this Prospectus, the Trust has established the Fund(s) listed below.

### The NTMF Foreign Equity Fund

Additional Funds (in respect of which a Supplement or Supplements will be issued) may be established by the Manager from time to time with the prior approval of the Central Bank.

Units may be issued in Classes within each Fund. Classes of Units in each Fund may differ as to certain matters including currency of denomination, hedging strategies if any applied to the designated currency of a particular Class, dividend policy, fees and expenses charged or the Minimum Initial Investment Amount, Minimal Additional Investment Amount, Minimum Unitholding, and Minimum Repurchase Amount. The Classes of Units available for subscription shall be set out in the relevant Supplement. A separate pool of assets shall not be maintained in respect of each Class. Additional Classes in respect of which a Supplement or Supplements will be issued may be established by the Directors 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. Separate books and records will be maintained for each Fund but not for each Class. The Base currency of a Fund will be as set out in the relevant Supplement.

## INVESTMENT OBJECTIVE AND POLICIES

The Trust Deed provides that the investment objective and policies for each Fund will be formulated by the Directors at the time of the creation of that Fund. Details of the investment objective and policies for each Fund appear in the Supplement for the relevant Fund. There can be no assurance that each Fund will achieve its investment objective.

The investment objective of a Fund may not be altered, and material changes to the investment policy of a Fund may not be made, without prior approval of Unitholders on the basis of (i) a majority of votes cast at a meeting of the Unitholders of the particular Fund duly convened and held or (ii) with the prior written approval of all Unitholders of the relevant Fund. In the event of a change in investment objectives and policies a reasonable notification period must be given to each Unitholder of the Fund to enable a Unitholder to have its Units repurchased prior to the implementation of such change.

## INVESTMENT RESTRICTIONS

The investment restrictions for each Fund are formulated by the Directors at the time of the creation of the Fund.

The investment and borrowing restrictions applying to the Trust and each Fund are set out in Schedule II. Each Fund may also hold ancillary liquid assets.

The Directors may impose further restrictions in respect of any Fund as shall be outlined in the relevant Supplement.

With the exception of permitted investment in unlisted investments, investments by a Fund will be restricted to securities and FDI listed or traded on Markets as set out in Schedule I.

In accordance with the requirements of the Central Bank, the Manager will apply for a derogation from some of the investment restrictions for six months following the date of the first issue of Units of a Fund pursuant to the Regulations but will observe the principle of risk-spreading.

It is intended that the Trust shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Regulations which would permit investment by a Fund in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the Regulations. Any changes to the investment or borrowing restrictions will be disclosed in an updated Prospectus.

## BORROWING AND LEVERAGE

The Manager may only borrow on a temporary basis for the account of a Fund and the aggregate amount of such borrowings may not exceed ten (10) per cent of the Net Asset Value of such Fund. In accordance with the provisions of the Regulations, the Manager may charge the assets of a Fund as security for borrowings of that Fund.

The Manager may acquire the temporary use of foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) provided that the offsetting deposit (a) is denominated in the Base Currency and (b) equals or exceeds the value of the foreign currency loan outstanding.

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

## CROSS-INVESTMENT

Investors should note that, subject to the requirements of the Central Bank, each of the Funds may invest in the other Funds of the Trust where such investment is appropriate to the investment objectives and policies of the relevant Fund. Any commission received by the Investment Manager in respect of such investment will be paid into the assets of the relevant Fund. In addition, no Preliminary Charge, Repurchase Charge or exchange charge may be charged on the cross-investing Fund's investment.

In order to avoid double-charging of management and/or performance fees, any Fund that is invested in another Fund may not be charged an Investment Management Fee or performance fee in respect of that part of its assets invested in other Funds unless such investment in another

Fund is made into a Class of Units that does not attract any Investment Management Fee or performance fee. Investment may not be made by a Fund in a Fund which itself cross-invests in another Fund within the Trust.

## HEDGING

Forward currency contracts may, at the Manager's discretion, be used to hedge some or all of the exchange risk and/or currency exposure due to fluctuations between the Base Currency and the currencies in which the relevant Fund's Investments are denominated where disclosed in the relevant Supplement.

The Investment Manager may also (but is not obliged to) enter into certain currency-related transactions in order to hedge the currency exposure of a Fund where the Fund invests in assets denominated in currencies other than the Base Currency. In addition, a Class designated in a currency other than the Base Currency may be hedged against exchange rate fluctuation risks between the designated currency of the Class and the Base Currency. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Class.

Where a Class of Units is to be hedged, this will be disclosed in the Supplement for the Fund in which such Class is issued. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. Where the Investment Manager 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. However, over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review 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/lose if the Class currency falls/ rises against the Base Currency.

## DIVIDEND POLICY

The Directors decide the dividend policy and arrangements relating to each Fund and details are set out where applicable in the relevant Supplement. Under the Trust Deed, the Directors are entitled to declare dividends out of the profits of the relevant Fund being: (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends) less expenses and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated capital losses of the relevant Fund. The Directors may satisfy any dividend due to Unitholders in whole or in part by distributing to them in specie any of the assets of the relevant Fund, and in particular any investments to which the relevant Fund is entitled. A Unitholder may require the Directors instead of transferring any assets in specie to him, to arrange for a sale of the assets and for payment to the Unitholder of the net proceeds of same.

The Manager will be obliged and entitled to deduct an amount in respect of Irish taxation from any dividend payable to a Unitholder in any Fund who is or is deemed to

be a Taxable Irish Person and pay such sum to the Irish tax authorities. Dividends (if any) will be paid in accordance with Irish Stock Exchange policy.

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

Dividends payable to Unitholders will be paid by electronic transfer to the bank account designated by the Unitholder at the expense of the payee and will be paid within four months of the date the Directors declared the dividend.

The dividend policy for each Fund is set out in the Supplement for the relevant Fund.

## RISK FACTORS

### General

Investors in the Trust should understand that all investments involve risks. The following are some of the risks of investing in the Trust, but the list does not purport to be exhaustive:-

The investments of a Fund in securities are subject to normal market fluctuations and other risks inherent in investing in securities.

**The value of investments and the income from them, and therefore the value of and income from Units relating to each Fund can go down as well as up and an investor may not get back the amount he invests.**

Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. Due to the Preliminary Charge and the Repurchase Charge which may be payable on the issue and repurchase of Units, an investment in Units should be viewed as medium to long term.

A Fund, an Investment Manager and any Portfolio Manager will not generally have control over the activities of any company or collective investment scheme invested in by a Fund. Managers of collective investment schemes and companies in which a Fund may invest may manage the collective investment schemes in a manner not anticipated by the Fund, an Investment Manager or a Portfolio Manager.

A Fund may invest a portion of its assets in unquoted investments. Such investments will be valued at the probable realisation value as determined in accordance with the provisions set out in the "Determination of Net Asset Value/Valuation of Assets" section. Estimates of the probable realisation value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. A Fund may consult the relevant Investment Manager or the relevant Portfolio Manager with respect to the valuation of unquoted investments. There is an inherent conflict of interest between the involvement of the Investment Manager or the Portfolio Manager in determining the valuation price of a Fund's investments and the Investment Manager's and the Portfolio Manager's other responsibilities.

The income and gains of a Fund from its assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. If this position changes in the future and the application of a lower rate results in a repayment to the relevant Fund, the Net Asset Value will not be re-stated and the benefit will be allocated

to the existing Unitholders of the relevant Fund rateably at the time of repayment.

Where a Fund enters into stocklending arrangements there are risks in the exposure to market movements if recourse has to be had to collateral, or if there is fraud or negligence on the part of the Trustee, the Manager, the relevant Portfolio Manager or lending agent. In addition there is an operational risk associated with marking to market daily valuations and there are the potential stability risks of providers of collateral. The principal risk in such stocklending arrangements is the insolvency of the borrower. In this event the relevant Fund could experience delays in recovering its securities and such event could possibly result in capital losses.

### **Currency/Hedging Risk**

A Fund's Assets may be acquired in a wide range of currencies and changes in exchange rates between currencies may cause the value of an Investment in a Fund to fluctuate due to the fact that the currency positions held by a Fund may not correspond with the securities positions held. Where a Class currency exposes Unitholders in that Class to additional currency risk, such exposure may be hedged. The Fund, may utilise options, forward contracts or other instruments and techniques to hedge against such currency fluctuations but there can be no assurance that such hedging transactions will be effective. For example, the exchange rate used for the purposes of hedging is likely to be the rate prevailing at the time the necessary currency hedging contracts are put in place and accordingly Unitholders in such Classes will bear the risk of not benefiting from any potential rise in the exchange rate of the Class currency against the Base Currency and/or other currencies in which the Assets of a Fund are denominated between the time the hedging contracts are put in place and the time when such contracts settle. Furthermore, the costs and gains/losses of any hedging transactions shall accrue solely to the holders of Units in such Class and shall not form part of the Assets of the relevant Fund or constitute a liability of the relevant Fund. Investors' attention is drawn to the section of this Prospectus titled "Hedging" for further information.

A Fund may issue Classes denominated in a currency other than the Base Currency of that Fund and accordingly the value of a Unitholder's Investment in such a Class may be affected favourably or unfavourably by fluctuations in the rates of the two different currencies. For example, a Unitholder may not benefit if the Class currency falls against the Base Currency and/or the currency in which the Assets of a Fund are denominated.

### **Market Risk**

Some of the recognised exchanges on which a Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which a Fund may liquidate positions to meet repurchase requests or other funding requirements. Potential investors should also note that the securities of small capitalisation companies are less liquid and this may result in fluctuations in the price of the Units of the relevant Fund.

In the case of certain Funds there may be limited exposure to emerging markets and investors should be aware of risks attached to investing in such markets which could have a limited impact on the performance of such relevant Funds. In particular, the following risks should be noted.

### **Valuation Risk**

A Fund may invest a limited proportion of its assets in unquoted securities. Such investment will be valued at the probable realisation value as determined in accordance with the valuation provisions set out in the "Determination of Net Asset Value/Valuation of Assets" section. Estimates of the fair value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. Each Fund may engage in derivative instruments in which case there can be no assurance that the valuation as determined in accordance with the valuation provisions set out in the "Determination of Net Asset Value/Valuation of Assets" section reflects the exact amount at which the instrument may be "closed out".

### **Investment Manager Valuation Risk**

The Administrator may consult the Investment Manager with respect to the valuation of certain investments. Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds (particularly as the Investment Manager's fees may increase as the value of assets increases), the Investment Manager has in place pricing procedures which follows industry standard procedures for valuing unlisted investments.

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

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

### **Derivatives Risk**

*General:* Derivatives may be used as a means of gaining indirect exposure to a specific asset, rate or index and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other investments. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

Investing in a derivative instrument could cause the Fund to lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, national and international political and economic events, changes in local laws 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 derivatives 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.

*Absence of Regulation; Counterparty Risk:* 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 exchanges. In addition, many of the protections afforded to participants on some exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are generally not regulated. OTC options are non-exchange traded option agreements, which are specifically tailored to the needs of an individual investor. These options 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 an exchange, and accordingly the bankruptcy or default of a counterparty with which the Fund trades OTC options could result in substantial losses to the Fund. In addition, a counterparty may refrain from settling 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 Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and the 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. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

*Credit Risk and Counterparty Risk:* Funds will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in derivative instruments. To the extent that a counterparty defaults on its obligation and the 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. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

*Correlation Risk:* The prices of derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements.

*Collateral Risk:* Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions. Assets deposited as collateral or 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.

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

*Foreign Exchange Transactions:* Where a Fund utilises derivatives which alter the currency exposure characteristics of Transferable Securities held by the Fund the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

*Futures and Options Trading is Speculative and Volatile:* Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which a Fund may trade. Certain of the instruments in which a Fund may invest are sensitive to interest rates and foreign exchange rates, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and foreign exchange rates, and to utilise appropriate strategies to maximise returns to the Fund, while attempting to minimise the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

*Legal Risk:* The use of OTC derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Funds to the risk that the legal documentation of the relevant OTC contract may not accurately reflect the intention of the parties.

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

*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 Fund from liquidating unfavourable positions.

*Necessity for Counterparty Trading Relationships:* 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 believes that the Trust will be able to establish the necessary counterparty business relationships to permit a 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 Fund's activities and could require a Fund to conduct a more substantial portion of such activities in the cash or exchange traded markets. Moreover, the counterparties with which a Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to a Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

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

*Contingent Liability Transactions:* Contingent liability transactions which are margined require the Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Fund trades in futures, contracts for differences or sells options, the Fund may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the Fund, the Fund may be called upon to pay substantial additional margin at short notice to maintain the position. If the Fund fails to do so within the time required, its position may be liquidated at a loss and the Fund will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

### **Future and options**

The investment policies of a Fund may permit a Portfolio Manager to make use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the 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 the Fund. On execution of an option, a Fund 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.

### **Reverse Repurchase Agreements and Repurchase Agreements**

A Fund may enter into reverse repurchase agreements or repurchase agreements for efficient portfolio management purposes and subject to the conditions and limits set out in the Central Bank Notices. If the other party to a repurchase agreement should default, the Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund in connection with the reputed repurchase agreement are less than the repurchase price. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or its failure to repurchase the securities as agreed, the Fund could suffer losses, including loss of interest on or principal of the security and costs

associated with delay and enforcement of the purchase agreement.

### **Stocklending**

Where a Fund enters into stocklending arrangements, the Fund will have a right to terminate such agreements at any time and demand the return of any or all of the securities loaned. There is a risk in the exposure to the market if recourse has to be had to collateral, or if there is an unjustifiable failure to perform its obligations or an improper performance of them on the part of the Trustee, the Investment Manager (if any), the relevant Portfolio Manager or lending agent. In addition, there are operational risks associated with ensuring recalled securities are returned in time, marking to market daily valuations and there are potential stability risks of providers of collateral. Where collateral is received in the form of cash, there are additional risks of reinvestment like any other cash pool, which includes market, interest rate and credit risks associated with the reinvestment pool and activity. The principal risk in such stocklending arrangements is the insolvency of the borrower. In this event, the relevant Fund could experience significant delays in recovering its securities/entitlements and such event could possibly result in capital losses.

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

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership. Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on the issuers than is published by or about issuers in such developed countries. Consequently some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of Unitholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from the management of a company and there may be less independent verification of information than would apply in many developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.

### **Taxation**

Potential investors attention is drawn to the taxation risk associated with investing in any Fund of the Trust. See section headed "Taxation".

The income and gains of a Fund from its assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. If this position changes in the future and the application of a lower rate results in a repayment to the relevant Fund, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Unitholders of the relevant Fund rateably at the time of repayment.

### **Emerging Market Risks**

In the case of certain Funds there may be limited exposure

to emerging markets and investors should be aware of risks attached to investing in such markets which could have a limited impact on the performance of such relevant Funds. In particular, the following risks should be noted:

#### **(a) Settlement and Credit Risks**

*The trading and settlement practices of some of the stock exchanges or markets on which a relevant Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by a Fund. In addition, a Fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. The Trustee may be instructed by the relevant Portfolio Manager to settle transactions on a delivery free of payment basis where the Portfolio Manager believes and the Trustee agrees that this form of settlement is common market practice. Unitholders should be aware, however, that this may result in a loss to a relevant Fund if a transaction fails to settle and the Trustee will not be liable to the relevant Fund or to the Unitholders for such a loss.*

#### **(b) Regulatory Risks and Accounting Standards**

*Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on or about the issuers published. Consequently some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of unitholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from the management of a company and there may be less independent verification of information. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.*

#### **(c) Political Risks**

*The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.*

#### **(d) Custody Risks**

*Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in "book-entry" form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.*

#### **Counterparty and Settlement Risks**

The Trust will be exposed to a credit risk in relation to the counterparties with whom it transacts or places margin or

collateral in respect of transactions in FDIs and may also bear the risk of settlement default. To the extent that a counterparty defaults on its obligation and the 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. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

#### **Collateral Risks**

Collateral or margin may be passed by a Fund to a counterparty or broker in respect of OTC FDI transactions. Assets deposited as collateral or 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.

#### **Reinvestment and Cash Collateral Risk**

As a Fund may reinvest cash collateral received subject to the conditions and within the limits laid down by the Central Bank, a Fund reinvesting cash collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### **FATCA**

FATCA generally imposes a new reporting regime designed to require certain US persons' direct and indirect ownership of non-US accounts and certain non-US entities to be reported to the US Internal Revenue Service ("IRS"). If there is a failure by the Trust or a Fund to provide required information regarding US ownership or otherwise comply with the requirements of FATCA, a 30% withholding tax could apply with respect to certain US source income and gross proceeds from the sale or other disposition of property that can produce US source interest or dividends.

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Irish tax authorities with certain information on Unitholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by US persons, and the reciprocal exchange of information regarding US financial accounts held by Irish residents. The Trust expects to be treated as an FFI and provided it complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be subject to withholding on payments which it makes.

Although the Trust will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Trust will be able to satisfy these obligations. If the Trust becomes subject to a withholding tax as a result of the FATCA regime, the value of the Units held by all Unitholders may be materially affected.

All prospective investors / Unitholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in the Trust.

#### **Unit Class Currency/Hedging Risk**

##### **(a) Currency of Assets/Base Currency**

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the

exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Investment Manager may seek to mitigate this exchange rate risk by using financial instruments.

#### **(b) Base Currency/Denominated Currency of Classes**

Classes of Units in a Fund may be denominated in currencies other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the denominated currency of the Class may lead to a depreciation of the value of the investor's holding as expressed in the Base Currency even in cases where the Class is hedged. Investors' attention is drawn to the section of this Prospectus titled "Hedging" for further information.

#### **(c) Currency and Interest Rate Hedging**

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

#### **Paying Agent Risk**

Unitholders who choose or are obliged under local regulations to pay or receive subscription or repurchase monies or dividends via an intermediate entity rather than directly to the Trust or the relevant Fund (e.g. a paying agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Trust or the relevant Fund and (b) repurchase monies payable by such intermediate entity to the relevant Unitholder.

#### **Additional risk factors (if any) in respect of each Fund are set out in the Supplement for the relevant Fund**

#### **EXPENSES OF THE FUNDS**

Particulars of the specific fees and expenses (including performance fees, if any) payable to the Manager, the Investment Manager, the Sub-Investment Manager, any Portfolio Manager, the Administrator and the Trustee are set out in the relevant Supplement.

The Trustee may pay out of the assets of each Fund (i) the fees and expenses payable to the Manager, the Investment Manager, any Portfolio Manager(s), the Trustee and the Administrator, (ii) the fees and expenses incurred in the transitioning of assets from one Portfolio Manager to

another (iii) the fees and expenses of sub-custodians which will be at normal commercial rates, (iv) the fees and expenses of the Directors (if any, as referred to below), (v) any fees in respect of circulating details of the Net Asset Value, (vi) stamp duties, and all taxes including VAT, (vii) company secretarial fees, (viii) any costs incurred in respect of meetings of Unitholders, (ix) marketing and distribution costs, (x) investment transaction charges, (xi) costs incurred in respect of the distribution of income to Unitholders, (xii) the fees and expenses of any paying agent, distributor or representative appointed in compliance with the requirements of another jurisdiction, (xiii) any amount payable under indemnity provisions contained in the Trust Deed or any agreement with any appointee of the Trust, (xiv) all sums payable in respect of directors' and officers' liability insurance cover, (xv) brokerage or other expenses of acquiring and disposing of investments, (xvi) the fees and expenses of the auditors, tax and legal advisers and (xvii) fees connected with listing the Units on the Irish Stock Exchange and registering the Trust for sale in other jurisdictions. The costs of printing and distributing this Prospectus, reports, accounts and any explanatory memoranda, any necessary translation fees, the costs of publishing prices and any costs incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law), may also be paid out of the assets of the Trust.

The Directors are each entitled to receive remuneration for their services as directors out of the Assets of the Trust of up to €20,000 per annum. The Directors will also be entitled to be reimbursed out of the Assets of the Trust for their reasonable out of pocket expenses incurred in discharging their duties as Directors.

The cost of establishing the Trust has been discharged. The cost of establishing all future Funds will be charged to the relevant Fund. The costs of the project to reauthorise the Trust as a UCITS are not expected to exceed EUR 40,000 and will be borne by the Trust.

Fees and expenses of any paying agents appointed by the Manager, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Trust or the Fund in respect of which a paying agent has been appointed.

# ADMINISTRATION OF THE TRUST

## DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Fund shall be calculated by the Administrator as at the Valuation Point for each Dealing Day by valuing the assets of the Fund and deducting therefrom the liabilities of the Fund. Where there is more than one class of Units in a Fund, the Net Asset Value per Unit of any class is calculated by the Administrator by ascertaining the Net Asset Value of the relevant Fund as at the Valuation Point for that Fund on the relevant Dealing Day and determining the amount of the Net Asset Value which is attributable to the relevant class of Units. The Net Asset Value per Unit of the relevant class is calculated by determining that proportion of the Net Asset Value of the Fund which is attributable to the relevant class at the Valuation Point (making such adjustments for subscriptions, repurchases, fees, dividend accumulation or distribution of income and the expenses, liabilities or assets attributable to each such Class (including the gains/losses on and costs of financial instruments employed for currency hedging between the currencies in which the assets of the Fund are designated and the designated currency of the Class, which gains/losses and costs shall accrue solely to that Class) and any other factor differentiating the Classes determined by the Directors) and by dividing this sum by the total number of Units of the relevant class in issue at the relevant Valuation Point. The Valuation Point for each Fund is set out in the Supplement for the relevant Fund. The Net Asset Value per Unit is the resulting sum rounded to two decimal places.

## VALUATION OF ASSETS

The Trust Deed provides for the methods of valuation of the assets and liabilities of each Fund and the Net Asset Value of each Fund.

In general, the Trust Deed provides that the value of any investment quoted, listed or dealt in on a Market shall be calculated at the last traded price as at the relevant Valuation Point. Where such investment is quoted, listed or traded on or under the rules of more than one Market, the Manager shall, in its absolute discretion, select the Market which, in its opinion, constitutes the main Market for such investment for the foregoing purposes. The value of any investment which is not quoted, listed or traded in on a Market or of any investment which is normally quoted, listed or traded in on a Market but in respect of which no price is currently available or the current price of which does not (in the opinion of the Manager) represent fair market value, the value thereof shall be the probable realisation value estimated with care and in good faith by the Manager or by a competent person, in each case approved, for such purpose, by the Trustee. In determining the probable realisation value of any such investment, the Manager may accept a certified valuation thereof provided by a competent independent person or, in the absence of any independent person, an Investment Manager (notwithstanding that a conflict of interest arises because the Investment Manager has an interest in the valuation), who in each case shall have been approved by the Trustee to value the relevant securities.

The Trust Deed further provides that cash and other liquid assets will normally be valued at their face value with interest accrued. Forward foreign exchange contracts shall be valued in the same manner as off-exchange traded/over-the-counter derivative contracts (detailed below), or by reference to freely available market quotations.

The value of any off-exchange traded derivative contracts shall be valued daily on the basis of a quotation provided by the relevant counterparty (on the basis of a means of valuation that provides reasonable accuracy on a reliable basis) and such valuation will be approved or verified at least weekly by a party independent of the counterparty who has been approved for such purpose by the Trustee. Alternatively, an over-the-counter derivative contract may be valued daily on the basis of a quotation from an independent pricing vendor with adequate means to perform the valuation or other competent person, firm or corporation (which may include the Investment Manager) selected by the Manager and approved for the purpose by the Trustee. Where this alternative valuation is used, the Manager must follow international best practice and adhere to the principles on such valuations established by bodies such as the International Organisation of Securities Commissions and the Alternative Investment Management Association. Any such alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise, these must be promptly investigated and explained.

The value of any exchange traded futures contracts, share price index futures contracts and options and other derivative contracts shall be the settlement price, as determined by the Market in question, as at the Valuation Point, provided that where it is not the practice for the relevant Market to quote a settlement price or such settlement price is not available for any reason as at the relevant Valuation Point, such value shall be the probable realisation thereof estimated with care and in good faith by the Manager or another competent person appointed by the Manager, provided that the Manager or such other competent person, have been approved for the purpose by the Trustee.

The units or shares in collective investment schemes will be valued at the latest available net asset value for the shares or units as published by the collective investment scheme or if unavailable and if appropriate, in the opinion of the Manager or its delegate, with the consent of the Trustee, at the latest bid prices as published by the collective investment, or if listed on a recognised stock exchange, in the same manner as investments quoted, listed or dealt in on a Market (detailed above).

If in any case a particular value is not ascertainable as above provided or if the Manager shall consider that for a specific asset some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Manager shall determine, such method of valuation to be approved by the Trustee.

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

## PURCHASES OF UNITS

Issuances of Units will normally be made with effect from a Dealing Day in respect of applications received on or prior to the Dealing Deadline. Dealing Days and Dealing Deadlines relating to each Fund are specified in the relevant Supplement. Applications for the initial issue of Units should be submitted in writing, by facsimile or by electronic means

to the Manager c/o the Administrator provided that an original Application Form and supporting documentation in relation to anti-money laundering prevention checks is submitted promptly after all applications for Units made by facsimile or electronic means. Subsequent subscriptions (i.e., subsequent to an initial purchase of Units within a Fund) may be made by contacting the Administrator in writing, by telephone, by facsimile or electronic means, provided that such means are in accordance with the requirements of the Central Bank. A Unitholder who places an order by telephone is deemed to have consented to the recording of such telephone order and must provide the following information:

- the Unitholder name and account number and the address and/or fax number to which the contract note is to be sent;
- the Fund name and class of Units being subscribed for;
- the amount of cash or Units to be invested;
- a statement as to how settlement will be made; and
- confirmation that the application has been made in compliance with the terms and conditions of the latest Prospectus.

This information will be confirmed to the Unitholder over a recorded telephone line.

Telephone requests will only be processed if the Unitholder name and account number, and the name, address and/or fax number to which the contract note is to be sent correspond to the current details of the Unitholder of record registered with the Administrator. Should the Unitholder designate that the contract note be sent to a name and/or address which differs from that registered with the Administrator, written confirmation of this change must be submitted by the Unitholder and received by the Administrator before the order will be processed.

Applications received after the Dealing Deadline for the relevant Dealing Day shall, unless the Directors shall otherwise agree in exceptional circumstances and provided they are received before the Valuation Point for the relevant Dealing Day, be deemed to have been received by the next Dealing Deadline. Applications will be irrevocable unless the Directors otherwise agree. If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Trustee and advance notice to Unitholders, agree to designate additional Dealing Days and Valuation Points for the purchase of Units relating to any Fund which will be open to all Unitholders.

The Minimum Initial Investment Amount for Units of each Fund that may be subscribed for by each investor on initial application and the Minimum Unit holding of Units for each Fund is set out in the Supplement for the relevant Fund.

Fractions of Units up to two decimal places may be issued. Subscription monies representing smaller fractions of Units will not be returned to the applicant but will be retained as part of the assets of the relevant Fund.

The Application Form contains certain conditions regarding the application procedure for Units and certain indemnities in favour of the Trust, the relevant Fund, the Manager, the Administrator, the Trustee and the other Unitholders for any loss suffered by them as a result of certain applicants acquiring or holding Units. In no event shall an application

be processed until all the necessary anti-money laundering and know your customer checks have been carried out.

If an application is rejected, the Administrator will return application monies or the balance thereof by electronic transfer to the account from which it was paid within two Business Days of the rejection, at the cost and risk of the applicant.

## **ISSUE PRICE**

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

On a Dealing Day after the Initial Offer Period, the issue price is calculated by ascertaining the Net Asset Value per Unit of the relevant class on the relevant Dealing Day.

A Preliminary Charge of up to 5 per cent of the issue price may be charged by a Fund for payment to the Manager on the issue of Units, out of which the Manager may, for example, pay commission to financial intermediaries.

In addition, in calculating the issue price for the Trust, the Manager may on any Dealing Day when there are net subscriptions adjust the issue price by adding an Anti-Dilution Levy to cover dealing costs and to preserve the value of the underlying Assets of the Trust, further details of which will be set out in the relevant Supplement.

## **PAYMENT FOR UNITS**

Payment in respect of the issue of Units must be made by the relevant Settlement Date by electronic transfer in cleared funds in the currency of denomination of the relevant Unit Class. Cheques will only be accepted in exceptional circumstances at the discretion of the Directors and by advance agreement. The Directors may, at their discretion, accept payment in other currencies, but such payments will be converted into the currency of denomination of the relevant Unit Class at the then prevailing exchange rate available to the Administrator and only the net proceeds (after deducting the conversion expenses) will be applied towards payment of the subscription moneys. This may result in a delay in processing the application.

If payment in full has not been received by the Settlement Date, or in the event of non-clearance of funds, all or part of any allotment of Units made in respect of such application may, at the discretion of the Administrator, be cancelled, or, alternatively, the Administrator may treat the application as an application for such number of Units as may be purchased with such payment on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Manager may charge the applicant for any resulting bank charges or market losses incurred by the relevant Fund. The Manager reserves the right to charge interest at a reasonable commercial rate on subscriptions which are settled late or which are cancelled in the manner set out above.

In the case of Classes that are denominated in a currency other than the Base Currency and are identified as unhedged, a currency conversion will take place on subscription at prevailing exchange rates.

**Please refer to the section of this Prospectus titled "Risk Factors: Unit Class Currency Risk" for more details.**

## **IN SPECIE ISSUES**

The Directors may in their absolute discretion, provided the Trustee is satisfied that no material prejudice would result to any existing Unitholder, allot Units in any Fund against the vesting in the Trustee on behalf of the relevant Fund of investments which would form part of the assets of the relevant Fund. The number of Units to be issued in this way shall be the number which would, on the day the investments are vested in the Trustee on behalf of the relevant Fund, have been issued for cash (together with the relevant Preliminary Charge) against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be calculated by applying the valuation methods described under the headings "Determination of Net Asset Value" and "Valuation of Assets".

## **LIMITATIONS ON PURCHASES**

Units may not be issued or sold by the Manager during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Temporary Suspension of Valuation of the Units and of Issues, Repurchases and Exchanges". Applicants for Units will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

Units may not be directly or indirectly offered or sold in the United States or purchased or held by or for U.S. Persons (unless permitted under certain exceptions under the laws of the United States).

Unless otherwise determined by the Directors, Units may not be purchased by or on behalf of Taxable Irish Persons.

## **UNIT CERTIFICATES/CONFIRMATION OF OWNERSHIP**

Units will be in non-certificated form. Contract notes providing details of the trade will normally be issued within 10 Business Days of the relevant Dealing Day. Confirmations of ownership evidencing entry in the register will be issued within thirty (30) Business Days of the relevant Dealing Day upon receipt of all original documentation required by the Administrator.

## **REPURCHASE OF UNITS**

Requests for the repurchase of Units should be made to the Manager c/o the Administrator in writing, by facsimile, or by electronic means or by telephone and in the case of requests in writing, by facsimile or electronic means must quote the relevant account number, the relevant Fund(s) and class of Unit and any other information which the Administrator reasonably requires. Repurchase requests made by facsimile or electronic means must be followed by subsequent confirmation in writing. A request by telephone or electronic means may only be made if such method of dealing is designated by the Unitholder on the initial application for Units or in a subsequent request. When making a repurchase request by telephone, the Unitholder must also provide the following information:

- the Unitholder name and the account number and the address and/or fax number to which the contract note is to be sent;
- the class of Units being repurchased; and
- confirmation that the repurchase request has been made in compliance with the terms and conditions of the latest Prospectus.

This information will be confirmed to the Unitholder over a recorded telephone line.

Repurchase requests received by facsimile, electronic means or telephone will only be processed if the Unitholder name and account number, and the address and/or fax number and/or the electronic mail address to which the contract note is to be sent correspond to the current details of the Unitholder of record registered with the Administrator. Should the Unitholder designate that the contract note be sent to a name and/or address which differs from that registered with the Administrator, written confirmation of this change must be submitted by the Unitholder and received by the Administrator before the order will be processed.

Requests received on or prior to the relevant Dealing Deadline will, save as otherwise provided in this section and in the relevant Supplement, normally be dealt with on the relevant Dealing Day. Repurchase requests received after the Dealing Deadline shall, unless the Directors otherwise agree in exceptional circumstances and provided they are received before the relevant Valuation Point, be treated as having been received by the following Dealing Deadline.

In no event shall repurchase proceeds be paid until the original Application Form has been received from the Unitholder and all of the necessary anti-money laundering checks have been completed.

A repurchase request will not be capable of withdrawal after acceptance by the Administrator. If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Trustee, agree to designate additional Dealing Days and Valuation Points for the repurchase of Units relating to any Fund which will be open to all Unitholders.

The Directors may decline to effect a repurchase request which would have the effect of reducing the value of any holding of Units relating to any Fund below the Minimum Unitholding for that class of Units of that Fund. Any repurchase request having such an effect may be treated by the Fund as a request to repurchase the Unitholder's entire holding of that class of Units.

The Administrator will not accept repurchase requests, which are incomplete, until all the necessary information is obtained.

## **REPURCHASE PRICE**

The price at which Units will be repurchased on a Dealing Day is also calculated by ascertaining the Net Asset Value per Unit of the relevant class on the relevant Dealing Day. The method of establishing the Net Asset Value of any Fund and the Net Asset Value per Unit of any class of Units in a Fund is set out in the Trust Deed as described under the headings "Determination of Net Asset Value" and "Valuation of Assets".

A Repurchase Charge of up to 2 per cent of the repurchase price may be charged by the Fund for payment to the Manager on the repurchase of Units.

When a repurchase request has been submitted by an investor who is, or is deemed to be, a Taxable Irish Person or is acting on behalf of a Taxable Irish Person, the Manager shall deduct from the repurchase proceeds an amount which is equal to the tax payable by the Fund to the Irish Revenue Commissioners in respect of the relevant transaction.

In addition, in calculating the Redemption Proceeds for the Trust, the Manager may on any Dealing Day when there are net redemptions adjust the Redemption Proceeds by deducting an Anti-Dilution Levy to cover dealing costs and to preserve the value of the underlying Assets of the Trust, further details of which will be set out in the relevant Supplement.

### **PAYMENT OF REPURCHASE PROCEEDS**

The amount due on repurchase of Units will be paid by electronic transfer to an account nominated by the Unitholder in the currency of denomination of the relevant Unit Class of the relevant Fund (or in such other currency as the Directors shall determine) by the Settlement Date and, in any event, within fourteen (14) calendar days from the relevant Dealing Deadline. Payment of repurchase proceeds will be made to the registered Unitholder or in favour of the joint registered Unitholders as appropriate. The proceeds of the repurchase of the Units will only be paid on receipt by the Administrator of a written repurchase request together with such other documentation that the Administrator may reasonably require.

### **LIMITATIONS ON REPURCHASES**

The Manager may not repurchase Units of any Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Temporary Suspension of Valuation of the Units and of Issues, Repurchases and Exchanges". Applicants for repurchases of Units will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The Manager is entitled to limit the number of Units in a Fund repurchased on any Dealing Day to Units representing ten (10) per cent of the total Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Unitholders wishing to have Units of that Fund redeemed on that Dealing Day realise the same proportion of such Units. Units not redeemed, but which would otherwise have been redeemed, will be carried forward for redemption on the next Dealing Day and will be dealt with in priority (on a rateable basis) to redemption requests received subsequently. If requests for redemptions are so carried forward, the Administrator will inform the Unitholders affected.

### **IN SPECIE REPURCHASES**

The Manager may, with the consent of the individual Unitholders, satisfy any request for repurchase of Units by the transfer to those Unitholders of assets of the relevant Fund having a value equal to the Repurchase Price for the Units repurchased as if the Repurchase Proceeds were paid in cash less any Repurchase Charge and other expenses of the transfer.

The Trust Deed contains special provisions where a repurchase request received from a Unitholder would result in Units representing more than 5 per cent of the Net Asset Value of any Fund being repurchased by that Fund on any Dealing Day. In such a case, the Fund may satisfy the repurchase request by a distribution of investments of the relevant Fund in specie, provided that such a distribution would not be prejudicial to the interests of the remaining Unitholders of that Fund. Where the Unitholder requesting such repurchase receives notice of the Fund's intention to elect to satisfy the repurchase request by such a distribution of assets that Unitholder may require the Fund, instead of transferring those assets, to arrange for their sale and the

payment of the proceeds of sale to that Unitholder less any costs incurred in connection with such sale.

The nature and type of assets to be transferred in specie to each Unitholder shall be determined by the Manager (subject to the approval of the Trustee as to the allocation of assets) on such basis as the Manager in their discretion shall deem equitable and not prejudicial to the interests of the remaining Unitholders in the relevant Fund or Class.

### **MANDATORY REPURCHASES**

All of the Units of any Class or any Fund may be repurchased:

- if the Net Asset Value of the relevant Fund is less than the Minimum Net Asset Value (if any) specified herein.
- on the giving by the Manager of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Unitholders of the relevant Fund or Class of its intention to repurchase such Units; or
- if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Unitholders duly convened and held that such Units should be repurchased.

The Manager reserves the right to repurchase any Units which are or become owned, directly or indirectly, by any person or entity which is a U.S. Person (unless pursuant to an exemption under U.S. securities laws), by any Taxable Irish Person (unless otherwise determined by the Manager), by any individual under the age of 18 (or such other age as the Manager may think fit), or if the holding of the Units by any person is in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units or might result in the Trust incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages which the Trust might not otherwise have incurred, suffered or breached.

The Trust Deed permits the Manager, where necessary for the collection of Irish tax, to repurchase and cancel Units held by a person who is, or is deemed to be, a Taxable Irish Person or is acting on behalf of a Taxable Irish Person on the occurrence of a chargeable event for taxation purposes and to pay the proceeds thereof to the Irish Revenue Commissioners.

Without limiting the generality of the foregoing, the Manager may take either of the following actions or any reasonable additional or ancillary actions as they deem necessary in their absolute discretion to comply with FATCA: (a) require any Unitholder to provide such information or confirmations as necessary from time to time, or (b) share such information with the IRS, the Revenue Commissioners or any other relevant tax or other government authority. Where any Unitholder has failed to provide such information or confirmations as requested or is in any other respect deemed to be a recalcitrant account-holder for the purposes of FATCA or is for any other reason deemed not to be compliant with FATCA, the Manager may repurchase and cancel the Unitholder's Units and/or compel or effect the sale of those Units or take any other such actions as may reasonably be deemed necessary to enable the Trust to comply with FATCA.

The Directors may resolve in their absolute discretion to retain sufficient monies prior to effecting a total repurchase of Units to cover the costs associated with the subsequent termination of a Fund or Class or the Trust.

## EXCHANGE OF UNITS

Unitholders will be able to apply to exchange on any Dealing Day all or part of their holding of Units of any class in any Fund (the "Original Class") for Units of another class which are being offered at that time (the "New Class") (such class being in the same Fund or in a separate Fund), provided that all the criteria for applying for Units in the New Class have been met and by giving notice to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. Unless otherwise determined by the Directors, a Unitholder may not exchange Units of one class in any Fund for Units in another class of the same Fund. The Directors may however at their discretion agree to accept requests for exchange received after the relevant Dealing Deadline provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and repurchase of Units will apply equally to exchanges, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

When requesting the exchange of Units as an initial investment in a Fund, Unitholders should ensure that the value of the Units exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class specified in the Supplement for the relevant Fund. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Unitholding for the Original Class.

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

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

**where:**

R = the number of Units of the Original Class to be exchanged;

S = the number of Units of the New Class to be issued;

RP = the repurchase price per Unit of the Original Class as at the Valuation Point for the relevant Dealing Day;

ER = in the case of an exchange of Units designated in the same Base Currency is 1. In any other case, it is the currency conversion factor determined by the Administrator at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Units after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;

SP = the subscription price per Unit of the New Class as at the Valuation Point for the applicable Dealing Day; and

F = the Exchange Charge (if any) payable on the exchange of Units.

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

An Exchange Charge of up to 2 per cent of the repurchase price of the Units being exchanged may be charged by the Fund for payment to the Manager on the exchange of Units.

## LIMITATIONS ON EXCHANGES

Units may not be exchanged for Units of a different class during any period when the calculation of the Net Asset Value of the relevant Fund or Funds is suspended in the manner described under "Temporary Suspension of Valuation of the Units and of Issues, Repurchases and Exchanges". Applicants for exchange of Units will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The Manager may, at their discretion, refuse to effect an exchange request without giving any reason for such refusal. In addition, restrictions may apply on making exchanges between certain Classes as may be set out in the relevant Supplement(s).

## TRANSFER OF UNITS

Units in each Fund will be transferable by instrument in writing in common form or in any other form approved by the Manager and signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor. Transferees will be required to complete an Application Form and provide any other documentation reasonably required by the Manager or the Administrator. 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 Trust as having any title to or interest in the Units registered in the names of such joint Unitholders.

Units may not be transferred: (a) to a Taxable Irish Person (unless otherwise determined by the Directors) or; (b) to a U.S. Person; or (c) to any person who appears to be in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units; or (d) to any person where, in the opinion of the Manager, the holding of the Units by such person might result in a Fund incurring any liability to taxation or suffering other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Fund might not otherwise have incurred, suffered or breached; or (e) if as a consequence thereof either the transferor would have a holding of Units less than the Minimum Unitholding for that class of Units or the transferee would have a holding of Units less than the Minimum Unitholding or the Minimum Initial Investment for that class of Units; or (f) to or by a minor or person of unsound mind; or (g) where any payment of taxation remains outstanding; or (h) in any other circumstances prohibited by the Trust Deed as described therein.

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

## NOTIFICATION OF PRICES

The Net Asset Value per Unit for each Class shall be made available on the internet at [www.northerntrust.com](http://www.northerntrust.com) or such other website as the Investment Manager may notify to Unitholders in advance from time to time and updated following each calculation of the Net Asset Value. In addition, the Net Asset Value per Unit for each Class may be obtained from the office of the Administrator during

normal business hours in Ireland. Such prices will usually be the prices applicable to the previous Dealing Day's trades and are therefore only indicative.

### **TEMPORARY SUSPENSION OF VALUATION OF THE UNITS AND OF ISSUES, REPURCHASES AND EXCHANGES**

The Manager or its delegate may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the issue, repurchase and exchange of Units and the payment of repurchase proceeds during:

*(i) any period when any of the principal Markets on which a substantial portion of the investments of the relevant Fund, from time to time, are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or*

*(ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Unitholders of the relevant Fund, or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or*

*(iii) any breakdown in the means of communication normally employed in determining the price of a substantial portion of the investments of the relevant Fund, or when, for any other reason the current prices on any Market of any of the investments of the relevant Fund cannot be promptly and accurately ascertained; or*

*(iv) any period during which any transfer of funds involved in the realisation or acquisition of investments of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or*

*(v) any period when the Directors consider it to be in the best interest of the relevant Fund; or*

*(vi) following the circulation to Unitholders of a notice of a general meeting at which a resolution to wind up the Trust or terminate a Fund is to be considered.*

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

Unitholders who have requested issue or repurchases of Units of any class or exchanges of Units of one class to another will be notified of any such suspension in such manner as may be directed by the Directors and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Central Bank and to the Irish Stock Exchange and will be communicated without delay to the competent authorities in any country in which the Units are marketed.

### **ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING MEASURES**

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity, address and source of funds and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship in order to comply with Irish law anti-money laundering obligations. Politically exposed persons ("PEPs"), an

individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, 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 an original certified copy of a passport or identification card together with evidence of his/her address such as two original copies of evidence of his/her address, i.e. utility bills or bank statements, 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), a certified copy of the corporate investor's authorised signatory list, the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where, for example, the application is made through a recognised intermediary located in a jurisdiction recognised by Ireland as having equivalent anti-money laundering protections.

The Administrator is regulated by the Central Bank of Ireland, and must comply with the measures provided for in the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010 and 2013 which is aimed towards the prevention of money laundering. In order to comply with these anti-money laundering regulations, the Administrator will require from any subscriber or Shareholder a detailed verification of the identity of such subscriber or Unitholder, the identity of the beneficial owners of such subscriber or Unitholder, the source of funds used to subscribe for Units, or other additional information which may be requested from any subscriber or Unitholder for such purposes from time to time. The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant and where applicable, the beneficial owner. The subscriber or Unitholder should note that the Administrator, in accordance with their anti-money laundering ("AML") procedures reserves the right to prohibit the movement of any monies if all due diligence requirements have not been met, or, if for any reason feels that the origin of the funds or the parties involved are suspicious. In the event that the movement of monies is withheld in accordance with the Administrator's AML procedures, the Administrator will strictly adhere to all applicable laws, and shall notify the Manager as soon as professional discretion allows or as otherwise permitted by law.

None of the Manager, the Directors of the Manager, the Investment Manager or the Administrator 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.

### **DATA PROTECTION**

Prospective investors should note that by completing the Application Form they are providing personal information to the Manager, which may constitute personal data within the meaning of data protection legislation in Ireland. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with Council Directive 2003/48/EC (the "European Savings Directive"), delegates, advisers and service providers of the Trust and their or the Trust's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) for the purposes specified. By signing the Application Form, investors

consent to the obtaining, holding, use, disclosure and processing of data for any one or more of the purposes set out in the Application Form.

Investors have a right of access to their personal data kept by the Manager and the right to amend and rectify any inaccuracies in their personal data held by the Manager by making a request to the Manager in writing.

# MANAGEMENT AND ADMINISTRATION

## DIRECTORS OF THE MANAGER

The Directors of the Manager are described below:

### John Fitzpatrick

Mr. Fitzpatrick has over 25 years' experience in the management of mutual funds and currently acts as an independent director and consultant in relation to a number of management companies and investment funds. Mr. Fitzpatrick was an Executive Director and Head of Product Development and Technical Sales at Northern Trust Investor Services (Ireland) Limited between 1990 and 2005. In this role, he was responsible for consulting with clients regarding fund structures, regulatory issues and industry developments and was responsible for business development in the Dublin office and for representing Northern Trust's Fund Services business globally. Mr. Fitzpatrick has served as Chairman of the Board for the Dublin Funds Industry Association, and from 2002 to 2005 was Vice Chairman of the European Funds and Asset Managers Association.

Prior to joining Northern Trust, Mr. Fitzpatrick worked for PricewaterhouseCoopers and KPMG, where he specialized in Company Law and Tax Planning. He has worked at a senior level in all aspects of the mutual fund industry since 1978.

### Michael Boyce

Mr. Michael Boyce acts as an independent director and a consultant to a number of Irish collective investment schemes. Prior to this, he was Executive Director of Northern Trust Investor Services (Ireland) Limited (formerly Ulster Bank Investment Services Limited (UBIS)) since 1990. Mr. Boyce was Managing Director of Ulster Bank Custodial Services which was the custodian, trustee and custody operation of Ulster Bank funds' business from 1990 to 1997. From 1997 to 2000 he was Managing Director of Ulster Investment Bank Investment Services. Following the purchase of UBIS by Northern Trust in May 2000, he was appointed Director of Client Operations with responsibility for servicing a large range of institutional and retail clients. He has worked in Financial Services industry for over 30 years including stock broking, fund management and fund administration. Mr. Boyce is a graduate of the Michael Smurfit School of Business at UCD from which he holds a Diploma in Corporate Governance. He is a member of the Securities Institute and has served on several committees of the Irish Funds Industry Association. He is also a member of the Institute of Directors Ireland and a member of the Corporate Governance Association of Ireland.

### Gerald Brady

Gerald Brady is an independent, non-executive director and consultant in the regulated, international financial services industry. Mr. Brady has over 25 years experience of the funds industry, both as a director and full-time executive, and has held senior executive management positions in Bank of Bermuda, Capita Financial Group and Northern Trust. Mr. Brady has worked both abroad and in Ireland and is a past Council member of the Irish Funds Industry Association (IFIA) and former Executive Board member of Financial Services Ireland/Irish Business and Employers Confederation (FSI/IBEC). Mr. Brady has a First Class Honours degree in Economics and is a Fellow of the Institute of Chartered Accountants of Ireland (FCA) and a Chartered Financial Analyst (CFA).

### Penelope Biggs

Ms. Penelope Biggs is head of Northern Trust's Institutional Investor Group, the business unit dedicated to servicing sophisticated global asset owners.

In this capacity, she manages Northern Trust's institutional business activities across the EMEA region. Her teams are directly responsible for business development, client servicing, relationship management, marketing and strategy for the region; providing sophisticated asset servicing and asset management solutions for sovereign wealth funds, central banks, government agencies, supranationals, insurance companies, corporations and public/private pension institutions. She is also responsible for managing Northern Trust's offices in the Netherlands, Sweden and Abu Dhabi.

In addition to her role as Head of the Institutional Investor Group, Ms. Biggs leads Northern Trust's Retirement Solutions Practice, an advisory group dedicated to helping financial institutions navigate the complexities of the global retirement market. She is also on the boards of Northern Trust Global Services and Northern Trust Global Investments and is a long-standing member of Northern Trust's EMEA Executive Committee.

### Liam Butler

Liam Butler (Irish) is a Senior Vice President at the Northern Trust Company and is the EMEA Head of Hedge Fund Processing (HFS). Prior to his current role, Mr Butler had worked in Bank of Ireland Securities Services for 17 years in Legal, Risk & Compliance, Business Development and Client Relationship Management. Over the past number of years, he has been an active participant in the Irish Funds Industry Association having sat on the Legal and Regulatory, Marketing, Taxation, Alternative Investment and Corporate Governance Sub-Committees. Mr Butler joined Northern Trust in June, 2011 as part of the acquisition of Bank of Ireland Securities Services. Prior to that, he had worked for a number of years for a leading Irish law firm. In addition to his financial services experience, Mr Butler is a qualified solicitor and holds a law degree from Trinity College Dublin.

### No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- (iv) been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

(v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

(vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

Save for the information disclosed herein, no further information is required to be given in respect of the Directors pursuant to the listing requirements of the Irish Stock Exchange.

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

## MANAGER

Northern Trust Fund Managers (Ireland) Limited has been appointed as manager of the Trust and each Fund pursuant to the Trust Deed. The Manager will be responsible for the investment management of the assets of the Trust and each Fund, the general administration of the Trust and each Fund and the distribution of the Units of each Fund of the Trust. The Manager, a limited liability company incorporated in Ireland on 9th February, 1996 is ultimately a wholly-owned subsidiary of Northern Trust Corporation, a multi-bank holding company based in Chicago, Illinois. The authorised share capital of the Manager is USD 1,000,000, USD 200,000 of which is issued and fully paid up.

The Manager's main business is the provision of fund management services to collective investment schemes such as the Trust. The Manager currently acts as manager to three other collective investment schemes namely Northern Trust Investment Funds plc, Northern Trust UCITS Common Contractual Fund and Northern Trust Common Contractual Fund.

The Manager has the right under the Trust Deed to retire on 90 days' written notice to the Trustee. If no successor is appointed at the end of the 90 day notice period, the Manager may require the Trust to be wound up. In such case, the Manager shall apply in writing to Central Bank for revocation of the Trust's authorisation and the Manager shall remain as the Manager, notwithstanding the expiration of the 90 day notice period, until such time as the Central Bank has revoked the Trust's authorisation. The Manager may be removed by the Trustee in the following circumstances; (a) 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 its assets and is not discharged within sixty days or if an examiner is appointed to the Manager or if an event having equivalent effect occurs; or (b) if the Manager becomes resident in the United Kingdom for United Kingdom tax purposes; or (c) where the Unitholders of not less than 50 per cent of the Units for the time being in issue so request in writing to the Trustee that the Manager should retire.

The Manager/Trustee may in its absolute discretion terminate the Trust or any Fund by giving not less than six months' notice in writing to the other.

The Trust Deed contains provisions governing the responsibilities of the Manager and providing for its indemnification in certain circumstances, subject to exclusions in the case of negligence, fraud, bad faith or wilful default on the part of the Manager.

The Manager and/or any person appointed by the Manager for such purpose shall have the exclusive right to effect for the account of the Trust the issue of Units and to request the Trustee to create Units.

The company secretary of the Manager is Northern Trust International Fund Administration Services (Ireland) Limited.

## THE PROMOTER

Each of the Promoter, Investment Manager, the Administrator and the Trustee are members of the Northern Trust Group. As of 31 March 2012, Northern Trust had assets under custody of USD 4.6 trillion and assets under investment management of USD 717.0 billion. For 122 years, Northern Trust has earned distinction as an industry leader in combining high-touch service and expertise with innovative products and technology.

## INVESTMENT MANAGER

The Manager has appointed Northern Trust Global Investments Limited to act as Investment Manager to the Funds.

Northern Trust Global Investments Limited is a company incorporated under the laws of the United Kingdom on 15 February 2000 and is authorised and regulated by the Financial Conduct Authority in the United Kingdom ("FCA"). Northern Trust Global Investments Limited is a wholly owned subsidiary Northern Trust Management Services Limited which is a wholly owned subsidiary of The Northern Trust International Banking Corporation which is a wholly owned subsidiary of The Northern Trust Company. The Northern Trust Company in turn is a wholly owned subsidiary of Northern Trust Corporation. The Investment Manager's main business activity is the provision of investment management services.

Details of any other Investment Manager(s) are set out in the Supplement for the relevant Fund.

The Investment Manager may delegate the discretionary investment management functions in respect of the assets of each or any Fund to a Sub-Investment Manager in accordance with the requirements of the Central Bank. Where a Sub-Investment Manager is appointed but not paid directly out of the assets of the relevant Fund, disclosure of such entity will be provided to the Unitholders on request and details thereof will be disclosed in the Trust's periodic reports. Where a Sub-Investment Manager is appointed and paid directly out of the assets of a Fund, this will be set out in the supplement for the relevant Fund.

## PORTFOLIO MANAGERS

An Investment Manager or Sub-Investment Manager may delegate its powers of investment management of some or all of the assets of each Fund to relevant Portfolio Managers in accordance with the requirements of the Central Bank. The Investment Manager or Sub-Investment Manager appoints Portfolio Managers after an analysis and research process has been conducted in which factors such as investment style, philosophy, fundamental research orientation, track records, level of expertise and financial stability are evaluated. The process is continuous and appointment and removal of Portfolio Managers can occur on a continuous basis. The fees of a Portfolio Manager may be paid directly out of the assets of the relevant Fund or may be paid by the Manager out of its own fees. Where the fees of a Portfolio Manager are paid by the Manager out of its own fees and not out of the assets of the relevant Fund, information in relation to the Portfolio Manager will be

provided to Unitholders on request and details thereof will be disclosed in the periodic reports of the Trust. Where the fees of a Portfolio Manager are paid out of the assets of the relevant Fund, information in relation to the Portfolio Manager will be set out in the relevant Supplement.

## TRUSTEE

Northern Trust Fiduciary Services (Ireland) Limited 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 also a wholly-owned subsidiary of Northern Trust GFS Holdings Limited and an indirect wholly owned subsidiary of Northern Trust Corporation. The registered office of the Trustee is Georges Court, 54-62 Townsend Street, Dublin 2, Ireland. The Trustee has been approved by the Central Bank to act as trustee for the Trust.

The Trustee is responsible for the safe-keeping of all of the assets of the Trust and each Fund. The Trust Deed provides that, the Trustee must exercise due care and diligence in the discharge of its duties and shall be liable to the Manager and the Unitholders for any loss suffered by them arising from its unjustifiable failure to perform its obligations or its improper performance of those duties. The Trustee may, however, appoint any person or persons to be the sub-custodian of the assets of the Trust and each Fund. The liability of the Trustee shall not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. In order to discharge its responsibilities, the Trustee must exercise care and diligence in choosing and appointing a third party as a safekeeping agent so as to ensure that the third party has, and maintains, the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Trustee must maintain an appropriate level of supervision over the third party and make appropriate enquiries, from time to time, to confirm that the obligations of the third party continue to be competently discharged.

The Trust Deed contains provisions governing the responsibilities of the Trustee and provides that, in the absence of a breach of its prescribed standard of care (as outlined above), the Trustee shall be indemnified out of the assets of the Trust.

The Trust Deed specifies the conditions to be followed with respect to the replacement of the Trustee with another trustee and contains provisions to ensure the protection of Unitholders in the event of any such replacement.

The Trustee has the right to retire under the Trust Deed on 90 days' written notice to the Manager provided that such retirement shall not come into effect except upon the appointment of a new trustee. Any successor trustee must be acceptable to the Manager and must be an entity approved by the Central Bank. In addition, the appointment of the successor trustee must be approved by the Central Bank. If no successor is appointed at the end of the 90 day notice period the Trustee may require the Trust to be wound up. In such case, the Manager shall apply in writing to the Central Bank for revocation of the Trust's authorisation and the Trustee shall remain as the Trustee, notwithstanding the expiration of the 90 day notice period, until such time as the Central Bank has revoked the Trust's authorisation. The Trustee may be removed by the Manager in the following circumstances; (a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets and is not discharged within

60 days or if an examiner is appointed to the Trustee or if an event having equivalent effect occurs; or (b) if the Trustee becomes resident in the United Kingdom for United Kingdom tax purposes (where in such case the Trustee would also no longer be compliant with the Central Bank's Notices); or (c) where the Unitholders of not less than 50 per cent of the Units for the time being in issue so request in writing to the Manager that the Trustee should retire.

The Trustee may in its absolute discretion terminate the Trust or any Fund by giving not less than six months' notice in writing to the Manager.

The Trustee shall be responsible for the segregation of the assets and liabilities of each of the Funds.

The Trustee is obliged to ensure inter alia that:

*(a) the sale, issue, realisation, repurchase and cancellation of Units are carried out in accordance with the Regulations, the conditions imposed by the Central Bank and the Trust Deed;*

*(b) the value of Units is calculated in accordance with the Trust Deed;*

*(c) in transactions involving the Trust's assets any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction;*

*(d) the Trust's income is applied in accordance with the Trust Deed;*

*(e) the instructions of the Manager are carried out, unless they conflict with the Regulations or the Trust Deed; and*

*(f) it has enquired into the conduct of the Manager in each Accounting Period and it reports thereon to the Unitholders. The Trustee's report shall be delivered to the Manager in good time to enable the Manager to include a copy of the report in the annual report of each Fund. The Trustee's report shall state whether, in the Trustee's opinion, each Fund has been managed in that period:*

*(i) in accordance with the limitations imposed on the investment and borrowing powers of the Trust by the Trust Deed and by the Central Bank under the powers granted to the Central Bank under the Regulations; and*

*(ii) otherwise in accordance with the provisions of the Trust Deed and the Regulations.*

If the Manager has not complied with (i) or (ii) above, the Trustee must state why this is the case and outline the steps which the Trustee has taken to rectify the situation. The duties provided for in paragraphs (a) to (f) above may not be delegated by the Trustee to a third party.

## TRUST DEED

Copies of the Trust Deed may be obtained from the Manager or the Trustee or may be inspected during normal working hours at the offices of the Manager or the Trustee, free of charge.

The Trustee and the Manager shall be entitled jointly by a supplemental trust deed to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they might consider expedient for any purpose provided that the Trustee shall certify in writing that in its opinion such modification, alteration or addition:

- *does not materially prejudice the interests of the Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility under the Trust Deed and (with the exception of the payment of fees and expenses incurred in relation to the preparation and execution of the relevant supplemental trust deed) will not result in any increase in the amount of costs and charges payable out of the assets of the Trust; or*

- *is necessary in order to make possible compliance with any fiscal, statutory or other official requirement (whether or not having the force of law); or*

- *is made to correct a manifest error.*

Other than the foregoing, no such modification, alteration or addition shall be made without the approval of an Extraordinary Resolution (as described under "Meetings of Unitholders") and no such modification, alteration or addition shall impose upon any Unitholder any obligation to make any further payment in respect of its Units or to accept any liability in respect thereof.

The Trustee shall, as soon as practicable after any modification, alteration or addition to the provisions of the Trust Deed in respect of which the Trustee shall have certified in accordance with the provisions above, give notice of such modification, alteration or addition to the Unitholders, unless such modification, alteration or addition is not in the opinion of the Trustee of material significance. No modification, alteration or addition shall be made to the Trust Deed without the prior approval of the Central Bank and, where relevant, of the appropriate regulatory authority in any jurisdiction in which Units are distributed. A copy of any supplemental trust deed containing any such modification, alteration or addition shall be deposited with the Central Bank in accordance with the Regulations.

Subject to the provisions outlined above, the Trustee and the Manager may alter any of the provisions of the Trust Deed with the prior approval of the Central Bank.

## **ADMINISTRATOR**

Northern Trust International Fund Administration Services (Ireland) Limited is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly-owned subsidiary of Northern Trust GFS Holdings Limited which in turn is wholly owned by 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 authorised and regulated by the Central Bank.

The duties and functions of the Administrator include, inter alia, the calculation of the Net Asset Value and the keeping of all relevant records and accounts of the Trust and of each Fund as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement and the Regulations.

## **PAYING AGENTS/ REPRESENTATIVES/DISTRIBUTORS**

Local laws or regulations in certain jurisdictions may require that the Manager (on behalf of the Trust) appoints a local paying agent/representative/distributor/correspondent bank/centralising agent ("paying agent"). The role of the paying agent may entail, for example maintaining accounts through which subscription and repurchase proceeds and dividends are paid. The appointment of a paying agent (including a summary of the agreement appointing such paying agent) may be detailed in a country supplement.

# TAXATION

## GENERAL

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

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

## IRISH TAXATION

### Tax On Income And Capital Gains

#### (a) The Trust

The Directors have been advised that the Trust is an investment undertaking within the meaning of section 739B TCA and, therefore, is not chargeable to Irish tax on its relevant income or relevant gains for so long as the Trust is resident for tax purposes in Ireland.

A Chargeable Event occurs on:

*(a) a payment of any kind to a Unitholder in respect of their Units by the Trust;*

*(b) a transfer, cancellation, redemption or repurchase of Units; and*

*(c) on the eighth anniversary of a Unitholder acquiring Units and every subsequent eighth anniversary (a "Deemed Disposal")*

A Chargeable Event does not include:

- i. any transaction in relation to Units held in a recognised clearing system;
- ii. any exchange by a Unitholder effected by way of a bargain made at arm's length by the Trust, of Units in the Trust for other Units in the Trust;
- iii. certain transfers of Units between spouses or civil partners and former spouses or former civil partners; or
- iv. an exchange of Units arising on a qualifying amalgamation or reconstruction of the Trust with another Irish investment undertaking; or
- v. the cancellation of Units in the Trust arising from an exchange in relation to a scheme of amalgamation (as defined in section 739HA)..

On the happening of a Chargeable Event, the Company shall be entitled to deduct the appropriate amount of tax on any payment made to a Unitholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made by the Company to the Unitholder, the Company may appropriate or cancel the required number of Shares to meet the tax liability.

Where the Chargeable Event is a Deemed Disposal and the value of Units held by Irish Resident Unitholders in the Company is less than 10% of the total value of Shares in the Company and the Company has made an election to

the Revenue Commissioners to report annually certain details for each Irish Resident Unitholder, the Trust will not be required to deduct the appropriate tax and the Irish Resident Unitholder (and not the Trust) must pay the tax on the Deemed Disposal on a self-assessment basis. Credit is available against appropriate tax relating to the Chargeable Event for appropriate tax paid by the Company or the Unitholder on any previous Deemed Disposal. On the eventual disposal by the Unitholder of the Units, a refund of any unutilised credit will be payable.

#### (b) Unitholders

##### *Non-Irish Resident Unitholders*

Non-Irish Resident Unitholders will not be chargeable to Irish tax on the happening of a Chargeable Event provided that either:

- i. the Manager or the Trust is in possession of a completed Relevant Declaration to the effect that the Unitholder is not an Irish Resident, or
- ii. the Manager or the Trust is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide a Relevant Declaration is deemed to have been complied with in respect of that Unitholder and the written notice of approval has not been withdrawn by the Revenue Commissioners.

If the Manager or Trust are not in possession of a Relevant Declaration or the Manager or the Trust is in possession of information which would reasonably suggest that the Relevant Declaration is not or is no longer materially correct, the Trust must deduct tax on the happening of a Chargeable Event in relation to such Unitholder. The tax deducted will generally not be refunded.

Intermediaries acting on behalf of non-Irish Resident Unitholders can claim the same exemption on behalf of the Unitholders for whom they are acting. The intermediary must complete a Relevant Declaration that it is acting on behalf of a non-Irish Resident Unitholder.

A non-Irish Resident corporate Unitholder which holds Units directly or indirectly by or for a trading branch or agency of the Unitholder in Ireland, will be liable for Irish corporation tax on income from the Units or gains made on the disposal of the Units.

##### *Exempt Irish Unitholders*

The Trust is not required to deduct tax in respect of an Exempt Irish Unitholder so long as the Trust is in possession of a completed Relevant Declaration from those persons and the Trust has no reason to believe that the Relevant Declaration is materially incorrect. The Exempt Irish Unitholder notify the Trust if it ceases to be an Exempt Irish Unitholder. Exempt Irish Unitholders in respect of whom the Trust is not in possession of a Relevant Declaration will be treated by the Trust as if they are not Exempt Irish Unitholders.

Exempt Irish Unitholders may be liable to Irish tax on their income, profits and gains in relation to any sale, transfer, repurchase, redemption or cancellation of Units or dividends or distributions or other payments in respect of their Units. It is the obligation of the Exempt Irish Unitholder to account for tax to the Revenue Commissioners.

##### *Irish Resident Unitholders*

Irish Resident Unitholders (who are not Exempt Irish Unitholders) will be liable to tax on the happening of a

Chargeable Event. Tax at the rate of 41% will be deducted by the Trust on payments made to the Unitholder in relation to the Units or on the sale, transfer, Deemed Disposal (subject to the 10% threshold outlined above), cancellation, redemption or repurchase of Units or the making of any other payment in respect of the Units.

An Irish Resident Unitholder who is not a company and is not an Exempt Irish Unitholder will not be liable to any further income or capital gains tax in respect of any sale, transfer, Deemed Disposal, cancellation, redemption or repurchase, of Units or the making of any other payment in respect of their Units.

Where the Irish Resident Unitholder is a company which is not an Exempt Irish Unitholder, and the payment is not taxable as trading income under Schedule D Case I, the amount received will be treated as the net amount of an annual payment chargeable to tax under Schedule D Case IV from the gross amount of which income tax has been deducted at 25%.

Where the Irish Resident Unitholder is a company which is not an Exempt Irish Unitholder, and the payment is taxable as trading income under Schedule D Case I, the following provisions apply:

- (i) the amount received by the Unitholder is increased by any amount of tax deducted by the Company and will be treated as income of the Unitholder for the chargeable period in which the payment is made;
- (ii) where the payment is made on the sale, transfer, Deemed Disposal, cancellation, redemption or repurchase of Units, such income will be reduced by the amount of consideration in money or money's worth given by the Unitholder for the acquisition of those Units; and
- (iii) the amount of tax deducted by the Trust will be set off against the Irish corporation tax assessable on the Unitholder in respect of the chargeable period in which the payment is made.

#### Stamp duty

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

#### Capital acquisitions tax

No Irish gift tax or inheritance tax (capital acquisitions tax) or probate tax liability will arise on a gift or inheritance of Units provided that:-

*(a) at the date of the disposition the transferor is neither domiciled nor Ordinarily Resident in Ireland and at the date of the gift or inheritance the transferee of the Units is neither domiciled nor Ordinarily Resident in Ireland; and*

*(b) the Units are comprised in the disposition at the date of the gift or inheritance and the valuation date.*

#### Other tax matters

The income and/or gains of the Trust from its securities and assets may suffer withholding tax in the countries where such income and/or gains arise. The Trust may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in repayment to the Trust, the Net Asset Value of the Trust will not be restated and

the benefit will be allocated to the existing Unitholders at the time of repayment.

#### EU Savings Directive

In accordance with EC Council Directive 2003/48/EC (the "Directive") regarding the taxation of interest income, a paying agent (within the meaning of the Directive) who makes a payment of interest (which may include an income or capital distribution payment) on behalf of the Company to an individual who is resident in another Member State or a residual entity established in another Member State, is required to provide details of those payments (which includes certain payments made by collective investment undertakings) and certain details relating to the Unitholders of the Trust to the Irish Tax authorities. The Irish Tax authorities are obliged to provide such information to the competent authorities of the Member State of residence of the individual or residual entity concerned.

The paying agent shall be entitled to require Unitholders to provide information regarding tax status, identity or residency in order to satisfy the disclosure requirements in this Directive. Unitholders will be deemed by their subscription for Units in respect of the Company to have authorised the automatic disclosure of such information by the paying agent to the relevant tax authorities.

On 24 March 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

#### FATCA Implementation in Ireland

On 21 December 2012, the governments of Ireland and the U.S. signed an Agreement to Improve International Tax Compliance and to implement FATCA (the "Inter-Governmental Agreement"). FATCA was implemented in Ireland, by Section 32 of the Finance Act 2013, and by the FINANCIAL ACCOUNTS REPORTING (UNITED STATES OF AMERICA) REGULATIONS 2014 which was published by the Irish Revenue Commissioners on 30 June 2014

The Inter-Governmental Agreement will significantly increase the amount of tax information automatically exchanged between Ireland and the U.S. It provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish Residents. The Trust will be subject to these rules beginning 1 July 2014. Complying with such requirements will require the Company to request and obtain certain information and documentation from its Unitholders, other account holders and (where applicable) the beneficial owners of its Unitholders and to provide any information and documentation indicating direct or indirect ownership by U.S. Persons to the competent authorities in Ireland. Unitholders and other account holders will be required to comply with these requirements, and non-complying Unitholders may be subject to compulsory redemption and/or U.S. withholding tax of 30% on withholdable payments and/or other monetary penalties.

The Inter-Governmental Agreement provides that Irish financial institutions will report to the Revenue Commissioners in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the IRS in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis. The Irish legislation implementing the agreement has not been finalised and a number of matters remain uncertain.

The Trust (and/or the Administrator or the Manager) shall be entitled to require Unitholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the Company may have as a result of the Inter-Governmental Agreement or any legislation promulgated in connection with the agreement and Unitholders will be deemed, by their subscription for or holding of Units to have authorised the automatic disclosure of such information by the Company or any other person to the relevant tax authorities.

### **OTHER JURISDICTIONS**

As Unitholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdiction within which a person is tax resident. Therefore **the Directors strongly recommend that Unitholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Units in the Trust and any investment returns from those Units.** It is the Director's intention to manage the affairs of the Trust so that it does not become resident outside of Ireland for tax purposes.

# GENERAL

## CONFLICTS OF INTEREST

Subject to the provisions of this section, the Manager, any Investment Manager, any Portfolio Manager, the Administrator, the Trustee and any of their respective subsidiaries, affiliates, associates, agents or delegates (each a "Connected Person") may contract or enter into any financial, banking or other transaction with one another or with any Fund. This includes, without limitation, investment by a Fund in securities of any Connected Person or investment by any Connected Persons in any company or bodies, any of whose investments form part of the assets comprised in any Fund or having an interest in any such contract or transactions. In addition, any Connected Person may invest in and deal in Units relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else.

Any cash of any Fund may be deposited, subject to the provisions of the Irish Central Bank Acts, 1942 to 2004, with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

There is no prohibition on dealings in the Assets of any Fund by the Manager, the Trustee, the Administrator, the Investment Manager, any Sub-Investment Managers or Portfolio Managers and/or associated or group companies of these (each a "**Connected Person**"), provided that the transaction is consistent with the best interests of Unitholders and is carried out as if effected on normal commercial terms negotiated at arm's length, and:

- (A) a certified valuation of such transaction by a person appointed by the Manager and approved by the Trustee (or in the case of any such transaction entered into by the Trustee, the Manager) as independent and competent has been obtained; or
- (B) such transaction has been executed on best terms on organised investment exchanges under their rules; or
- (C) where (a) and (b) are not practical, such transaction has been executed on terms which the Trustee is (or in the case of any such transaction entered into by the Trustee, the Manager is) satisfied conform with the principle that such transactions be carried out and negotiated at arm's length consistent with the best interests of Holders.

Each Connected Person must prepare a report of any transactions entered into by that Connected Person in respect of a Fund for inclusion in the Trust's semi-annual and annual report. This report must include a list of all transactions, by type, the name of the Connected Person and where relevant, fees paid to that Connected Person in connection with the transaction.

Also a conflict of interest may arise where the competent person valuing unlisted securities and/or OTC derivatives held by a Fund is the Investment Manager, Sub-Investment Manager or a Portfolio Manager or any other related party to the Trust. For example, because the Investment

Manager, Sub-Investment Manager or a Portfolio Manager's fees are calculated on the basis of a percentage of a Fund's Net Asset Value, such fees increase as the Net Asset Value of the Fund increases. When valuing securities owned or purchased by a Fund, the Investment Manager, Sub-Investment Manager or a Portfolio Manager (or any other related party to the Trust) will, at all times, have regard to its obligations to the Trust and the Fund and will ensure that such conflicts are resolved fairly.

A potential conflict of interest exists due to the fact that the Manager may estimate the probable realisation value of unlisted securities.

As the fees of the relevant Investment Manager and a Portfolio Manager are based on the Net Asset Value of a Fund, if the Net Asset Value of the Fund increases so too do the fees payable to the Investment Manager and the relevant Portfolio Manager and accordingly there is a conflict of interest for the Investment Manager and a Portfolio Manager in cases where the Investment Manager and such Portfolio Manager is responsible for determining the valuation price of a Fund's investments.

The provisions of this section shall apply to all Funds unless otherwise stated in the Supplement of a specific Fund.

## USE OF DEALING COMMISSION AND OTHER INDUCEMENTS

Portfolio Managers may use dealing commission to purchase goods or services, in addition to execution services, only where such goods or services (i) either relate to the execution of trades or comprise the provision of research; and (ii) will reasonably assist the Portfolio Manager in the provision of its services to the relevant Fund; and (iii) do not (and are not likely to) impair the Portfolio Manager's compliance with its duty to act in the relevant Fund's best interests. Details of any such arrangements will be disclosed to Unitholders in the periodic reports of the relevant Fund.

Any other inducement (other than a standard commission or fee) which a Portfolio Manager may receive in relation to its services to the Fund, whether in the form of monies, goods or services, will be disclosed to Unitholders in the periodic reports of the relevant Fund.

The Portfolio Manager shall only enter into such arrangements where the broker/counterparty has agreed to provide best execution for the relevant Fund.

## SECURITIES LENDING

As further outlined in Schedule II, a Fund may use securities lending agreements for the purposes of efficient portfolio management. A Fund may enter into securities lending agreements subject to the conditions and limits set out in the Central Bank Notices.

## COMMISSION RECAPTURE PROGRAMME

Where the Manager or any of its delegates successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities for a Fund ("**recaptured commissions**"), the recaptured commissions shall be paid to the relevant Fund and the Manager or any of its delegates, as the case may be, shall be entitled to be reimbursed out of the assets of the relevant Fund for the reasonable properly vouched costs, fees and expenses directly incurred by the Manager or any of its delegates in negotiating recaptured commissions and in monitoring

the programmes, seeking the highest standard of execution, value added service and investment research on behalf of the Funds. In no event will the amount of such reimbursement exceed 50 per cent of the recaptured commissions. Accordingly, there may be circumstances where the Manager or any of its delegates shall not be entitled to reimbursement of part or all of the costs, fees and expenses it incurs in relation to recaptured commissions programmes. The Manager shall review and sign-off on any invoices relating to recaptured commissions received from any of its delegates at a board meeting of the Manager before sending same as a separate invoice to the Trustee. Full details of the amount paid under these arrangements out of the assets of each Fund must also be separately disclosed in the annual accounts of the Trust.

## REPORTS AND ACCOUNTS

The Trust's year end is 31 March in each year. Audited accounts prepared in accordance with Irish generally accepted accounting principles and a report in relation to the Trust will be sent to Unitholders within four months after the conclusion of each Accounting Period and the unaudited semi annual reports within two months after the end of the six month period ending on 30 September in each year. Such accounts and reports will contain a statement of the value of the net assets of each Fund and of the investments comprised therein as at the year end or the end of such six month period and such other information as is required by the Regulations. Copies of such reports and accounts will be sent to the Irish Stock Exchange and the Central Bank within the time limits specified. The latest audited accounts will be sent to Unitholders and prospective investors upon request from the Manager.

## ALLOCATION OF ASSETS AND LIABILITIES

The Trust Deed requires the Trustee to establish separate Funds which constitute separate trusts (under which the liabilities of each Fund, including any liabilities to third parties, shall be segregated and liabilities which are attributable to one particular Fund shall not be applied or discharged by another Fund and the Trust as a whole is not liable to third parties) in the following manner:-

*(a) the records and accounts of each Fund shall be maintained separately in the Base Currency;*

*(b) the proceeds from the issue of each class of Units (excluding the Preliminary Charge) shall be applied in the records and accounts of the relevant Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund;*

*(c) where any asset is derived from any other asset (whether cash or otherwise), the derived asset shall be applied in the records and accounts of the same Fund as the asset from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;*

*(d) in the case of any asset of the Trust (or amount treated as notional asset) which the Trustee does not consider as attributable to a particular Fund or Funds, the Trustee shall have discretion, subject to the prior approval of the Manager, to determine the basis upon which any asset shall be allocated between Funds (including conditions as to the subsequent re allocation thereof if circumstances so permit) and the Trustee shall have the power at any time, and from time to time, subject to the prior approval of the Manager, to vary such basis provided that the approval of the Manager shall not be required in any case where the asset*

*is allocated between all Funds, pro rata to their Net Asset Values, at the time when the allocation is made;*

*(e) each Fund shall be charged with the liabilities, expenses, costs, charges or reserves in respect of, or attributable to, that Fund. In the case of any liability of the Trust (or amount treated as a notional liability) which the Trustee does not consider as attributable to a particular Fund or Funds the Trustee shall have discretion, subject to the prior approval of the Manager, to determine the basis upon which any liability shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time, subject to the prior approval of the Manager, to vary such basis, provided that the approval of the Manager shall not be required in any case where a liability is allocated between all Funds, pro rata to their Net Asset Values, at the time when the allocation is made; and*

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

## MEETINGS OF UNITHOLDERS

The Trust Deed contains detailed provisions for meetings of Unitholders generally and of the Unitholders of each Fund. Meetings may be convened by the Trustee, the Manager or the holders of at least one-fifth of the Units in issue or, in the case of a meeting of a Fund, the Units of the Fund in issue, on not less than 14 days' notice (including the day on which the notice is served or deemed to be served and the day for which notice is given). Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting for the transaction of business will be Unitholders present in person or by proxy and holding or representing not less than one twentieth of Units (or, in the case of a meeting of a Fund, Units of the Fund) for the time being in issue, except for the purpose of passing an Extraordinary Resolution the quorum for which will be Unitholders present in person or by proxy and holding or representing not less than one tenth of the Units (or, in the case of a meeting of a Fund, Units of the Fund) for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number and the number of Units held by them.

On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a firm) is present in the person of one of the partners thereof or (being a corporation) is represented by a representative or by one of its officers as its proxy, shall have one vote. On a poll every Unitholder present in person or by representative or proxy shall have one vote for every Unit for which is registered in the name of the Unitholder. Such voting rights may be amended in the same manner as any other provision of the Trust Deed.

Units in each Fund are entitled to participate equally in the profits and distributions of that Fund and in its assets in the event of termination.

An Extraordinary Resolution is a resolution proposed as such at a meeting of Unitholders at which a quorum is present and passed by a majority of 75 per cent of the total number of votes cast.

The Trust Deed provides that a resolution which, in the opinion of the Trustee, affects one Fund shall be deemed to have been duly passed if passed at a separate meeting of the Unitholders of that Fund; if, in the opinion of the Trustee, a resolution affects more than one Fund but does not give rise to a conflict of interests between the Unitholders of the respective Funds, the resolution shall be deemed to have been duly passed if passed at a single meeting of the holders of the Units of each of those Funds; if a resolution affects, in the opinion of the Trustee, more than one Fund and gives or may give rise to a conflict of interests between the Unitholders of the respective Funds, the resolution shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Unitholders of the relevant Funds, it shall be passed at separate meetings of the Unitholders of each of the relevant Funds.

## **DURATION OF THE TRUST**

The Trust or any Fund will continue until terminated in accordance with the Trust Deed.

The Trust or any Fund can be terminated in a number of ways:

*(a) By the Manager if the Net Asset Value of the Trust Assets or in the case of a Fund the Net Asset Value of such Fund falls below the Minimum Trust Size or the Minimum Net Asset Value as the case may be as may be set out in the Supplement for the relevant Fund;*

*(b) By the Trustee: (i) on the liquidation, receivership, appointment of an examiner to the Manager or breach of duties by the Manager, (ii) if the Trust or the relevant Fund shall cease to be authorised or otherwise officially approved under the Regulations (iii) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust or the relevant Fund, (iv) on the removal of the Manager if a qualified successor acceptable to the Trustee and the Central Bank cannot be found within a period of 90 days, or (v) if within 90 days 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;*

*(c) By the Manager: (i) on the liquidation, receivership, appointment of an examiner to the Trustee or breach of duties by the Trustee, (ii) if the Trust or the relevant Fund shall cease to be authorised or otherwise officially approved under the Regulations (iii) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust or the relevant Fund, (iv) on the removal of the Trustee if a qualified successor acceptable to the Manager and the Central Bank cannot be found within a period of 90 days, or (v) if within a period of 90 days from the date of the Manager expressing in writing to the Trustee its desire to retire the Trustee shall have failed to appoint a new manager;*

*(d) By the Trustee or the Manager with the approval of an Extraordinary Resolution of a meeting of the Unitholders, or the Unitholders in the relevant Fund, which shall take effect from the date so approved; and*

*(e) By the Manager, or the Trustee, on not less than six months' notice in writing by either party to the other.*

Prior to terminating the Trust or any Fund, the relevant party should give notice to the Unitholders of the Trust or the Unitholders in the relevant Fund, and by such notice fix the date at which such termination is to take effect.

With effect on and from the date as at which the Trust, or a Fund, is to terminate, no Units in the Trust, or the relevant Fund, may be issued or sold by the Manager and neither the Manager nor any Unitholder, shall have any right to require the cancellation or realisation of any Unit or any Unit of the relevant Fund. The Manager shall realise all the assets then comprised in the Trust or in the relevant Fund.

After the Trust or any Fund has been terminated, each of the Trustee and the Manager may exercise its powers and carry out its duties under the Trust Deed and shall otherwise continue to have the benefit of, and be subject to, the provisions of the Trust Deed and shall be entitled to exercise all of its powers, duties, authorities and discretions thereunder until all of the assets of the Trust, or as the case may be, the Fund shall have been distributed to the Unitholders of the Trust, or of the relevant Fund, or any unclaimed net proceeds or other cash paid into court pursuant to the provisions of the Trust Deed.

## **LITIGATION AND ARBITRATION**

The Trust is not involved in any litigation nor are the Directors of the Manager aware of any pending or threatened litigation against the Trust.

## **DIRECTORS' INTERESTS**

*(a) There are no service contracts in existence between the Manager and any of its Directors, nor are any such contracts proposed;*

*(b) At the date of this Prospectus, no Director has any interest, direct or indirect, in any assets which have been, or are proposed to be, acquired or disposed of by, or issued to, the Trust and save as provided in (d) below, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Trust;*

*(c) At the date of this Prospectus neither the Directors nor any Associated Person have any beneficial interest in the share capital of the Manager or any options in respect of such capital;*

*(d) Gerry Brady is a Director of the Manager and the Administrator.*

## **MATERIAL CONTRACTS**

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

**1. The amended and restated Administration Agreement** dated 22 July 2014 between the Manager, Northern Trust Investor Services (Ireland) Limited and the Administrator (the "**Agreement**"). The Agreement provides that the appointment of the Administrator will continue unless and until terminated by either party giving to the other not less than 90 days' written notice, although in certain circumstances, the Administration Agreement may be terminated forthwith by notice in writing by the Manager or the Administrator to the other; the Administration Agreement contains certain indemnities in favour of the Administrator which are restricted to exclude matters arising by reason of negligence, wilful misconduct, fraud, bad faith or reckless disregard of the Administrator or its directors, officers or employees in the performance of its or their obligations and duties;

**2 The Global Distribution Agreement** dated 18 May 2007 between the Manager and Northern Trust Global Investments Limited (the "**Agreement**"); the Agreement

provides that the appointment of the Global Distributor will continue unless and until terminated by the Global Distributor giving not less than 90 days' notice in writing to the Manager or by the Manager giving not less than 90 days' notice in writing to the Global Distributor although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other; this Agreement contains certain indemnities in favour of the Global Distributor which are restricted to exclude matters resulting from fraud, negligence or wilful default in the performance of its obligations and duties hereunder.

Unless otherwise stated in the relevant Supplement, the following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the Trust and are or may be material:

**3 The Investment Management Agreement** dated 22 July 2014 between the Manager and the Investment Manager (the "**Agreement**"); this Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by the Investment Manager giving to the Manager not less than 90 days' written notice or by the Manager giving not less than 90 days' written notice to the Investment Manager although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other; this Agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, bad faith, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

Please refer to the relevant Supplement for details of any other relevant material contracts (if any) in respect of each Fund.

### MISCELLANEOUS

The address for service of notices and documents on the Trust is c/o the Manager at which address.

*(a) the documents listed in "Documents Available for Inspection" can be obtained from the Manager;*

*(b) a Unitholder can apply for Units to be repurchased and obtain payment of the repurchase proceeds;*

*(c) information about the most recent issue and repurchase prices can be obtained; and*

*(d) any complaints received in writing will be forwarded to the Manager.*

The Trust is governed by the laws of Ireland.

### DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be provided in a durable medium (which shall include in writing and/or by electronic mail) or in an electronic format on the following website:

[www.northerntrust.com/pooledfunds](http://www.northerntrust.com/pooledfunds). A copy in writing of such documents shall be provided to Unitholders on request, free of charge:

- this Prospectus
- once published, the latest annual and half yearly reports of the Trust
- key investor information document

In addition, copies of the following documents may be obtained free of charge from the registered office of the Manager in Ireland during normal business hours, on any Business Day:

- the Trust Deed
- once published, the latest annual and half yearly reports of each Fund

An up-to-date version of the key investor information document shall be made available for access in an electronic format on the following website: [www.northerntrust.com/pooledfunds](http://www.northerntrust.com/pooledfunds). In the event that the Manager proposes to register one or more Funds for public offering in other EU Member States, it shall make the following additional documentation available on [www.northerntrust.com/pooledfunds](http://www.northerntrust.com/pooledfunds):

- this Prospectus
- once published, the latest annual and half yearly reports of the Trust
- the Trust Deed

## Schedule I

### Markets

The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and FDI other than permitted investment in unlisted investments, will be listed or traded and is set out in accordance with the Central Bank's requirements.

With the exception of permitted investments in unlisted investments, each Fund's investment in securities and derivative instruments 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.

- (b) any stock exchange which is:
- located in any Member State; or
  - located in any of the following countries:-
- Australia  
Canada  
Hong Kong  
Japan  
New Zealand  
Norway  
Switzerland  
United States of America; or

- (c) any stock exchange included in the following list:

Argentina	Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza, Rosario and La Plaxa Stock Exchange;
Bahrain	Bahrain Stock Exchange;
Bangladesh	Chittagong Stock Exchange and Dhaka Stock Exchange;
Brazil	Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe –Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro;
Chile	Santiago Stock Exchange and Valparaiso Stock Exchange;
China	Shanghai Securities Exchange, Fujian Stock Exchange, Hainan Stock Exchange and Shenzhen Stock Exchange;
Colombia	Bolsa de Bogota and Bolsa de Medellin;
The Czech Republic	Prague Stock Exchange;
Egypt	Cairo Stock Exchange and Alexandria Stock Exchange;
Ghana	Ghana Stock Exchange;
Hungary	Budapest Stock Exchange;
India	Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabab Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwa Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India;
Indonesia	Jakarta Stock Exchange and Surabaya Stock Exchange;
Israel	Tel Aviv Stock Exchange;
Jordan	Amman Stock Exchange;
Kazakstan	Kazakstan Ata Stock Exchange;
Kenya	Nairobi Stock Exchange;
Kuwait	The Kuwait Stock Exchange (KSE)
Korea	Korean Stock Exchange;
Latvia	Riga Stock Exchange;
Lebanon	Beirut Stock Exchange;
Malaysia	Kuala Lumpur Stock Exchange;
Malta	Valetta Stock Exchange;
Mauritius	Stock Exchange of Mauritius;
Mexico	Bolsa Mexicana de Valores;

Morocco	Casablanca Stock Exchange;
Namibia	Namibian Stock Exchange;
Nigeria	Lagos Stock Exchange, Kaduna Stock Exchange and Port Harcourt Stock Exchange;
Oman	Muscat Stock Exchange;
Pakistan	Lahore Stock Exchange and Karachi Stock Exchange;
Palestine	Palestine Stock Exchange;
Peru	Bolsa de Valores de Lima;
Philippines	Philippines Stock Exchange;
Poland	Warsaw Stock Exchange;
Quatar	Doha Stock Exchange;
Russia	RTS Stock Exchange and MICEX;
Serbia	The Belgrade Stock Exchange (BELEX), previously named the Yugoslav Capital Market
Singapore	Stock Exchange of Singapore;
Slovakia	Bratislava Stock Exchange;
Slovenia	Ljubljana Stock Exchange;
South Africa	Johannesburg Stock Exchange;
Sri Lanka	Colombo Stock Exchange;
Taiwan	Taipei Stock Exchange Corporation;
Thailand	The Stock Exchange of Thailand;
Trinidad and Tobago	The Trinidad and Tobago Stock Exchange
Tunisia	The Bourse des Valeurs Mobilieres de Tunis (BVM)
Turkey	Istanbul Stock Exchange;
Ukraine	Ukrainian Stock Exchange;
United Arab Emirates	The Dubai Financial Market (DFM)
Uruguay	Montevideo Stock Exchange;
Venezuela	Caracas Stock Exchange and Maracaibo Stock Exchange;
Vietnam	Ho Chi Minh City Securities Trading Center (HoSTC), more often (STC)
West Africa	The Bourse Regionale des Valeurs Mobilieres (BVRM)
Zambia	Lusaka Stock Exchange;

(d) any of the following:

The market organised by the International Capital Market Association;

The (i) market conducted by banks and other institutions regulated by the Financial Conduct Authority (“FCA”); and (ii) market in non-investment products which is subject to the guidance contained in the “Non-Investment Products Code” drawn up by the participants in the London market, including the FCA and the Bank of England;

The market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the US Securities and Exchange Commission;

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

NASDAQ;

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

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Dealers Association of Canada.

The French market for “Titres de Creance Negotiable” (over-the-counter market in negotiable debt instruments).

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

In relation to any exchange traded FDI, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States (iii) the Channel Islands Stock Exchange (iv) listed at (c) above or (v) any of the following:

The Chicago Board of Trade;

The Mercantile Exchange;

The Chicago Board Options Exchange;

EDX London;

New York Mercantile Exchange;

New York Board of Trade;

New Zealand Futures and Options Exchange;

Hong Kong Futures Exchange;

Singapore Commodity Exchange;

Tokyo International Financial Futures Exchange.

## Schedule II

### INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS UNDER THE REGULATIONS

#### 1. Permitted Investments

Investments of a Fund are confined to:

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

#### 2. Investment Limits

- 2.1. A Fund may invest no more than 10% of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2. A Fund may invest no more than 10% of its Net Asset Value in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the Fund in certain U.S. securities known as Rule 144A securities provided that:
  - 2.2.1. the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - 2.2.2. the securities are not illiquid securities i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.
- 2.3. A Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4. Subject to the prior approval of the Central Bank, the limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value of the Fund.
- 2.5. The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.
- 2.6. The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7. A Fund may not invest more than 20% of its Net Asset Value in deposits made with the same credit institution.

Deposits with any one credit institution, other than with relevant institutions (as set out in the Central Bank Notices), held as ancillary liquidity, must not exceed 10% of the Net Asset Value of a Fund.

This limit may be raised to 20% in the case of deposits made with the Trustee.
- 2.8. The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value.

This limit is raised to 10% in the case of relevant institutions (as set out in the Central Bank Notices).
- 2.9. Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made

or undertaken with, the same body may not exceed 20% of the Net Asset Value of a Fund:

- 2.9.1. investments in transferable securities or money market instruments;
  - 2.9.2. deposits, and/or
  - 2.9.3. counterparty risk exposures arising from OTC derivative transactions.
- 2.10. The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the Net Asset Value of a Fund.
- 2.11. Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of the Net Asset Value of a Fund may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12. A Fund may invest up to 100% of its Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, Non-Member States or public international bodies of which one or more EU Member States are members or by Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States or any of the following:

- European Investment Bank
- European Bank for Reconstruction and Development
- International Finance Corporation
- International Monetary Fund
- Euratom
- The Asian Development Bank
- European Central Bank
- Council of Europe
- Eurofima
- African Development Bank
- International Bank for Reconstruction and Development (The World Bank)
- The Inter American Development Bank
- European Union
- Federal National Mortgage Association (Fannie Mae)
- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Government National Mortgage Association (Ginnie Mae)
- Student Loan Marketing Association (Sallie Mae)
- Federal Home Loan Bank
- Federal Farm Credit Bank
- Tennessee Valley Authority
- Straight-A Funding LLC
- OECD Governments (provided the relevant issues are investment grade)
- Government of the People's Republic of China
- Government of Brazil (provided the issues are of investment grade)
- Government of India (provided the issues are of investment grade)
- Government of Singapore

Where a Fund invests in accordance with this provision, the Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of its Net Asset Value.

### **3. Investment in Collective Investment Schemes (CIS)**

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

### **4. Index Replicating UCITS**

- 4.1. A Fund may invest up to 20% of its Net Asset Value in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank Notices and is recognised by the Central Bank.

- 4.2. The limit in 4.1 may be raised to 35% of the Net Asset Value of the Fund, and applied to a single issuer, where this is justified by exceptional market conditions.

## 5. General Provisions

- 5.1. An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2. A Fund may acquire no more than:
- 5.2.1. 10% of the non-voting shares of any single issuing body;
  - 5.2.2. 10% of the debt securities of any single issuing body;
  - 5.2.3. 25% of the units of any single CIS;
  - 5.2.4. 10% of the money market instruments of any single issuing body.

The limits laid down in 5.2.2, 5.2.3 and 5.2.4 above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3. 5.1 and 5.2 shall not be applicable to:
- 5.3.1. Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - 5.3.2. Transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - 5.3.3. Transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - 5.3.4. Units held by a Fund in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - 5.3.5. Units held by an investment company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of shares at shareholders' request exclusively on their behalf.
- 5.4. A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5. The Central Bank may allow a recently authorised Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six Months following the date of its authorisation, provided it observes the principle of risk spreading.
- 5.6. If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unitholders.
- 5.7. A Fund may not carry out uncovered sales of:
- 5.7.1. Transferable securities;
  - 5.7.2. Money market instruments\*;
  - 5.7.3. units of CIS; or
  - 5.7.4. FDI.

\* Any short selling of money market instruments by a Fund is prohibited.

- 5.8. A Fund may hold ancillary liquid assets.

## 6. FDI

- 6.1. A Fund's global exposure (as prescribed in the Central Bank Notices) relating to FDI must not exceed its total net asset

value.

- 6.2. Position exposure to the underlyings of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Notices.)
- 6.3. A Fund may invest in OTC derivatives provided that the counterparties to the OTC derivatives are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4. Investment in FDI is subject to the conditions and limits laid down by the Central Bank.

## **7. Efficient Portfolio Management, Repurchase and Reverse Repurchase Transactions and Stocklending**

- 7.1 A Fund may enter into reverse repurchase agreements or repurchase agreements and/or stocklending agreements for efficient portfolio management purposes and subject to the conditions and limits set out in the Central Bank Notices.
- 7.2 All the revenues arising from repurchase and reverse repurchase transactions and stock lending shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to repurchase and reverse repurchase transactions counterparties and/or stock lending agents engaged by the Trust from time to time. Such fees and expenses of any repurchase and reverse repurchase transactions counterparties and/or stock lending agents engaged by the Trust, which will be at normal commercial rates together with value added tax or similar, if applicable thereon, will be borne by the Trust or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase and reverse repurchase transactions counterparties and/or stock lending agents engaged by the Trust from time to time shall be included in the Trust's and each Fund's semi-annual and annual reports.
- 7.3 Any Fund that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the Fund.
- 7.4 A Fund that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.
- 7.5 From time to time, a Fund may engage repurchase and reverse repurchase transactions counterparties and/or stock lending agents that are related parties to the Trustee or other service providers of the Trust. Such engagement may on occasion cause a conflict of interest with the role of the Trustee or other service provider in respect of the Trust. Please refer to section in the Prospectus entitled "General – "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Trust's and each Fund's semi-annual and annual reports.

## **8. Collateral Policy**

- 8.1 In the context of efficient portfolio management techniques and/or the use of FDIs for hedging or investment purposes, collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of a Fund. Any receipt or posting of collateral by a Fund will be conducted in accordance with the requirements of the Central Bank and the terms of the Trust's collateral policy outlined below.
- 8.2 *Collateral – received by the Trust*
  - 8.2.1 Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached. Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.
  - 8.2.2 The Investment Manager will liaise with the Trustee in order to manage all aspects of the counterparty collateral process.
  - 8.2.3 Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Manager's risk management process. A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the following:
    - (a) Design of stress test scenario analysis including calibration, certification and sensitivity analysis;
    - (b) Empirical approach to impact assessment, including back-testing of liquidity risk estimates;

- (c) Reporting frequency and limit/loss tolerance threshold/s; and
- (d) Mitigation actions to reduce loss including haircut policy and gap risk protection.

8.2.4 For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice and the requirements outlined in the Central Bank's Notices.

8.2.5 All assets received by a Fund in the context of repurchase and reverse repurchase transactions and stock lending shall be considered as collateral and must comply with the terms of the Manager's collateral policy.

### 8.3 *Non-cash collateral*

Collateral received must, at all times, meet with the specific criteria outlined in the Central Bank Notices in respect of the following:

- (i) Liquidity
- (ii) Valuation
- (iii) Issuer credit quality
- (iv) Correlation
- (v) Diversification (asset concentration)
- (vi) Immediately available
- (vii) Safe-keeping: Collateral received on a title transfer basis should be held by the Trustee or its agent. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (viii) Haircuts: The Investment Manager, on behalf of each Fund, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests performed as referred to above. The Investment Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Investment Manager on an ongoing basis. However, the application of such a haircut will be determined on a case by case basis, depending on the exact details of the assessment of the collateral. The Investment Manager, in its discretion, may consider it appropriate in certain circumstances to resolve to accept certain collateral with more conservative, less conservative or no haircuts applied if it so determines, on an objectively justifiable basis. Any extenuating circumstances that warrant the acceptance of relevant collateral with haircut provisions other than the guideline levels must be outlined in writing, documenting the rationale for the acceptance.

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

### 8.4 *Cash collateral*

Cash collateral may not be invested other than in the following:

- (i) deposits with relevant institutions;
- (ii) high-quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Cash collateral may not be placed on deposit with the relevant counterparty or a related entity. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Re-investment of cash collateral in accordance with the provisions above can still present additional risk for a Fund. Please refer to the section of this Prospectus entitled "Investment Objective and Policies: Risk Factors; Reinvestment of Cash Collateral Risk" for more details.

### 8.5 *Collateral – posted by the Trust*

Collateral posted to a counterparty by or on behalf of the Fund must be taken into account when calculating counterparty risk exposure. Collateral posted to a counterparty and collateral received by such counterparty may be taken into account on a net basis provided the Fund is able to legally enforce netting arrangements with the counterparty.