

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the Company or the suitability for you of investment in the Company, you should consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser. Prices for shares in the Company may fall as well as rise.**

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

## **E.I. STURDZA FUNDS PLC**

### **An umbrella Fund with segregated liability between Funds**

(an open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 1963 to 2013 with registration number 461518 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011).

## **P R O S P E C T U S**

### **Promoter & Investment Manager**

**E.I. Sturdza Strategic Management Limited**

**The date of this Prospectus is 17<sup>th</sup> July, 2014**

## **IMPORTANT INFORMATION**

This Prospectus should be read in conjunction with the Section entitled "Definitions".

### **The Prospectus**

This Prospectus describes E.I. Sturdza Funds plc, an open ended umbrella investment company incorporated with variable capital in Ireland and authorised by the Central Bank as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended with segregated liability between its Funds. The Company is structured as an umbrella fund and may comprise several portfolios of assets. The share capital of the Company may be divided into different classes of shares each representing a separate portfolio of assets and further sub-divided, to denote differing characteristics attributable to particular Shares, into "Classes".

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. Details relating to Classes may be dealt with in the relevant Fund Supplement or in separate Supplements for each Class. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail.

The latest published annual and half yearly reports of the Company will be supplied to subscribers free of charge on request and will be available to the public as further described in the section of the Prospectus headed "Report and Accounts".

### **Authorisation by the Central Bank**

The Company is both authorised and supervised by the Central Bank. Authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus.

Prices of Shares in the Company may fall as well as rise.

### **Redemption Fee**

The Directors are empowered to levy a redemption charge not exceeding 3% of the Net Asset Value per Share. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares in the Company (from which may be deducted a

redemption fee) means that an investment should be viewed as medium to long term. Details of any such charge with respect to one or more Funds will be set out in the relevant Supplement.

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

The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

The Directors may restrict the ownership of Shares by any person, firm or corporation where such ownership would be in breach of any regulatory or legal requirement or may affect the tax status of the Company. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who is holding Shares in contravention of the restrictions set out above or, by virtue of his holding, is in breach of the laws and regulations of any competent jurisdiction or whose holding could, in the opinion of the Directors, cause the Company or any Shareholder or any Fund to incur any liability to taxation or to suffer any pecuniary disadvantage which any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Distributor, the Investment Manager, the Investment Adviser, the Custodian, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have the power under the Articles of Association to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of the restrictions imposed by them as described herein.

#### *United Kingdom*

The Company is a regulated collective investment scheme pursuant to Section 264 of the Financial Services and Markets Act, 2000 ("FSMA") and accordingly, may be promoted direct to the public within the United Kingdom through the use of this document and otherwise as permitted by the FSMA.

#### *United States of America*

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the "1933 Act") and none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a US Person. US Persons are not permitted to subscribe for Shares in the Company. Neither the

Company nor any Fund will be registered under the United States Investment Company Act of 1940.

### *Russia*

None of the Shares have been nor will be admitted to public turnover in the Russian Federation. Shares in the Funds in Russia can be offered to qualified investors only. Qualified investors are legal entities and/or individuals complying with the requirements stipulated by clause 51.2 of Federal Law of the Russian Federation On Securities Market of April 22, 1996№ 39-FZ (hereinafter – “Qualified Investors”). This prospectus is addressed to Qualified Investors only. Russian investors should ensure that they are able to meet the classification requirements of a Qualified Investor prior to investing in the Company. If there is any doubt as to whether classification requirements of a Qualified Investor can be met, the investor should contact their professional adviser prior to investment in the Company.

### **Reliance on this Prospectus**

Statements made in this Prospectus and any Supplement are based on the law and practice in force in the Republic of Ireland at the date of the Prospectus or Supplement as the case may be, which may be subject to change. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the affairs of the Company have not changed since the date hereof. This Prospectus will be updated by the Company to take into account any material changes from time to time and any such amendments will be notified in advance to and cleared by the Central Bank. Any information or representation not contained herein or given or made by any broker, salesperson or other person should be regarded as unauthorised and should accordingly not be relied upon.

Investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or other matters. You should consult your stockbroker, accountant, solicitor, independent financial adviser or other professional adviser.

### **Risk Factors**

Investors should read and consider the section entitled “Risk Factors” before investing in the Company.

### **Translations**

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

## DIRECTORY

### E. I. STURDZA FUNDS PLC

<p><b>Directors</b>  L. Georges Gutmans  Johannes Yntema  Gavin Farrell  Denise Kinsella  Brian Dillon</p>	<p><b>Business Address</b>  1 Grand Canal Square  Grand Canal Harbour  Dublin 2  Ireland</p>
<p><b>Registered Office</b>  Chartered Corporate Services  Taney Hall  Eglinton Terrace  Dundrum  Dublin 14  Ireland</p>	<p><b>Company Secretary</b>  Chartered Corporate Services  Taney Hall  Eglinton Terrace  Dundrum  Dublin 14  Ireland</p>
<p><b>Promoter, Investment Manager and Global Distributor</b>  E.I. Sturdza Strategic Management Limited  Sarnia House, Le Truchot,  St Peter Port  Guernsey GY1 IGR</p>	<p><b>Administrator</b>  HSBC Securities Services (Ireland) Limited  1 Grand Canal Square  Grand Canal Harbour  Dublin 2  Ireland</p>
<p><b>Auditors</b>  KPMG  1 Harbourmaster Place  IFSC  Dublin 1  Ireland</p>	<p><b>Custodian</b>  HSBC Institutional Trust Services (Ireland) Limited  1 Grand Canal Square  Grand Canal Harbour  Dublin 2, Ireland</p>
<p><b>Listing Sponsor</b>  Dillon Eustace  33 Sir John Rogerson's Quay  Dublin 2  Ireland</p>	<p><b>Legal Advisers Ireland</b>  Dillon Eustace,  33 Sir John Rogerson's Quay,  Dublin 2  Ireland</p>
<p><b>Tax Advisers Ireland</b>  Dillon Eustace  33 Sir John Rogerson's Quay  Dublin 2  Ireland</p>	<p><b>Governance Services</b>  Bridge Consulting  33 Sir John Rogerson's Quay  Dublin 2  Ireland</p>

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## DEFINITIONS

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

All references to a specific time of day are to Irish time

<b>“Accounting Date”</b>	means 31st December in each year or such other date as the Directors may from time to time decide and notify in advance to the Central Bank.
<b>“Accounting Period”</b>	means a period ending on the Accounting Date and commencing, in the case of the first such period on the date of incorporation of the Company and, in subsequent such periods, on the day following expiry of the last Accounting Period.
<b>“Act”</b>	means the Companies Acts 1963 to 2013 and every amendment or re-enactment of the same.
<b>“Administrator”</b>	means HSBC Securities Services (Ireland) Limited.
<b>“Administration Agreement”</b>	means the Administration Agreement made between the Company and the Administrator dated 26th September, 2008, as amended.
<b>“AIMA”</b>	means the Alternative Investment Management Association.
<b>“Application Form”</b>	means any application form to be completed by subscribers for Shares as prescribed by the Company or its delegate from time to time.
<b>“Articles of Association”</b>	means the Memorandum and Articles of Association of the Company.
<b>“Auditors”</b>	means KPMG, Ireland.
<b>“Base Currency”</b>	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund.
<b>“Business Day”</b>	means in relation to a Fund such day or days as shall be

	so specified in the relevant Supplement for that Fund.
<b>“Central Bank”</b>	means the Central Bank of Ireland.
<b>“Class”</b>	means a particular division of Shares in a Fund.
<b>“Company”</b>	means E.I. Sturdza Funds plc.
<b>“Country Supplement”</b>	means a supplement to this Prospectus specifying certain information pertaining to the offer of Shares of the Company or a Fund or Class in a particular jurisdiction or jurisdictions.
<b>“Custodian”</b>	means HSBC Institutional Trust Services (Ireland) Limited.
<b>“Custodian Agreement”</b>	means the Custodian Agreement made between the Company and the Custodian dated 26th September, 2008.
<b>“Dealing Day”</b>	means in relation to a Fund such day or days as shall be specified in the relevant Supplement for that Fund.
<b>“Dealing Deadline”</b>	means in relation to a Fund, such time on any Dealing Day as shall be specified in the relevant Supplement for the Fund provided that there shall be at least one Dealing Day every fortnight.
<b>“Directors”</b>	means the directors of the Company or any duly authorised committee or delegate thereof.
<b>“Distribution Agreement”</b>	means the Distribution Agreement dated 26th September, 2008 made between the Company and E.I. Sturdza Strategic Management Limited.
<b>“Distributor”</b>	means E.I. Sturdza Strategic Management Limited.
<b>“EEA”</b>	means the countries for the time being comprising the European Economic Area (being at the date of this Prospectus, European Union Member States, Norway, Iceland, Liechtenstein).



**“ETF”**

means an exchange traded fund which tracks a particular stock market index, the shares of which can be actively traded on an exchange.

**“euro” or “€”**

means the lawful currency of the participating member states of the European Union which have adopted the single currency in accordance with the EC Treaty of Rome dated 25th March 1957 (as amended by the Maastricht Treaty dated 7th February 1992).

**“Exempt Irish Investor”**

means:

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the

Taxes Act and the Shares are assets of a PRSA;

- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Pensions Reserve Fund Commission;
- the National Asset Management Agency;
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Company; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company giving rise to a charge to tax in the Company;

provided that they have correctly completed the Relevant Declaration.

**“FCA”**

means the Financial Conduct Authority of the United Kingdom.

**“FSMA”**

means the United Kingdom Financial Services and Markets Act 2000 and every amendment or re-enactment of the same.

**“Fund”**

means a sub-fund of the Company representing the designation by the Directors of a particular class of Shares as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank.

**“Initial Price”**

means the initial price payable for a Share as specified in the relevant Supplement for each Fund.

<b>“Intermediary”</b>	<p>means a person who:-</p> <p>carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons;</p> <p>or</p> <p>holds shares in an investment undertaking on behalf of other persons.</p>
<b>“Investment Adviser”</b>	<p>means any one or more investment advisers or any successor(s) thereto appointed by the Investment Manager to provide investment management services and/or investment advice to one or more Funds of the Company as detailed in the relevant Supplement.</p>
<b>“Investment Advisory Agreement”</b>	<p>means any one or more Investment Advisory agreements made between the Company and/or Investment Manager and one or more Investment Advisers as detailed in the relevant Supplement.</p>
<b>“Investment Manager”</b>	<p>means E.I. Sturdza Strategic Management Limited.</p>
<b>“Investment Management Agreement”</b>	<p>means the Investment Management Agreement made between the Company and the Investment Manager dated 26th September, 2008, as amended.</p>
<b>“IOSCO”</b>	<p>means the International Organisation of Securities Commissions</p>
<b>“Ireland”</b>	<p>means the Republic of Ireland.</p>
<b>“Irish Resident”</b>	<p>in the case of an individual, means an individual who is resident in Ireland for tax purposes.</p> <p>in the case of a trust, means a trust that is resident in Ireland for tax purposes.</p> <p>in the case of a company, means a company that is resident in Ireland for tax purposes.</p>

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

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

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

the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country;

or

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

It should be noted that the determination of a company's residence for tax purposes can be complex in certain

cases and potential investors are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

**“Irish Stock Exchange”**

means the Irish Stock Exchange Limited.

**“Key Investor Information Document”**

means the key investor information document for a Fund/Share Class of a Fund.

**“Member”**

means a Shareholder or a person who is registered as the holder of one or more non-participating shares in the Company.

**“Member State”**

means a member state of the European Union.

**“Minimum Holding”**

means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.

**“Minimum Subscription”**

means the minimum subscription for Shares as specified in the relevant Supplement.

**“Minimum Transaction Size”**

means the minimum value of subsequent subscriptions, redemptions, conversions or transfers of Shares in any Fund or Class as specified in the relevant Supplement.

**“Money Market Instruments”**

means instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time and which comply with the requirements of the Central Bank.

**“Net Asset Value”**

means the Net Asset Value of a Fund or attributable to a Class (as appropriate) calculated as referred to herein.

**“Net Asset Value per Share”**

means the Net Asset Value of a Fund divided by the number of Shares in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class rounded to such number of decimal places as the Directors may determine.

**“OECD Member Country”**

means each of Australia, Austria, Belgium, Canada,

Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

**“Ordinarily Resident in Ireland”**

means:

in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes

in the case of a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2013 to 31 December 2013 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2016 to 31 December 2016.

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

**“OTC”**

means Over-the-Counter.

**“Paying Agency Agreement”**

means one or more Paying Agency Agreements made between the Company and one or more Paying Agents and dated as specified in the relevant Country Supplement.

**“Paying Agent”**

means one or more paying agents/representatives/facilities agents, appointed by the Company in certain jurisdictions as detailed in the relevant Country

Supplement.

<b>“Prospectus”</b>	the prospectus of the Company and any Supplements and addenda thereto issued in accordance with the requirements of the UCITS Regulations.
<b>“PRC”</b>	means the People’s Republic of China.
<b>“Recognised Clearing System”</b>	means Deutsche Bank AG - Depository and Clearing System, Clearstream Banking AG, Clearstream Banking SA, CREST, Depository Trust Company of New York, Euroclear, Japan Securities Depository Center, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG or any other system for clearing shares which is designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners as a recognised clearing system.
<b>“Recognised Exchange”</b>	means the stock exchanges or markets set out in Appendix II.
<b>“Relevant Declaration”</b>	means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.
<b>“Relevant Period”</b>	means a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding Relevant Period.
<b>“Share”</b>	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company.
<b>“Shareholder”</b>	means a person who is registered as the holder of Shares in the register of Shareholders for the time being kept by or on behalf of the Company.
<b>“Specified US Person”</b>	The term “Specified U.S. Person” means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a

court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States or (iv) an estate of a decedent that is a citizen or resident of the US; **excluding** (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue



Code.

<b>“Supplement”</b>	means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
<b>“Sterling” or “£”</b>	means the lawful currency for the time being of the United Kingdom.
<b>“Taxes Acts”</b>	the Taxes Consolidation Act, 1997 (of Ireland) as amended.
<b>“UCITS”</b>	means an Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
<b>“UCITS Directive”</b>	EC Council Directive 85/611/EEC of 20 December 1985 as amended, consolidated or substituted from time to time.
<b>“UCITS Notices”</b>	means a notice or notices with respect to UCITS issued from time to time by the Central Bank as the competent authority with responsibility for the authorisation and supervision of UCITS.
<b>“UCITS Regulations”</b>	means the European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) (as amended consolidated or substituted from time to time) and any regulations or notices issued by the Central Bank pursuant thereto for the time being in force.
<b>“UK”</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>“United States”</b>	means the United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction.

**“US Dollar”, “USD” or “US\$”**

means United States Dollars, the lawful currency for the time being of the United States of America.

**“US Person”**

means a US Person as defined in Regulation S under the 1933 Act and CFTC Rule 4.7, as described in Appendix IV.

**“Valuation Point”**

means such time as shall be specified in the relevant Supplement for each Fund.

## 1. THE COMPANY

### General

The Company is an open-ended investment company with variable capital and segregated liability between Funds, incorporated in Ireland on 27th August, 2008 under the Act with registration number 461518. The Company has been authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

The Company is structured as an umbrella fund consisting of different Funds each comprising one or more Classes. The Shares issued in each Fund will rank pari passu with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies if any applied to the currency of a particular Class, dividend policy, voting rights, return of capital, the level of fees and expenses to be charged, subscription or redemption procedures or the Minimum Subscription and Minimum Holding applicable. 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. A separate portfolio of assets is not maintained for each Class. The investment objective and policies and other details in relation to each Fund are set out in the relevant Supplement which forms part of and should be read in conjunction with this Prospectus.

The Base Currency of each Fund is specified in the relevant Supplement. Additional Funds in respect of which a Supplement or Supplements will be issued may be established by the Directors with the prior approval of the Central Bank. 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.

### Investment Objectives and Policies

The specific investment objective and policy of each Fund will be set out in the relevant Supplement to this Prospectus and will be formulated by the Directors at the time of creation of the relevant Fund.

Investors should be aware that the performance of certain Funds may be measured against a specified index or benchmark and in this regard, Shareholders are directed towards the relevant Supplement which will refer to any relevant performance measurement criteria. The Company may at any time change that reference index where, for reasons outside its control, that index has been replaced, or another index or benchmark may reasonably be considered by the Company to have become the appropriate standard for the relevant exposure. Such a change would represent a change in policy of the relevant Fund and Shareholders will be advised of any change in a reference index or benchmark (i) if made by the Directors, in advance of such a change and (ii) if made by the Index concerned, in the annual or half-yearly report of the Fund issued subsequent to such change.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund's assets may be invested in money market instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Exchanges and in cash deposits denominated in such currency or currencies as the Company may determine having consulted with the relevant Investment Manager.

Where the Shares of a particular Fund have been listed on the Irish Stock Exchange, the Directors will ensure that, in the absence of unforeseen circumstances, the relevant Fund will adhere to the material investment objective and policies of that Fund for at least three years following the admission of the Shares to the Official List and to trading on the Main Market of the Irish Stock Exchange.

The investment objective of a Fund may not be altered and material changes in the investment policy of a Fund may not be made without the prior written approval of all Shareholders or without approval on the basis of a majority of votes cast at general meeting of a particular Fund duly convened and held. In accordance with the requirements of the Central Bank, "material" shall be taken to mean, although not exclusively, changes which would significantly alter the asset type, credit quality, borrowing limits or risk profile of a Fund. In the event of a change of the investment objective and/or policy of a Fund, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them redeem their Shares prior to implementation of such a change.

The list of Recognised Exchanges on which a Fund's investments in securities and financial derivative instruments, other than permitted investments in unlisted securities and over the counter derivative instruments, will be listed or traded is set out in Appendix II.

### **Eligible Assets and Investment Restrictions**

Investment of the assets of each Fund must comply with the UCITS Regulations. The Directors may impose further restrictions in respect of any Fund. The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix I. Each Fund may also hold ancillary liquid assets.

### **Borrowing Powers**

The Company may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of each Fund. Subject to this limit the Directors may exercise all borrowing powers on behalf of the Company. In accordance with the provisions of the UCITS Regulations the Company may charge its assets as security for such borrowings.

### **Adherence to Investment and Borrowing Restrictions**

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions herein or imposed by the Irish Stock Exchange for so long as the Shares in a Fund are listed on the Irish Stock

Exchange and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Fund or Class in the Company, subject to the UCITS Regulations.

### **Changes to Investment and Borrowing Restrictions**

It is intended that the Company 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 UCITS Regulations which would permit investment by the Company 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 UCITS Regulations.

### **Efficient Portfolio Management**

The Investment Manager may, on behalf of a Fund engage in transactions in financial derivative instruments for the purposes of efficient portfolio management and/or to protect against exchange risks within the conditions and limits laid down by the Central Bank from time to time. Efficient portfolio management transactions relating to the assets of the Fund may be entered into by the Investment Manager with one of the following aims (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for a Fund with a level of risk consistent with the risk profile of a Fund and the diversification requirements in accordance with the Central Bank's UCITS Notice 9 "Eligible Assets and Investment Restrictions" and as disclosed in Appendix I to the Prospectus. In relation to efficient portfolio management operations the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost-effective way. Such transactions may include foreign exchange transactions which alter the currency characteristics of transferable securities held by a Fund. Such techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts and swaps (as described below under the section headed "Financial Derivative Instruments") and stocklending and repurchase and reverse repurchase agreements and when issued and/or delayed delivery securities as described below.

### **When Issued/Delayed Delivery Securities**

A Fund may purchase or sell securities on a when-issued or delayed-delivery basis for the purposes of efficient portfolio management. In this instance payment for and delivery of securities takes place in the future at a stated price in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. Securities are considered "delayed delivery" securities when traded in the secondary market, or "when-issued" securities if they are an initial issuance of securities. Delayed delivery securities (which will not begin to accrue interest until the settlement date) and when-issued securities will be recorded as assets of the Fund and will be subject to risks of market value fluctuations. The purchase price of delayed delivery and when-issued securities will be recorded as a liability of the Fund until settlement date and when issued or delivered as the case may be such

securities will be taken into account when calculating the limits set out in Appendix I under the heading Investment Restrictions.

### **Repurchase/Reverse Repurchase and Stock lending Arrangements for the Purposes of Efficient Portfolio Management**

Subject to the conditions and limits set out in the UCITS Notices, a Fund may use repurchase agreements, reverse repurchase agreements and/or stock lending agreements to generate additional income for the relevant Fund. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A stock lending arrangement is an arrangement whereby title to the “loaned” securities is transferred by a “lender” to a “borrower” with the borrower contracting to deliver “equivalent securities” to the lender at a later date.

In relation to efficient portfolio management operations, the Investment Manager will seek to ensure that the techniques and instruments entered into for the purposes of efficient portfolio management are economically appropriate in that they will be realised in a cost effective manner.

Any direct and indirect operational costs and/or fees which arise from efficient portfolio management techniques which may be deducted from the revenue delivered to the relevant Fund shall be at normal commercial rates and shall not include any hidden revenue.

Such direct or indirect costs and fees will be paid to the relevant counterparty, as disclosed in the Company’s annual and semi-annual reports. All revenues generated through the use of efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the relevant Fund.

### **Management of Collateral for OTC Financial Derivative Instruments and Techniques for Efficient Portfolio Management**

For the purpose of providing margin or collateral in respect of transactions in techniques and instruments, the Company may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund in accordance with normal market practice.

Collateral received and any investment of such collateral must meet the requirements of the Central Bank as set out in the UCITS Notices. Collateral received on a title transfer basis should be held by the Custodian. 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.

Non-cash collateral cannot be sold, pledged or re-invested. Cash collateral may only be reinvested in:

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

In addition, all reinvested cash collateral must be diversified in terms of country, market and issuers. This diversification requirement is deemed satisfied if the maximum exposure to any given issuer is 20% of the Fund's net asset value. Where the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

The level of collateral required to be posted may vary by counterparty with which the Fund trades. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the Fund, taking into account the credit standing and price volatility of the relevant counterparty.

### **Financial Derivative Instruments**

A Fund may invest in financial derivative instruments including equivalent cash settled instruments dealt in on a Recognised Exchange and/or in OTC derivative instruments in each case under and in accordance with conditions or requirements imposed by the Central Bank.

### **Investment in Financial Derivative Instruments**

A Fund may use financial derivative instruments for investment purposes and or use derivative instruments traded on a Recognised Exchange and/or on over-the-counter markets to attempt to hedge or reduce the overall risk of its investments, enhance performance and/or to manage interest rate and exchange rate risk. A Fund's ability to invest in and use these instruments and strategies may be limited by market conditions, regulatory limits and tax considerations and these strategies may be used only in accordance with the investment objectives of the relevant Fund.

The financial derivative instruments which the Investment Manager may invest in on behalf of each Fund, and the expected effect of investment in such financial derivative instruments on the risk profile of a Fund are set out below and, if applicable to one or more particular Funds in the relevant Supplement. The extent to which a Fund may be leveraged through the use of financial derivative instruments will be disclosed in the relevant Supplement. In addition the attention of investors is drawn to the section of the

Prospectus and each Supplement headed “Efficient Portfolio Management” and the risks described under the headings “Derivatives and Techniques and Instruments Risk” and “Currency Risk” in the Risk Factors Section of the Prospectus and, if applicable to a particular Fund, the relevant Supplement.

The Company will employ a risk management process based on the commitment approach which will enable it to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

For the purpose of providing margin or collateral in respect of transactions in financial derivative instruments, the Company may transfer, mortgage, charge or encumber any assets or cash forming part of the relevant Fund in accordance with normal market practice.

Details of the financial derivative instruments which may be used are detailed below.

#### *Futures*

The Investment Manager may enter into single stock and index futures contracts to hedge against changes in the values of equity securities held by a Fund or markets to which a Fund is exposed or to hedge against currency and interest rate risk. Alternatively, bond index futures, interest rate futures or government bond related futures such as the Bund, BOBL, Schatz or T-Note may be used to manage overall portfolio duration, positioning on the yield curve or to manage liquidity.

The Investment Manager may also use futures contracts to equitise cash or as a means of gaining exposure to particular securities or markets on a short to medium term basis in advance of making a decision to purchase a particular security or to reallocate assets on a longer term basis. In addition, the Investment Manager may use futures to reduce exposure to a market in advance of raising cash from asset sales to fund redemptions from a Fund.

The Investment Manager may also use futures contracts where indicated in the relevant Supplement to take a directional view on particular securities or markets within a Fund’s investment universe where, in the Investment Manager’s view, those securities or markets are overpriced or likely to enter into a downward phase of the investment cycle or where particular issues or securities are trading with favourable credit spreads, or where anomalies exist between securities issued by the same issuer.



### *Forwards*

Currency forwards may be used to hedge the currency exposures of securities denominated in a currency other than the base currency of the relevant Fund and to hedge against other changes in interest and currency rates which may have an impact on a Fund.

Forward foreign exchange contracts will be used by the Investment Manager to hedge the currency exposure on behalf of shareholders invested in currency classes denominated in currencies other than the base currency of the Fund to the base currency of the relevant Fund, where outlined in the relevant Supplement.

### *Options*

Call options may be used to gain exposure to specific securities and put options may be used to hedge against downside risk. Options may also be purchased to hedge against currency and interest rate risk and the Investment Manager may write put options and covered call options to generate additional revenues for a Fund. The Investment Manager will not write uncovered call options.

### *Swaps*

Total return swap agreements may be used to gain exposure to particular securities or markets in instances where it is not possible to do so through the underlying security or a futures contract. Swaps may also be used to hedge against currency and interest rate risk.

### *Warrants*

A Fund may purchase warrants to provide an efficient, liquid mechanism for taking position in securities without the need to purchase and hold the security.

### *Participation and Pass Through Notes*

OTC participation notes and warrants may be utilized to gain exposure to particular securities, markets or maturities in instances where it is not possible or not economic to do so through the underlying security or a futures contract. Such instruments will be structured to reflect the exposure and performance of individual equity or fixed income securities or the performance of either equity or fixed income indices.

### *Contracts for Difference*

Contracts for difference may be used either as a substitute for direct investment in the underlying equity or fixed income security or as an alternative to and for the same purposes as futures and options, particularly in cases where there is no futures contract available in relation to a specific security, or where

an index option or index future represents an inefficient method of gaining exposure because of pricing risk; the risk of delta or beta mismatches; or would result in a directional change in yield curve position or the management of portfolio duration.

### *Hedged Classes*

The Company may (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management. Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of a 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 Shares 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 Company 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the particular Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of a Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in a Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the relevant Fund.

Futures, forwards, swaps (including credit default swaps), options and contracts for difference may be used to hedge against downward movements in the value of a Fund's portfolio, either by reference to specific securities or markets to which the Fund may be exposed.

Forward foreign exchange contracts are also used more specifically to hedge the value of certain classes of Shares in the Company's Funds against changes in the exchange rate between the currency of denomination of the class of Shares and the base currency of the Fund. Hedged classes will be identified in the relevant Supplement for each Fund.

## **Dividend Policy**

The dividend policy and information on the declaration and payment of dividends for each Fund will be specified in the relevant Supplement. The Articles of Association of the Company empower the Directors to declare dividends in respect of any Shares in the Company out of the net income of the Company.

## **Risk Factors**

### *General*

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Prospective investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares. Prospective investors are advised that the value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by persons who can sustain a loss on their investment. Past performance of the Company or any Fund should not be relied upon as an indicator of future performance. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term. The attention of potential investors is drawn to the taxation risks associated with investing in the Company. Please refer to the Section of the Prospectus entitled "Taxation". The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

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

## **Market Capitalisation Risk**

The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are

generally more vulnerable to adverse market factors such as unfavourable economic reports.

Companies with smaller market capitalisations may be at an earlier stage of development, may be subject to greater business risks, may have limited product lines, limited financial resources and less depth in management than more established companies. In addition, these companies may have difficulty withstanding competition from larger more established companies in their industries. The securities of companies with smaller market capitalisations may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than investing in securities of larger capitalisation companies. In addition, transaction costs in smaller capitalisation stocks may be higher than those of larger capitalisation companies.

### **Market Risk**

Some of the Recognised Exchanges in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements.

### **Exchange Control and Repatriation Risk**

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

### **Emerging Markets Risk**

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

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

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

## **Liquidity Risk**

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

## **Redemption Risk**

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

## **Credit Risk**

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also 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 financial derivative instruments and may bear the risk of counterparty default.

## **Currency Risk**

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. It may not be possible or practical to hedge against such exchange rate risk. The Fund's Investment Manager may, but is not

obliged to, mitigate this risk by using financial instruments.

Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Funds will not enter into forward contracts for speculative purposes. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. 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.

A Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency 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.

In addition, in the event that a Fund invests in a currency (i) which ceases to exist or (ii) in which a participant in such currency ceases to be a participant in such currency it is likely that this would have an adverse impact on a Fund's liquidity.

### **Share Currency Designation Risk**

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency. The Fund's Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such as those described under the heading "Currency Risk", provided that such instruments shall not result in over hedged positions exceeding 105% of the Net Asset Value attributable to the relevant Class of Shares of the Fund and hedged positions materially in excess of 100% of Net Asset Value will not be carried forward from month to month. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial

instruments. Financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund.

### **Investing in Fixed Income Securities**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

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

### **Changes in Interest Rates**

The value of Shares may be affected by substantial adverse movements in interest rates.

### **Amortised Cost Method**

Some or all of the investments of certain Funds may be valued at amortised cost. Investors' attention is drawn to the Section of the Prospectus entitled "Calculation of Net Asset Value" for further information.

In periods of declining short-term interest rates, the inflow of net new money to such Funds from the continuous issue of Shares will likely be invested in portfolio instruments producing lower yields than the balance of such Fund's portfolio, thereby reducing the current yield of the Fund. In periods of rising interest rates, the opposite can be true.

### **Valuation Risk**

A Fund may invest some of its assets in illiquid and/or unquoted securities or instruments. Such investments or instruments will be valued by the Directors or their delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

## **Performance Fee Risk**

The payment of the Performance Fee as described under “Fees and Expenses - Performance Fees” to the Investment Manager based on the performance of the Company may provide the Investment Manager with an incentive to cause the Company to make more speculative investments than might otherwise be the case. The Investment Manager will have discretion as to the timing and the terms of the Company’s transactions in investments and may therefore have an incentive to arrange such transactions to maximise its fees.

## **Cross-Liability for other Funds**

The Company is established as an umbrella fund with segregated liability between Funds. Under Irish law the assets of one Fund are not available to satisfy the liabilities of or attributable to another Fund. However the Company may operate or have assets in countries other than Ireland which may not recognise segregation between Funds and there is no guarantee that creditors of one Fund will not seek to enforce one Fund’s obligations against another Fund.

## **Accounting, Auditing and Financial Reporting Standards**

The accounting, auditing and financial reporting standards of many of the countries in which a Fund may invest may be less extensive than those applicable to US and European Union companies.

## **Derivatives and Techniques and Instruments Risk**

### *General*

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events, 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 techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund’s securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) the ability to meet



redemption.

### *Correlation Risk*

The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.

### *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 contract may not accurately reflect the intention of the parties.

### *Liquidity of Futures Contracts*

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

### *Forward Trading*

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

### *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.

### *Counterparty Risk*

Each Fund will have credit exposure to counterparties by virtue of positions in swaps, repurchase transactions, forward exchange rate and other contracts held by the Fund. 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.

The Funds will also be exposed to a credit risk on parties with whom it trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments.

### *Absence of Regulation; Counterparty Default*

In general, there is less government regulation and supervision of transactions in the OTC markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Exchanges. In addition, many of the protections afforded to participants on some Recognised Exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with OTC transactions. OTC options are 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 a Recognised 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 not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the 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. Counterparty exposure will be in accordance with the Fund's investment restrictions. 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.

## **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 Company believes that the Company 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 futures 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.

## **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 the Fund intends to trade. Certain of the instruments in which the Fund may invest are interest and foreign exchange rate sensitive, 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 to utilise appropriate strategies to maximize returns to the Fund, while attempting to minimize 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.

## **Securities Lending Risk**

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

## **Investment Manager Valuation Risk**

The Administrator may consult the Investment Manager (as deemed to be a competent person by the Directors), 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, the Company has directed the Investment Manager to follow industry standard procedures and the requirements of the Central Bank for valuing unlisted investments.

### **Liquidity**

A listing of Shares of a Fund or Class on the Irish Stock Exchange will not necessarily provide liquidity to investors.

### **Exchange Traded Funds**

There are additional specific risks of investing in ETFs, including tracking error risk, low trading volumes and counterparty risk. As exchange traded funds are listed and trade similarly to equity securities, the bid/offer spread will widen during periods of low trading volumes. The extent of tracking error risk will largely depend on the method utilized by the ETF to replicate the index it is designed to track. ETFs that replicate an index fully through investing in each security in the index will likely have lower tracking error risk than those that replicate an index through a constructing a sample of securities in that index. ETFs that utilize financial derivatives to replicate an index will also likely have exposure to counterparty risk, particularly if the financial derivatives are traded OTC as opposed to on an exchange. Where an ETF is underwritten by a financial institution there is also additional counterparty risk inherent in the ETF through exposure to the underwriter.

### **Re-Investment of Cash Collateral**

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

### **Foreign Account Tax Compliance Act**

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

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

Prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Company.

### **Eurozone Crisis**

As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the European Union ("EU") have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund and the recently created European Financial Stability Facility. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. Notwithstanding the measures which leaders of countries in the Eurozone have agreed, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Company, its Funds and/or one or more classes of share is impossible to predict. Such events could result in significant exchange rate volatility and could have an adverse impact on the financial markets, not only within Europe but globally and could have an adverse impact on the value of the Company's investments.

### **Key Man Risk**

Insofar as the role to provide investment advice and recommendations towards a particular Fund has been appointed to a specific sub-investment manager or investment adviser, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the relevant sub-investment manager or investment adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services toward the relevant Fund on behalf of that sub-investment manager or investment adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant sub-investment management or investment advisory agreement or to provide notice to Shareholders of the closure or winding up of the relevant Fund.

### **Risk Factors Not Exhaustive**

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors

should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

## 2. MANAGEMENT AND ADMINISTRATION

The Directors control the affairs of the Company and are responsible for the formulation of investment policy. The Directors have delegated certain of their duties to the Custodian, Administrator, the Investment Manager, the Distributor and Bridge Consulting.

### Directors

The Company shall be managed and its affairs supervised by the Directors all of whom are non-executive directors of the Company and whose details are set out below:-

**L. Georges Gutmans** has been the Managing Director of E.I. Sturdza Strategic Management Limited of Sarnia House, Le Truchot, St Peter Port, Guernsey, part of the Sturdza Private Banking Group, since December 2005. Mr Gutmans is also a director of other investment funds managed by the Investment Manager.

**Johannes Yntema** is a non-executive director of the Investment Manager and other group companies within the Sturdza Private Banking Group. He is a resident of the Netherlands and is also a director of other funds managed by the Investment Manager.

**Gavin J. Farrell** qualified as a Solicitor of the Supreme Court of England and Wales, a French Avocat and an Advocate of the Royal Courts of Guernsey. He is a partner at Mourant Ozannes, Advocates & Notaries Public, in Guernsey and specialises international and structured finance and collective investment schemes. Gavin holds a number of directorships in investment and captive insurance companies, including listed investment trusts and private equity structures. He is a resident of Guernsey and is also a director of the Investment Manager and other funds managed by the Investment Manager.

**Denise Kinsella** is an independent non-executive director of a number of investment funds/financial services companies. She is a lawyer by profession and for six years (1999 to 2005) was a Partner at Dillon Eustace Solicitors, specializing in financial services law, in particular investment funds, banking and security, and responsible for advising a number of major domestic and internationally ranked financial institutions on investment, banking and financial services. Prior to that she was employed by Bank of Ireland Group for 11 years where she held a number of senior roles including, in Bank of Ireland Securities Services, as Director of Client Services and Director of Legal Affairs and, in Bank of Ireland Asset Management, as a Senior Manager. Denise is a former Chairman of the Irish Funds Industry Association and IFIA's legal and regulatory sub-committee. She has also participated on a number of funds industry working groups. She holds an honours BA (Mod) degree in Legal Science from Trinity College Dublin and was admitted as a solicitor by the Law Society of Ireland in 1987. She also holds a Diploma in Company Direction from the Institute of Directors (UK).

**Brian Dillon** is a lawyer by profession and a partner at Dillon Eustace. He specialises in financial services law in particular investment funds and funds and securities dispute resolution. He joined Dillon Eustace in 1994 and in 2000 established the firm's Tokyo representative office which he managed until 2002. During this time he was admitted as a foreign member to the Japanese Bar Association. He is currently a committee member with the Irish Funds Industry Association. He is a business and economics graduate of Trinity College, Dublin and was admitted as a solicitor by the Law Society of Ireland in 1997.

The address of the Directors is the registered address of the Company.

None of the Directors have had any convictions in relation to indictable offences, been involved in any bankruptcies, individual voluntary arrangements, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company or partnership voluntary arrangements, any composition or arrangements with its creditors generally or any class of its creditors of any company where they were a director or partner with an executive function, nor have had any public criticisms by statutory or regulatory authorities (including recognised professional bodies) nor has any director ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

### **The Promoter**

The Promoter of the Company is E.I. Sturdza Strategic Management Limited, part of the Sturdza Private Banking Group The Promoter is a limited company incorporated under the laws of Guernsey on 12th November, 1999.

### **Investment Manager**

The Company has also appointed E.I. Sturdza Strategic Management Limited, as investment manager with discretionary powers pursuant to the Investment Management Agreement. The Investment Manager is regulated and licensed by the Guernsey Financial Services Commission to provide investment management and advisory services.

Under the terms of the Investment Management Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Directors, for managing the assets and investments of the Company in accordance with the investment objective and policies of each Fund. The Company shall not be liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of the Investment Manager or for its own acts or omissions in following the advice or recommendations of the Investment Manager.

The Investment Manager may delegate the discretionary investment management of certain Funds to sub-investment managers, details of which will be set out in the relevant Supplement. The fees of each



sub-investment manager so appointed shall be paid by the Investment Manager out of its own fee. Details of such appointment will be provided to Shareholders on request and shall be further disclosed in each annual and semi-annual report of the Fund. The Investment Manager shall not be held liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of sub-investment managers appointed by it or for its own acts or omissions in bona fide following the advice or recommendations of sub-investment managers.

### **Investment Advisers**

The Investment Manager retains the discretion, subject to the approval of the Company and in accordance with the requirements of the Central Bank, to appoint one or more Investment Advisers to provide portfolio management and/or investment advisory services to one or more Funds established by the Company, details of which will be set out in the relevant Fund supplement.

An Investment Adviser may not appoint sub-investment advisers without the specific approval of both the Investment Manager and the Company.

### **Administrator**

The Company has appointed HSBC Securities Services (Ireland) Limited as administrator of the Company pursuant to the Administration Agreement with responsibility for the day to day administration of the Company's affairs. The responsibilities of the Administrator include share registration and transfer agency services, valuation of the Company's assets and calculation of the Net Asset Value per Share and the preparation of the Company's semi-annual and annual reports.

HSBC Securities Services (Ireland) Limited is a limited liability company incorporated under the laws of Ireland on 29th November, 1991. HSBC Securities Services (Ireland) Limited is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England. HSBC Securities Services (Ireland) Limited's main business activity is the provision of administrative services to collective investment schemes and other portfolios. As at 31<sup>st</sup> December, 2013, HSBC Holdings Plc had consolidated gross assets of approximately US\$ 2.671 billion.

Under the terms of the Administration Agreement between the Company and the Administrator, the Administrator has been delegated the responsibility for the administration of the Company's affairs.

The Administration Agreement provides that the appointment of the Administrator will continue in force unless or until terminated by the Company giving to the Administrator or vice versa not less than 90 days written notice although in certain circumstances (e.g. the insolvency of any party, unremedied material or persistent breach after notice, etc) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Administration Agreement contains indemnities in favour of the Administrator other than matters arising by reason of its negligence, fraud or wilful default in the

performance of its duties and obligations.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the assets of the Company and is not responsible for the preparation of the Prospectus other than the preparation of the above description and accepts no responsibility or liability for any information contained in the Prospectus except disclosure relating to it.

### **Custodian**

The Company has appointed HSBC Institutional Trust Services (Ireland) Limited as custodian of all of its assets pursuant to the Custodian Agreement.

HSBC Institutional Trust Services (Ireland) Limited is a limited liability company incorporated in Ireland in on 29th November, 1991 and is an indirect wholly owned subsidiary of HSBC Holdings Plc. HSBC Institutional Trust Services (Ireland) Limited's main business activity is the provision of custody and trustee services. As at 31st December, 2013, HSBC Holdings Plc had consolidated gross assets of approximately US\$ 2.671 billion.

The Custodian will be obliged, inter alia, to ensure that the issue and repurchase of Shares in the Company is carried out in accordance with the relevant legislation and the Memorandum and Articles of Association of the Company. The Custodian will carry out the instructions of the Company unless they conflict with the UCITS Regulations or the Articles of Association of the Company. The Custodian is also obliged to enquire into the conduct of the Company in each financial year and report thereon to the Shareholders.

The Custodian has power to delegate the whole or any part of its custodial functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Company and the Custodian acknowledge that the Central Bank considers that in order for the Custodian to discharge its responsibility under the UCITS Regulations, the Custodian must exercise care and diligence in the selection of agents, sub-custodians, nominees and delegates ("Correspondents") as safekeeping agents so as to ensure they have and maintain the expertise, competence and standing appropriate to discharge responsibilities concerned. The Custodian must maintain an appropriate level of supervision over Correspondents and make appropriate enquiries, periodically, to confirm that their obligations continue to be competently discharged. This, however, does not purport to be a legal interpretation of the UCITS Regulations or the corresponding provisions of the UCITS Directive.

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

The Custodian is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the assets of the Company and is not responsible for the preparation of the Prospectus other than the preparation of the above description and accepts no responsibility or liability for any information contained in the Prospectus except disclosure relating to it.

### **Distributor**

The Company has appointed E.I. Sturdza Strategic Management Limited as distributor of Shares in the Company pursuant to the Distribution Agreement. The Distributor has authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank.

### **Governance Services**

The Company has appointed Bridge Consulting to provide services to assist the Directors in carrying out the management functions specified by the Central Bank.

Bridge Consulting is a private limited company incorporated in Ireland on 1st March, 2005 under registration number 398390. Its principal business is the provision of business advisory and governance services to collective investment schemes and investment management firms.

### **Company Secretary**

The Company has appointed Chartered Corporate Services to provide company secretarial services to the Company.

### **Paying Agents/Representatives/Sub-Distributors**

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

Country Supplements dealing with matters pertaining to Shareholders in jurisdictions in which Paying

Agents are appointed may be prepared for circulation to such Shareholders and, if so, a summary of the material provisions of the agreements appointing the Paying Agents will be included in the relevant Country Supplements.

All Shareholders of the Company or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

Details of the paying agents appointed will be set out in the relevant Country Supplement and will be updated upon the appointment or termination of appointment of paying agents.

### **Conflicts of Interest**

The Directors, the Investment Manager, any Investment Adviser, the Distributor, the Administrator and the Custodian and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Company and/or their respective roles with respect to the Company. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. In particular, the Investment Manager and any Investment Adviser may advise or manage other Funds and other collective investment schemes in which a Fund may invest or which have similar or overlapping investment objectives to or with the Company or its Funds.

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly.

There is no prohibition on transactions with the Company, the Investment Manager, any Investment Adviser, the Administrator, the Custodian, the Distributor or entities related to the Investment Manager, the Administrator, the Custodian or the Distributor including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are consistent with the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis as provided in UCITS 14 (1) and (2) and

- (a) a person approved by the Custodian (or the Directors in the case of a transaction involving the Custodian) as independent and competent certifies that the price at which the transaction is effected is fair; or

- (b) the execution of the transaction is on best terms reasonably obtainable on organised investment exchanges under their rules; or

where the conditions set out in (a) and (b) are not practical the transaction is executed on terms which the Custodian (or the Directors in the case of a transaction involving the Custodian) is satisfied are on normal commercial terms negotiated at arms' length and in the best interest of Shareholders.

The Investment Manager or an associated company of the Investment Manager may invest in Shares so that a Fund or Class may have a viable minimum size or is able to operate more efficiently. In such circumstances the Investment Manager or its associated company may hold a high proportion of the Shares of a Fund or Class in issue. Details of the proportion of shares held by the Investment Manager will be made available to investors and prospective investors upon request. For as long as the Company is listed on the Irish Stock Exchange, details of the proportion of shares held in any of the Funds by the Investment Manager, any of the Directors and any associated Investment Adviser will be appropriately disclosed to the Irish Stock Exchange.

Neither the Investment Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Company and other clients having regard to, amongst other matters, the investment objective and policies of the Funds and those of other clients.

Details of interests of the Directors are set out in the Section of the Prospectus entitled "Statutory and General Information".

### **Soft Commissions**

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Company.

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

### **Cash/Commission Rebates and Fee Sharing**

Where the Investment 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, financial derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be. The Investment Manager or its delegates may be paid/reimbursed out of the assets of the Company or the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard, but is not entitled to any other fee for the arrangement and management of the provision of brokerage services to the Company or the relevant Fund

### 3. FEES AND EXPENSES

#### **Establishment Expenses**

All fees and expenses incurred in respect of the registration of the Strategic China Panda Fund, the Strategic Euro Bond Fund and the Nippon Growth (UCITS) Fund for sale in various markets were borne by the Strategic China Panda Fund, the Strategic Euro Bond Fund and the Nippon Growth (UCITS) Fund respectively. Such fees and expenses amounted to approximately Euro 175,000 and were amortised over the first five Accounting Periods of the Company or such other period as the Directors have determined and in such manner as the Directors in their absolute discretion deemed fair.

The fees and expenses relating to the establishment of the Strategic Europe Value Fund, Strategic Emerging Europe Fund, Strategic Global Bond Fund and the Strategic US Momentum and Value Fund did not exceed Euro 25,000 in respect of each Fund and were amortised over the first year after the close of the Initial Offer Period of the relevant Fund

The fees and expenses relating to the establishment of any additional Funds will be set out in the relevant Fund Supplement.

#### **Operating Expenses and Fees**

The Company will pay all its operating expenses and the fees hereinafter described as being payable by the Company. Expenses paid by the Company throughout the duration of the Company, in addition to fees and expenses payable to the Administrator, the Custodian, the Investment Manager, the Distributor and any Paying Agent appointed by or on behalf of the Company include but are not limited to brokerage and banking commissions and charges, legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the Company costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Company and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for any Funds or Classes or Shares, expenses of Shareholders meetings, Directors' insurance premia, expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax. Any such expenses may be deferred and amortised by the Company at the discretion of the Directors for pricing purposes. While this is not in accordance with Accounting Standards issued by the Accounting Standards Board, and may result in the audit opinion on the annual report being qualified in this regard, the Directors believe that such amortisation would be fair and equitable to investors. An estimated accrual for operating expenses of the Company will be provided for in the calculation of the Net Asset Value of each Fund. Operating expenses and the fees and expenses

of service providers which are payable by the Company shall be borne by all Funds in proportion to the Net Asset Value of the relevant Fund or attributable to the relevant Class provided that fees and expenses directly or indirectly attributable to a particular Fund or Class shall be borne solely by the relevant Fund or Class.

### **Administrator's Fees**

In respect of its financial accounting services the Administrator is entitled to a flat fee of Euro 5,000 per set of financial statements prepared.

In respect of the provision of administrative services in respect of FATCA, to include investor monitoring and maintenance of documentation and controls, the Administrator is entitled to a minimum fee of USD 4,800 payable by the Company. In addition, the Administrator is entitled to a transaction based fee ranging from USD 20 to USD 75 dependent on the investor classification, payable by the relevant Fund. Additional fees and expenses, such as those in respect of reporting obligations, will be incurred on normal commercial terms on an arms' length basis and will be borne by the Company and disclosed in the financial statements of the Company.

Additional fees of the Administrator will be paid out of the assets of the relevant Fund, details of which will be set out in the relevant Fund Supplement.

### **Custodian's Fees**

The fees of the Custodian will be paid out of the assets of the relevant Fund, details of which will be set out in the relevant Fund Supplement.

### **Investment Manager Fees**

The Company shall pay the Investment Manager out of the assets of the relevant Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of any accrued performance fees) attributable to each Class of each Fund in respect of which the Investment Manager is appointed where the Initial Offer Period was closed and the relevant Share Class established prior to 30 June 2014. For the avoidance of doubt, any Class established prior to 30 June 2014 will not incur a fee in excess of 1.5% per annum unless Shareholder approval has been sought to increase this fee.

The Company shall pay the Investment Manager out of the assets of the relevant Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 2.5% per annum of the Net Asset Value (before deduction of any accrued performance fees) attributable to each Class of each Fund in respect of which the Investment Manager is appointed where the Initial Offer Period was commenced and the relevant Share Class established subsequent to 30 June 2014.

Details of the fees payable to the Investment Manager in respect of relevant Share Classes will be set out



in the relevant Fund Supplement.

The Investment Manager may be paid different fees for investment management, including performance fees, in respect of individual Classes as disclosed in the relevant Supplement which may be higher or lower than the fees applicable to other Classes. Information in relation to the fees applicable to other Classes in a particular Fund shall be made available by the Investment Manager on request.

In addition, the Investment Manager may receive a performance fee. Details of any performance fee payable will be set out in the relevant Fund Supplement.

### **Investment Adviser Fees**

Fees payable to any appointed Investment Adviser will be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

### **Bridge Consulting Fees**

Bridge Consulting will receive an annual fee of no more than €50,000 plus VAT, payable out of the assets of the Company, accrued at each Valuation Point and payable quarterly in arrears.

### **Paying Agents Fees**

Reasonable fees and expenses of any Paying Agent appointed by the Company which will be at normal commercial rates together with VAT, if any, thereon will be borne by the Company or the relevant Fund in respect of which a Paying Agent has been appointed.

All Shareholders of the Company or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

### **Distributor's Fees/Sales Commissions**

Shareholders may be subject to a sales commission calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 3 % of the subscription amount. Such commission, if applied, will be charged as a preliminary once off charge. Details of any sales commission payable shall be specified in the relevant Supplement.

### **Redemption Fee**

The Directors are empowered to levy a redemption fee not exceeding 3% of the Net Asset Value per Share. Details of the redemption fee, if any, will be set out in the relevant Fund Supplement.

## **Conversion Fee**

The Articles of Association authorise the Directors to charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 2% of Net Asset Value of Shares in the original Fund. The Directors do not currently intend to charge any conversion fee and will give reasonable notice to Shareholders of any intention to charge such a fee.

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

The Company reserves the right to impose an 'anti-dilution levy' representing a provision for market spreads (the differences between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund, in the event of receipt for processing of net subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Unless otherwise disclosed in the relevant Supplement, any such provision may be added to the price at which Shares will be issued in the case of net subscription requests exceeding 1% of the Net Asset Value of the Fund and deducted from the price at which Shares will be redeemed in the case of net redemption requests exceeding 1% of the Net Asset Value of a Fund, including the price of Shares issued or redeemed as a result of requests for conversion.

More generally, unless otherwise disclosed in the relevant Supplement, the Company may apply provisions for an anti-dilution levy to be applied at a rate of 0.2% of the market value of each subscription and redemption that will be added to the price at which Shares will be issued in the case of subscription requests and deducted from the price at which Shares will be redeemed, including the price of Shares issued or redeemed as a result of requests for conversion. Where an anti-dilution levy is to be introduced more generally in respect of a particular Fund, the Company will provide notification to shareholders in advance of introducing such a fee.

The application of any provision will be subject to the overall direction and discretion of the Company.

## **Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors. The Directors shall receive a fee for their services up to a total aggregate maximum fee of Euro 300,000 per annum, or such other amount as may from time to time be disclosed in the annual report of the Company. Any increase above the maximum permitted fee will be notified in advance to Shareholders. Each Director may be entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties.

### **Allocation of Fees and Expenses**

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or otherwise on such basis as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

### **Fee Increases**

The rates of fees for the provision of services to any Fund or Class may be increased within the maximum levels stated above so long as reasonable written notice of the new rate(s) is given to Shareholders of the relevant Fund or Class.

## 4. THE SHARES

### General

Shares may be issued on any Dealing Day. Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class. Where a Class of Shares is denominated in a currency other than the Base Currency of a Fund, that Class may be hedged or unhedged as disclosed in the relevant Supplement for the relevant Class. Where a Class is to be unhedged, currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates normally obtained from Reuters or such other data provider. Where a Class of Shares is to be hedged, the Company shall employ the hedging policy as more particularly set out herein. Shares will have no par value and will first be issued on the first Dealing Day after expiry of the initial offer period specified in the relevant Supplement at the Initial Price as specified in the relevant Supplement. Thereafter, Shares shall be issued at the Net Asset Value per Share.

Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer. Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction or whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders or any or all of them might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Investment Manager, the Distributor, the Custodian, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have power under the Articles of Association to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

None of the Company, the Investment Manager, any Investment Adviser, the Distributor, the Administrator or the Custodian or any of their respective directors, officers, employees or agents will be

responsible or liable for the authenticity of instructions from Shareholders reasonably believed to be genuine and shall not be liable for any losses, costs or expenses arising out of or in conjunction with any unauthorised or fraudulent instructions. The Distributor and the Administrator shall, however, employ reasonable procedures to confirm that instructions are genuine.

### **Abusive Trading Practices/Market Timing**

The Directors generally encourage investors to invest in the Funds as part of a long-term investment strategy and discourages excessive or short term or abusive trading practices. Such activities, sometimes referred to as “market timing”, may have a detrimental effect on the Funds and Shareholders. For example, depending upon various factors such as the size of the Fund and the amount of its assets maintained in cash, short-term or excessive trading by Shareholders may interfere with the efficient management of the Fund’s portfolio, increased transaction costs and taxes and may harm the performance of the Fund.

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

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

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

## **Application for Shares**

The terms and conditions applicable to an application for the issue of Shares in a Fund or Class and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund or Class. An Application Form may be obtained from the Administrator and/or the Distributor. The Minimum Subscription, Minimum Holding and Minimum Transaction Size for Shares are set out in the Supplement for each Fund.

The Administrator on behalf of the Company may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk.

Investors are required to obtain a copy of the Key Investor Information Document for the relevant Fund and its Share Classes prior to subscribing to a Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com).

## **Subscriptions in specie**

In accordance with the provisions of Article 9.03 of the Memorandum and Articles of Association of the Company, the Company may accept in specie applications for Shares provided that the nature of the assets to be transferred into the relevant Fund qualify as investments of the relevant Fund in accordance with its investment objectives, policies and restrictions. Assets so transferred shall be vested with the Custodian or arrangements shall be made to vest the assets with the Custodian. The number of Shares to be issued shall not exceed the amount that would be issued for the cash equivalent. The Custodian shall be satisfied that the terms of any exchange will not be such as are likely to result in any prejudice to the existing shareholders of the relevant Fund.

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

Measures aimed at the prevention of money laundering and terrorist financing will 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 with the Company.

By way of example, an individual will be required to produce a copy of a passport or identification card, which shows a photograph, signature and date of birth, duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence, together with one item evidencing their address such as a utility bill or bank statement (not more than six months old). In the

case of corporate applicants this may require production of certified copies of the certificate of incorporation (and any change of name) and of the memorandum and articles of association (or equivalent), a certified copy of the corporation's authorised signatory list, the names, occupations, dates of birth and residential and business addresses of all directors and beneficial owners (who may also be required to verify their identity as described above).

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.

Depending on the circumstances of each application, a detailed verification of source of funds might not be required where (i) the investor makes payment from an account held in the investor's name at a recognised financial intermediary or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations or satisfies other applicable conditions.

The Administrator and the Company each reserve the right to request such information as is necessary to verify the identity, address and source of funds of an investor. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies. The Administrator may also refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants should note that redemption proceeds will only be made to the account of record.

Each applicant for Shares acknowledges that the Administrator and the Company shall be held harmless against any loss arising as a result of a failure to process his/her application for Shares or redemption request, if such information and documentation has been requested by the Administrator and has not been provided by the applicant. Furthermore the Company or the Administrator also reserve the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the Company or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Company or the Administrator with any such laws or regulations in any relevant jurisdiction.

## **Data Protection**

### Data Protection Information

Prospective investors should note that by completing the Application Form they are providing personal information to the Company, which may constitute personal data within the meaning of data protection

legislation in Ireland. This data will be used for the purposes of client identification, administration, statistical analysis, market research, to comply with any applicable legal or regulatory requirements and, if an applicant's consent is given, for direct marketing purposes. Data may be disclosed to third parties including regulatory bodies, tax authorities in accordance with the European Savings Directive or the US Foreign Account Tax Compliance Act ("FATCA"), delegates, advisers and service providers of the Company and their or the Company'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 above and in the application form. Investors have a right to obtain a copy of their personal data kept by the Company on payment of a fee and the right to rectify any inaccuracies in personal data held by the Company.

### **Redemption of Shares**

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share for that Class calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended). The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund or Class. If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Company or its delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Shares will not receive or be credited with any dividend declared on or after the Dealing Day on which they were redeemed.

If the number of Shares to be redeemed on any Dealing Day equals one tenth or more of the total number of Shares of a Fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of one tenth of the total number of Shares in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all Shares to which the original request related have been redeemed. Redemption requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Company may, with the consent of the individual Shareholders, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer provided that any Shareholder requesting redemption shall be entitled to request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale, the costs of which shall be



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

A determination to provide redemption in specie may be solely at the discretion of the Directors where the redeeming Shareholder requests redemption of a number of Shares that represent 5% or more of the Net Asset Value of the relevant Fund. In this event the Directors will, if requested, sell the assets on behalf of the Shareholder. The cost of such sale shall be borne by the relevant Shareholder.

### **Compulsory Redemption of Shares/Deduction of Tax**

Shareholders are required to notify the Administrator through whom Shares have been purchased immediately if they become US Persons or persons who are otherwise subject to restrictions on ownership as set out herein and such Shareholders may be required to redeem or transfer their Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time as set out herein or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or material administrative disadvantage to the Company. The Company may also redeem any Shares held by any person who holds less than the Minimum Holding or does not, within twenty eight days of a request by or on behalf of the Company, supply any information or declaration required under the terms hereof to be furnished. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors in relation to the section of the prospectus entitled "Taxation" and in particular the section therein headed "Irish Taxation" which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are Irish Resident or Ordinarily Resident in Ireland amounts in respect of liability of to Irish taxation including any penalties and interest thereon and/or compulsorily redeem Shares to discharge such liability. Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

### **Total Redemption of Shares**

All of the Shares of any Class or any Fund may be redeemed:

- (a) on the giving by the Company of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or

(b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

The Directors may resolve in their absolute discretion to retain sufficient monies prior to effecting a total redemption of shares to cover the costs associated with the subsequent termination of a Fund or the liquidation of the Company.

### **Conversion of Shares**

Subject to the Minimum Initial Subscription, Minimum Holding and Minimum Transaction Size requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class (“the Original Fund”) to Shares in another Fund or Class or another Class in the same Fund (“the New Fund”) in accordance with the formula and procedures specified below. Requests for conversion of Shares should be made to the Administrator by facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day which is a dealing day for the relevant Funds, unless the Directors in their absolute discretion otherwise determines, such discretion not to be exercised after the Valuation Point. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Where a conversion request would result in a Shareholder holding a number of Shares of either the Original Fund or the New Fund which would be less than the Minimum Holding for the relevant Fund, the Company or its delegate may, if it thinks fit, convert the whole of the holding in the Original Fund to Shares in the New Fund or refuse to effect any conversion from the Original Fund.

Fractions of Shares which shall not be less than 0.001 of a Share may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.001 of a Share will be retained by the Company in order to defray administration costs.

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

$$S = \frac{(R \times NAV \times ER) - F}{SP}$$

where

“S” is the number of Shares of the New Fund to be allotted.

“R” is the number of Shares in the Original Fund to be redeemed.

“NAV” is the Net Asset Value per Share of the Original Fund at the Valuation Point on the relevant Dealing Day.

“ER” is the currency conversion factor (if any) as determined by the Administrator.

“F” is the conversion charge (if any) of up to 2% of the Net Asset Value of the Shares to be issued in the New Fund.

“SP” is the Net Asset Value per Share of the New Fund at the Valuation Point on the relevant Dealing Day.

### **Withdrawal of Conversion Requests**

Conversion requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Funds in respect of which the conversion request was made.

### **Net Asset Value and Valuation of Assets**

The Directors have delegated the calculation of the Net Asset Value to the Administrator.

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Articles of Association. The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees, including those to be incurred in the event of a subsequent termination of a Fund or liquidation of the Company and all other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class as at the Valuation Point subject to adjustment to take account of assets and/or liabilities attributable to the Class. The Net Asset Value of a Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a by the total number

of Shares in issue, or deemed to be in issue, in the Fund or Class at the relevant Valuation Point and rounding the resulting total to 2 decimal places.

In determining the Net Asset Value of the Company and each Fund:-

- (a) Securities which are quoted, listed or traded on a Recognised Exchange save as hereinafter provided at (d), (e), (f), (g) and (h) will be valued at the closing mid-market price. Where a security is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt on or the exchange or market which the Directors determine provides the fairest criteria in determining a value for the relevant investment. Securities listed or traded on a Recognised Exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued by a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Custodian, taking into account the level of premium or discount at the Valuation Point provided that the Custodian shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (b) The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Custodian. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
- (c) Cash in hand or on deposit will be valued at its nominal/face value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market including without limitation futures and options contracts and index futures shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or (ii) a competent person firm or corporation (including the Investment Manager) selected by the Directors and approved for the purpose by the Custodian. OTC derivative contracts will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is selected by the Directors and approved for the purpose by the Custodian and who is independent of the counterparty (the "Counterparty Valuation"); or (ii) using

an alternative valuation provided by a competent person appointed by the Directors and approved for the purpose by the Custodian. Where such Alternative Valuation method is used the Company will follow international best practise and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

- (e) Forward foreign exchange and interest rate swap contracts shall be valued in the same manner as OTC derivatives contracts or by reference to freely available market quotations.
- (f) Notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if listed or traded on a Recognised Exchange, in accordance with (a) above. Where a final net asset value per share is not available an estimated net asset value per share received from the administrator or investment manager of the relevant collective investment scheme may be used. Where estimated values are used, these shall be final and conclusive notwithstanding any subsequent variation in the net asset value of the collective investment scheme.
- (g) In the case of a Fund which is a money market fund the Directors may value any security which (i) has a maturity at issuance of up to and including 397 days; or (ii) has a residual maturity of up to and including 397 days; (iii) undergoes regular yield adjustments in line with money market conditions at least every 397 days; and/or (iv) the risk profile, including credit and interest rate risks corresponds to that of financial instruments which have a maturity of up to and including 397 days or are subject to a yield adjustment at least every 397 days and which in the case of (iii) and (iv) also meet with the final maturity requirements of the relevant rating agency, using the amortised cost method of valuation whereby the security is valued at its acquisition cost, adjusted for amortisation of premium or accretion of discount on the securities. The weighted average maturity of a portfolio must not exceed 60 days. The Directors or their delegates shall review or cause a review to be carried out weekly of discrepancies between the market value and the amortised value of the money market instruments and such review will be carried out in accordance with the guidelines of the Central Bank.
- (h) The Directors may value money market instruments having a residual maturity not exceeding three months using the amortised cost method of valuation. Such securities will have no specific sensitivity to market parameters, including credit risk.
- (i) The Directors may, with the approval of the Custodian, adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.

- (j) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the prevailing exchange rate which is available to the Administrator and which is normally obtained from Reuters or such other data provider.
- (k) Where the value of any security is not ascertainable as described above, the value shall be the probable realisation value estimated by the Directors with care and in good faith or by a competent person appointed by the Directors and approved for the purpose by the Custodian.
- (l) If the Directors deem it necessary a specific security may be valued under an alternative method of valuation approved by the Custodian.

In calculating the value of assets of the Company and each Fund the following principles will apply:

- (a) in determining the value of investments of a Fund (a) the Directors may value the securities of a Fund (i) at lowest market dealing bid prices where on any Dealing Day the value of all redemption requests received exceeds the value of all applications for Shares received for that Dealing Day or at highest market dealing offer prices where on any Dealing Day the value of all applications for Shares received for that Dealing Day exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares held by existing Shareholders; (ii) at bid and offer prices, in accordance with the requirements of the Central Bank where a bid and offer value is used to determine the price at which Shares are issued and redeemed; or (iii) at mid prices; provided in each case that the valuation policy selected by the Directors shall be applied consistently with respect to the Company and, as appropriate, individual Funds for so long as the Company or Funds, as the case may be, are operated on a going concern basis. Every Share agreed to be issued by the Directors with respect to each Dealing Day shall be deemed to be in issue at the subsequent Valuation Point to the relevant Dealing Day and the assets of the relevant Fund shall be deemed to include not only cash and property in the hands of the Custodian but also the amount of any cash or other property to be received in respect of Shares, issued on the prior Dealing Day after deducting therefrom (in the case of Shares agreed to be issued for cash) or providing for preliminary charges;
- (b) where securities have been agreed to be purchased or sold but such purchase or sale has not been completed, such securities shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed unless the Directors have reason to believe such purchase or sale will not be completed;
- (c) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to

that Fund;

- (d) there shall be added to the assets of each relevant Fund a sum representing any interest, dividends or other income accrued but not received and a sum representing unamortised expenses unless the Directors are of the opinion that such interest, dividends or other income are unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors or their delegate (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof;
- (e) there shall be added to the assets of each relevant Fund the total amount (on a receipts or accruals basis, at the discretion of the Directors) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief; and
- (f) there shall be deducted from the assets of the relevant Fund:
  - (i) the total amount of any actual liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on such borrowings and any liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as will become payable;
  - (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (iv) the remuneration, fees and expenses of the Administrator, the Custodian, the Investment Manager, any Distributor and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
  - (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
  - (vi) an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a subsequent liquidation;
  - (vii) an amount as of the relevant Valuation Point representing the projected liability of the

relevant calls on Shares in respect of any warrants issued and/or options written by the relevant Fund or Class of Shares; and

- (viii) any other liability which may properly be deducted.

In the absence of negligence, fraud or wilful default, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in determining the value of any investment or calculating the Net Asset Value of a Fund or Class or where relevant Series or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders.

### **Publication of Net Asset Value per Share**

The Net Asset Value per Share may be published weekly in the Financial Times, the International Herald Tribune and/or such other publications as the Directors may determine in the jurisdictions in which the Shares are offered for sale and shall be made available on the internet at [www.bloomberg.com](http://www.bloomberg.com) and [www.eisturdza.com](http://www.eisturdza.com) and updated following each calculation of Net Asset Value. In addition, the Net Asset Value per Share may be obtained from either the Distributor or the Administrator during normal business hours. The Net Asset Value of any Fund or attributable to a Class whose Shares are listed will also be notified to the Irish Stock Exchange by the Administrator immediately upon calculation.

### **Suspension of Valuation of Assets**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of any Fund or attributable to a Class and the issue, conversion and redemption of Shares in any Fund or Class:

- a) during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- b) during the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of the Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of the Company; or
- c) during the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of any of the relevant Fund's investments; or



- d) during the whole or any part of any period when for any reason the value of any of the Fund's investments cannot be reasonably, promptly or accurately ascertained;
- e) during the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (f) upon mutual agreement between the Company and the Custodian for the purpose of winding up the Company or terminating any Fund; or
- (g) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the investments or the Company or any Fund.

Any suspension of valuation shall be notified to the Central Bank, the Irish Stock Exchange with respect to any Fund or Class which is listed, and the Custodian without delay and, in any event, within the same Dealing Day and shall be published in the Financial Times and International Herald Tribune or other financial publication as appropriate. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible where it is the best interests of Shareholders to do so.

The Central Bank may also require that the Company temporarily suspends the determination of the Net Asset Value and the issue and redemption of Shares in a Fund if it decides that it is in the best interests of the general public and the Shareholders to do so.

### **Dividends and Distributions**

The Directors are empowered to declare and pay dividends on Shares issued in any Class or Fund in the Company. The dividend policy for each Fund or Class will be set out in the relevant Supplement.

## 5. TAXATION

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

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

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

### **Irish Taxation**

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes the taxation position of the Company and the Shareholders is as set out below.

#### **The Company**

The Company will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the Company is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) of Shares or the appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Company in respect of

chargeable events in respect of a Shareholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the Company satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:

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

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

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

### ***Stamp Duty***

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

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or

marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act or a “qualifying company” within the meaning of Section 110 of the Taxes Act) which is registered in Ireland.

## **Shareholders Tax**

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

Any payments to a Shareholder or any encashment, redemption, cancellation or transfer of Shares held in a Recognised Clearing System will not give rise to a chargeable event in the Company (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Shares held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal, therefore, as previously advised, Shareholders should seek their own tax advice in this regard). Thus the Company will not have to deduct any Irish taxes on such payments regardless of whether they are held by Shareholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Shareholder has made a Relevant Declaration. However, Shareholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Shares are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Shares.

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

### *Shareholders who are neither Irish Residents nor Ordinarily Resident in Ireland*

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

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Company on the occasion of a chargeable event provided that either (i) the Company satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on

behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

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

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

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

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

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

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

#### 10% Threshold

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

#### 15 % Threshold

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

#### Other

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

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

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

#### *Equivalent Measures*

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

#### *Personal Portfolio Investment Undertaking ("PPIU")*

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

## Capital Acquisitions Tax

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

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

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

## European Union – Taxation of Savings Income Directive

Dividends and other distributions made by the Company, together with payment of the proceeds of sale and/or redemption of Shares in the Company, may (depending on the investment portfolio of the Company and the location of the paying agent – the definition of a paying agent for the purposes of the Savings Directive is not necessarily the same person who may legally be regarded as the paying agent) be subject to the exchange of information regime or withholding tax imposed by EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If a payment is made to a Shareholder who is an individual resident in a Member State of the European Union (or a “residual entity” established in a Member State) by a paying agent resident in another Member State (or in certain circumstances the same Member State of the Shareholder) then the Directive may apply. The Directive applies to payments of “interest” (which may include distributions or redemption payments by collective investment funds) or other similar income made on or after 1 July 2005 and applicants for Shares in the Company will be requested to provide certain information as required under the Directive. It should be noted that the imposition of exchange of information and/or withholding tax on payments made to certain individuals and residual entities resident in an EU Member State also applies to those resident or located in any of the following countries; Anguilla, Aruba, British Virgin Islands, Cayman Island, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles and Turks and Caicos Islands.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds (in the case of EU domiciled funds, the Directive currently only applies to UCITS), to the extent that the fund has invested more than 15% of its assets directly or indirectly in interest bearing securities and income realised upon the sale, repurchase or redemption of fund units to



the extent that the fund has invested more than 25% of its assets directly or indirectly in interest bearing securities.

The following countries, Andorra, Liechtenstein, Monaco, San Marino and Switzerland, will not be participating in automatic exchange of information. To the extent that they will exchange information it will be on a request basis only. Their participation is confined to imposing a withholding tax.

On 24<sup>th</sup> March 2014 the European Commission formally adopted a directive amending the EU Savings Directive (2003/48/EC). The amendments will, inter alia, (i) extend the scope of the Directive to payments made through certain Non-EU intermediate structures for the ultimate benefit of an EU resident individual and (ii) include certain EU entities and legal arrangements which are not subject to effective taxation within the definition of a “residual entity” and (iii) expand the definition of interest to cover other income substantially equivalent to interest.

The Member States will have until January 2016 to adopt the national legislation necessary to comply with the Directive and implementation is expected from 2017.

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

The foreign account tax compliance provisions (“**FATCA**”) of the Hiring Incentives to Restore Employment Act 2010 represent an expansive information reporting regime enacted by the United States (“**US**”) aimed at ensuring that Specified US Persons with financial assets outside the US are paying the correct amount of US tax. FATCA will generally impose a withholding tax of up to 30% with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends paid to a foreign financial institution (“**FFI**”) unless the FFI enters directly into a contract (“**FFI agreement**”) with the US Internal Revenue Service (“**IRS**”) or alternatively the FFI is located in a IGA country (please see below). An FFI agreement will impose obligations on the FFI including disclosure of certain information about US investors directly to the IRS and the imposition of withholding tax in the case of non-compliant investors. For these purposes the Company would fall within the definition of a FFI for the purpose of FATCA.

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

The Irish IGA is intended to reduce the burden for Irish FFIs of complying with FATCA by simplifying the

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

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

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

## 6. GENERAL INFORMATION

### 1. Incorporation, Registered Office and Share Capital

- (a) The Company was incorporated in Ireland on 27th August, 2008 as an investment company with variable capital with limited liability under registration number 461518. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory at the front of the Prospectus.
- (c) Clause 3 of the Memorandum of Association of the Company provides that the Company's sole object is the collective investment in either of both transferable securities and other liquid financial assets referred to in Regulation 4 of the UCITS Regulations of capital raised from the public and the Company operates on the principle of risk spreading.
- (d) The authorised share capital of the Company is 300,000 redeemable non-participating shares of no par value and 500,000,000,000 participating Shares of no par value. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefore but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot shares in the capital of the Company on such terms and in such manner as they may think fit. There are two non-participating shares currently in issue.
- (e) No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

### 2. Variation of Share Rights and Pre-Emption Rights

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the Shareholders of that Class or Fund.
- (b) A resolution in writing signed by all the Shareholders and holders of non-participating shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- (c) The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking *pari passu* with Shares already in issue.

- (d) There are no rights of pre-emption upon the issue of Shares in the Company.

### **3. Voting Rights**

The following rules relating to voting rights apply:-

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of non-participating shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- (c) The chairman of a general meeting of a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of non-participating shares shall be entitled to one vote in respect of all non-participating shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- (f) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (g) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place or by such other means and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (h) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of

the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

#### **4. Meetings**

- (a) The Directors may convene extraordinary general meetings of the Company at any time.
- (b) Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting.
- (c) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (d) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

#### **5. Reports and Accounts**

The Company will prepare an annual report and audited accounts as of 31st December in each year and a half-yearly report and unaudited accounts as of 30th June in each year. The audited annual report and accounts will be published within four months of the Company's financial year end and its semi-annual report will be published within two months of the end of the half year period and in each case will be offered to subscribers before conclusion of a contract and supplied to Shareholders free of charge on request and will be available to the public at the office of the Administrator. If a Fund or Class is listed, the annual report and half-yearly report will be circulated to the Irish Stock Exchange and Shareholders within 6 months and 4 months respectively of the end of the relevant financial period. The periodic reports and the Articles of Association may be obtained from the office of the Administrator.

## 6. Communications and Notices to Shareholders

Communications and Notices to Shareholders or the first named of joint Shareholders shall be deemed to have been duly given as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand	: The day of delivery or next following working day if delivered outside usual business hours.
Post	: 48 hours after posting.
Fax	: The day on which a positive transmission receipt is received.
Electronically	: The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice	: The day of publication in a daily newspaper circulating in the country or countries where shares are marketed.

## 7. Transfer of Shares

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed 5% of the Net Asset Value of the Shares subject to the transfer on the Dealing Day immediately preceding the date of the transfer.

The Directors may decline to register any transfer of Shares if:-

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
- (ii) all applicable taxes and/or stamp duties have not been paid in respect of the instrument of transfer;
- (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates, such evidence as the Directors may reasonably require

- to show the right of the transferor to make the transfer, such relevant information and declarations as the Directors may reasonably require from the transferee including, without limitation, information and declarations of the type which may be requested from an applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or
- (iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership as set out herein or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Company or the relevant Fund or Shareholders as a whole.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.

## **8. Directors**

The following is a summary of the principal provisions in the Articles of Association relating to the Directors:

- (a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.
- (b) A Director need not be a Shareholder.
- (c) The Articles of Association contain no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus or the annual report and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- (f) A Director may hold any other office or place of profit under the Company, other than the office of Auditor, in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.

- (g) No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.
- (h) A Director may not vote in respect of any resolution or any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5 per cent or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.
- (i) The office of a Director shall be vacated in any of the following events namely:-
- (a) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;
  - (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (c) if he becomes of unsound mind;
  - (d) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;



- (e) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
- (f) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (g) if he is removed from office by ordinary resolution of the Company.

## 9. Directors' Interests

- (a) None of the Directors has or has had any direct interest in the promotion of the Company or in any transaction effected by the Company which is unusual in its nature or conditions or is significant to the business of the Company up to the date of this Prospectus or in any contracts or arrangements of the Company subsisting at the date hereof other than:

**L Georges Gutmans** is a director of the Investment Manager and a director of other funds managed by the Investment Manager and will be considered to be interested in any agreement entered into by the Company with the Investment Manager.

**Johannes Yntema** is a director of the Investment Manager and a director of other funds managed by the Investment Manager and will be considered to be interested in any agreement entered into by the Company with the Investment Manager.

**Brian Dillon** is a partner at Dillon Eustace, the Irish legal advisers to the Company, and is a director of Tudor Trust Limited, the former company secretary to the Company.

**Gavin Farrell** is a director of the Investment Manager and will be considered to be interested in any agreement entered into by the Company and the Investment Manager.

- (b) None of the Directors has a service contract with the Company nor are any such service contracts proposed.

## 10. Winding Up of Company

- (a) The Company may be wound up if:
  - (i) At any time after the first anniversary of the incorporation of the Company, the Net Asset Value of the Company falls below, USD10 million on each Dealing Day for a period of six consecutive weeks and the Shareholders resolve by ordinary resolution to wind up the Company;
  - (ii) Within a period of three months from the date on which (a) the Custodian notifies the Company of its desire to retire in accordance with the terms of the Custodian Agreement

and has not withdrawn notice of its intention to so retire, (b) the appointment of the Custodian is terminated by the Company in accordance with the terms of the Custodian Agreement, or (c) the Custodian ceases to be approved by the Central Bank to act as a custodian; no new Custodian has been appointed, the Directors shall instruct the Secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an Ordinary Resolution to wind up the Company. Notwithstanding anything set out above, the Custodian's appointment shall only terminate on revocation of the Company's authorisation by the Central Bank or on the appointment of a successor custodian;

- (iii) The Shareholders resolve by ordinary resolution that the Company by reason of its liabilities cannot continue its business and that it be wound up;
  - (iv) The Shareholders resolve by special resolution to wind up the Company.
- (b) In the event of a winding up, the liquidator shall firstly apply the assets of each Fund in satisfaction of creditors' claims and in such manner and order as he thinks fit provided always that the liquidator shall not apply the assets of any Fund in satisfaction of any liability incurred on behalf of or attributable to any other Fund.
- (c) The assets available for distribution among the Shareholders shall be applied in the following priority:-
- (i) firstly, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - (ii) secondly, in the payment to the holders of non-participating shares of sums up to the consideration paid in respect thereof provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and
  - (iv) fourthly, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or Class immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.

- (d) The liquidator may, with the authority of an ordinary resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the Company) in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind provided that any Shareholder shall be entitled to request the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of the Company to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the Company shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the Company.
- (e) Notwithstanding any other provision contained in the Memorandum and Articles of Association of the Company, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the Secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Memorandum and Articles of Association of the Company.

## **11. Termination of a Fund**

The Company may terminate a Fund:

- (i) if, at any time after the first anniversary of the establishment of such Fund, the Net Asset Value of the Fund falls below USD 10 million on each Dealing Day for a period of six consecutive weeks and the Shareholders of that Fund resolve by Ordinary Resolution to terminate the Fund;
- (ii) by giving not less than four, nor more than twelve weeks' notice, to the Shareholders of such Fund, expiring on a Dealing Day, and redeeming, at the Redemption Price on such Dealing Day, all of the Shares of the Fund not previously redeemed;
- (iii) and redeem, at the Redemption Price on such Dealing Day, all of the Shares in such Fund not previously redeemed if the Shareholders of 75% in value of the Shares in issue of the Fund resolve at a meeting of the Shareholders of the Fund, duly convened and held, that such Shares should be redeemed.

If a particular Fund is to be terminated and all of the Shares in such Fund are to be redeemed as aforesaid, the Directors, with the sanction of an Ordinary Resolution of the relevant Fund, may divide

amongst the Shareholders in specie all or part of the assets of the relevant Fund according to the Net Asset Value of the Shares then held by each Shareholder in the relevant Fund provided that any Shareholder shall be entitled to request, at the expense of such Shareholder, the sale of any asset or assets proposed to be so distributed and the distribution to such Shareholder of the cash proceeds of such sale.

## **12. Indemnities and Insurance**

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Articles of Association to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## **13. General**

- (a) No share or loan capital of the Company is subject to an option or is agreed, conditionally or unconditionally, to be made the subject of an option.
- (b) The Company does not have, nor has it had since incorporation, any employees.
- (c) The Company does not intend to purchase or acquire nor agree to purchase or acquire any property.
- (d) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Articles of Association, the general law of Ireland and the Act.
- (e) The Company is not engaged in any litigation or arbitration and no litigation or claim is known by the Directors to be pending or threatened against the Company.
- (f) The Company has no subsidiaries.
- (g) Dividends which remain unclaimed for six years from the date on which they become payable will be forfeited. On forfeiture such dividends will become part of the assets of the Fund to which they relate.

No dividend or other amount payable to any Shareholder shall bear interest against the Company.

- (h) No person has any preferential right to subscribe for any authorised but unissued capital of the Company.

#### **14. Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:-

- (a) Investment Management Agreement between the Company and the Investment Manager dated 26th September, 2008 as amended under which the Investment Manager was appointed as investment manager of the Company's assets subject to the overall supervision of the Company. The Investment Management Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Investment Manager has the power to delegate its duties in accordance with the Central Bank's requirements. The Agreement provides that the Company shall out of the Company's assets indemnify the Investment Manager and its delegates, agents and employees against and hold it harmless from any actions, proceedings, damages, claims, costs, demands and expenses including legal and professional expenses brought against or suffered or incurred by the Investment Manager in the performance of its duties other than due to the negligence, fraud, bad faith or wilful default of the Investment Manager in the performance of its obligations.
- (b) Distribution Agreement between the Company and the Distributor dated 26th September, 2008 under which the latter was appointed as distributor of the Company's Shares subject to the overall supervision of the Company. The Distribution Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Distributor has the power to delegate its duties. The Agreement provides that the Company shall out of the Company's assets indemnify the Distributor against and hold it harmless from any actions, proceedings, damages, claims, costs, demands and expenses including legal and professional expenses brought against or suffered or incurred by the Distributor in the performance of its duties other than due to the material breach of the agreement, gross negligence, fraud, bad faith or wilful default of the Distributor in the performance of its obligations.
- (c) Administration Agreement between the Company and the Administrator dated 26th September, 2008 as amended under which the latter was appointed as Administrator to provide certain administration, secretarial, and related services to Company, subject to the terms and conditions of the Administration Agreement and subject to overall supervision of the Directors. The Administration Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or

unremedied material breach or persistent breach after notice. The Administrator has the power to delegate its duties with the prior approval of the Central Bank. The Administrator shall not in the absence of fraud, negligence or wilful default be liable to the Company, the Investment Manager or any Shareholder for any act or omission in the course of or in connection with its services rendered under the Administration Agreement. The Agreement provides that the Company shall indemnify the Administrator (its servants, agents or delegates) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, negligence or wilful default on the part of the Administrator, its servants, agents, or delegates) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties under the Administration Agreement.

- (d) Custodian Agreement between the Company and the Custodian dated 26th September, 2008 under which the Custodian was appointed as custodian of the Company's assets subject to the overall supervision of the Directors. The Custodian Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied material or persistent breach after notice provided the Custodian shall continue to act as custodian until a successor custodian approved by the Central Bank is appointed by the Company or the Company's authorisation by the Central Bank is revoked. If the Custodian shall have given to the Company notice of its desire to retire from its appointment and no successor shall have been appointed in accordance with the Company's Articles of Association within 90 days of such notice, the Custodian may by written notice to the Company immediately require the Company to hold an Extraordinary General Meeting at which a resolution to wind-up the Company will be considered. The Custodian has the power to delegate to a third party some or all of the assets in its safekeeping. The Agreement provides that the Company shall undertake to hold harmless and indemnify the Custodian against all actions, proceedings, losses, claims, costs, demands and expenses which may be brought against or suffered or incurred by the Custodian by reason of its performance or non-performance of its obligations or functions other than any loss arising as a result of the unjustifiable failure of the Custodian to perform its obligations or its improper performance of them.

## **15. Documents Available for Inspection**

Copies of the following documents, which are available for information only and do not form part of this document, may be inspected at the registered office of the Company in Ireland during normal business hours on any Business Day:-

- (a) The Memorandum and Articles of Association of the Company (copies may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations.
- (c) The material contracts detailed above.

- (d) Once published, the latest annual and half yearly reports of the Company (copies of which may be obtained from either the Distributor or the Administrator free of charge).
- (e) A list of the directorships and partnerships which the Directors of the Company have held in the last 5 years together with an indication as to whether they are still directors or partners.

Copies of the Prospectus and Key Investor Information Document may also be obtained by Shareholders from the Administrator or the Distributor.

## Appendix I - Permitted Investments and Investment Restrictions

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
1.1	Transferable securities and money market instruments, as prescribed in the UCITS notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
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 UCITS Notices, other than those dealt on a regulated market.
1.4	Units of UCITS.
1.5	Units of non-UCITS as set out in the Central Bank's Guidance Note 2/03.
1.6	Deposits with credit institutions as prescribed in the UCITS Notices.
1.7	Financial derivative instruments as prescribed in the UCITS Notices.
<b>2</b>	<b>Investment Restrictions</b>
2.1	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
2.2	A UCITS may invest no more than 10% of net assets 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 UCITS in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.</li> </ul>
2.3	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.



- 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS, subject to the prior approval of the Central Bank.
- 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 a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 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 UCITS may not invest more than 20% of net assets in deposits made with the same credit institution.
- Deposits with any one credit institution, other than
- a credit institution authorised in the EEA;  
a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or  
a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
- held as ancillary liquidity, must not exceed 10% of net assets.
- This limit may be raised to 20% in the case of deposits made with the trustee/custodian.
- 2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.
- This limit is raised to 10% in the case of a credit institution authorised in the EEA or a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.9 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 net assets:

	<ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul>
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 net assets.
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 net assets may be applied to investment in transferable securities and money market instruments within the same group.
2.12	<p>A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes (“CIS”)</b>
3.1	A UCITS may not invest more than 20% of net assets in any one CIS.
3.2	Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.
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 UCITS invests in the units of other CIS that are managed, directly or indirectly, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding (10% of the paid in capital or voting rights), that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS and may only receive a reduced management fee (maximum of 0.25% per annum) on these investments.
3.5	Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
4.1	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Central Bank
4.2	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
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	<p>A UCITS may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
5.3	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> </ul>

(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;

(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;

(iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.

(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments\*;
- units of CIS; or

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

5.8	- financial derivative instruments. A UCITS may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
6.1	The UCITS global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total net asset value.
6.2	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
6.3	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
6.4	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank
<b>7</b>	<b>Restrictions on Borrowing and Lending</b>
(a)	A Fund may borrow up to 10% of its Net Asset Value provided such borrowing is on a temporary basis. A Fund may charge its assets as security for such borrowings.
(b)	A Fund may acquire 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 the borrowing restrictions set out at (a) above provided that the offsetting deposit: <ul style="list-style-type: none"> <li>(i) is denominated in the base currency of the Fund; and</li> <li>(ii) equals or exceeds the value of the foreign currency loan outstanding.</li> </ul>

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions imposed by the Irish Stock Exchange for so long as the Shares in a Fund are listed on the Irish Stock Exchange and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Class in the Company, subject to the UCITS Regulations.

It is intended that the Company 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 laid down in the UCITS Regulations which would permit investment by the Company 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 UCITS Regulations.

## Appendix II - Recognised Exchanges

The following is a list of regulated stock exchanges and markets on which a Fund's investments in securities and financial derivative instruments other than permitted investment in unlisted securities and OTC derivative instruments, 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 securities (and OTC derivative instruments) 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.

(i) any stock exchange which is:-

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

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

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

Abu Dhabi	-	Abu Dhabi Securities Exchange
Argentina	-	Bolsa de Comercio de Buenos Aires
Argentina	-	Bolsa de Comercio de Cordoba
Argentina	-	Bolsa de Comercio de Rosario
Bahrain	-	Bahrain Stock Exchange
Bangladesh	-	Dhaka Stock Exchange
Bangladesh	-	Chittagong Stock Exchange
Bermuda	-	Bermuda Stock Exchange
Botswana	-	Botswana Stock Exchange
Brazil	-	Bolsa de Valores do Rio de Janeiro
Brazil	-	Bolsa de Valores de Sao Paulo
Chile	-	Bolsa de Comercio de Santiago
Chile	-	Bolsa Electronica de Chile
China		

(Peoples' Rep. of – Shanghai) China	-	Shanghai Securities Exchange
(Peoples' Rep. of – Shenzhen)	-	Shenzhen Stock Exchange
Colombia	-	Bolsa de Bogota
Colombia	-	Bolsa de Medellin
Colombia	-	Bolsa de Occidente
Croatia	-	Zagreb Stock Exchange
Dubai	-	Dubai Financial Market
Egypt	-	Alexandria Stock Exchange
Egypt	-	Cairo Stock Exchange
Ghana	-	Ghana Stock Exchange
India	-	Bangalore Stock Exchange
India	-	Bombay Stock Exchange
India	-	Delhi Stock Exchange
India	-	Mumbai Stock Exchange
India	-	National Stock Exchange of India
Indonesia	-	Jakarta Stock Exchange
Indonesia	-	Surabaya Stock Exchange
Israel	-	Tel-Aviv Stock Exchange
Jordan	-	Amman Financial Market
Kazakhstan (Rep. Of)	-	Central Asian Stock Exchange
Kazakhstan (Rep. Of)	-	Kazakhstan Stock Exchange
Kenya	-	Nairobi Stock Exchange
Lebanon	-	Beirut Stock Exchange
Malaysia	-	Kuala Lumpur Stock Exchange
Mauritius	-	Stock Exchange of Mauritius
Mexico	-	Bolsa Mexicana de Valores
Morocco	-	Societe de la Bourse des Valeurs de Casablanca
Namibia	-	Namibian Stock Exchange
New Zealand	-	New Zealand Stock Exchange
Nigeria	-	Nigerian Stock Exchange
Pakistan	-	Islamabad Stock Exchange
Pakistan	-	Karachi Stock Exchange
Pakistan	-	Lahore Stock Exchange
Peru	-	Bolsa de Valores de Lima
Philippines	-	Philippine Stock Exchange
Singapore	-	Singapore Stock Exchange
South Africa	-	Johannesburg Stock Exchange
South Korea	-	Korea Stock Exchange



	-	KOSDAQ Market
Sri Lanka	-	Colombo Stock Exchange
Taiwan (Republic of China)	-	Taiwan Stock Exchange Corporation
Thailand	-	Stock Exchange of Thailand
Tunisia	-	Bourse des Valeurs Mobilieres de Tunis
Turkey	-	Istanbul Stock Exchange
Ukraine	-	Ukrainian Stock Exchange
Venezuela	-	Caracas Stock Exchange
Venezuela	-	Maracaibo Stock Exchange
Venezuela	-	Venezuela Electronic Stock Exchange
Zimbabwe	-	Zimbabwe Stock Exchange
Zambia	-	Lusaka Stock Exchange

(iii) any of the following markets :

MICEX ;  
RTS

the market organised by the International Capital Market Association;

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

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

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

NASDAQ in the United States;

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

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

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

EASDAQ Europe (European Association of Securities Dealers Automated Quotation - is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges);

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

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

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

in a Member State

in a Member State in the European Economic Area (European Union Norway, Iceland and Liechtenstein);

in the United States of America, on the

- Chicago Board of Trade
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;
- New York Futures Exchange.
- New York Board of Trade;
- New York Mercantile Exchange;

in China, on the Shanghai Futures Exchange;

in Hong Kong, on the Hong Kong Futures Exchange;

in Japan, on the

Osaka Securities Exchange;

Tokyo International Financial Futures Exchange;

Tokyo Stock Exchange;

in London, on the

- London International Financial Futures and Options Exchange

in New Zealand, on the New Zealand Futures and Options Exchange;

in Singapore, on the

Singapore International Monetary Exchange;  
Singapore Commodity Exchange.

in South Africa, on the

South African Futures Exchange

in Turkey, on the

- Turkish Derivatives Exchange

For the purposes only of determining the value of the assets of a Fund, the term “Recognised Exchange” shall be deemed to include, in relation to any derivatives contract utilised by a Fund, any organised exchange or market on which such contract is regularly traded.

### Appendix III - Definition of US Person

The Company defines “U.S. Person” to include any “U.S. Person” as set forth in Regulation S promulgated under the Securities Act of 1933, as amended and any “United States Person” as defined under Rule 4.7 under the US Commodity Exchange Act.

Regulation S currently provides that:

“U.S. person” means:

- (1) any natural person resident in the United States;
- (2) any partnership or corporation organized or incorporated under the laws of the United States;
- (3) any estate of which any executor or administrator is a U.S. person;
- (4) any trust of which any trustee is a U.S. person;
- (5) any agency or branch of a non-U.S. entity located in the United States;
- (6) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (8) any partnership or corporation if (i) organized or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

“U.S. person” does not include:

- (1) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or, if an individual, resident in the United States;
- (2) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (i) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-U.S. law;

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

Rule 4.7 of the Commodity Exchange Act Regulations currently provides in relevant part that the following persons are not considered "United States persons":

- (1) A natural person who is not a resident of the United States;
- (2) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal places of business in a foreign jurisdiction;
- (3) An estate or trust, the income of which is not subject to tax in the United States;
- (4) An entity organized principally for passive investment such as a pool, investment company or other similar entity; Provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the (US Commodity Futures Trading Commission's) Commission's regulations by virtue of its participants being Non-United States persons.

- (5) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside of the United States;

An investor who is considered a “non-US person” under Regulation S and a “non-United States person” under Rule 4.7 may nevertheless be generally subject to income tax under US Federal income tax laws. Any such person should consult his or her tax adviser regarding an investment in the Fund.

“US Taxpayer” means a US citizen or resident alien of the United States (as defined for US federal income tax purposes); any entity treated as a partnership or corporation for US tax purposes that is created or organized in, or under the laws of, the United States or any State thereof; any other partnership that is treated as a US Taxpayer under the US Treasury Department regulations; any estate, the income of which is subject to US income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under control of one or more US fiduciaries. Persons who have lost their US citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Taxpayers.

An investor may be a “US Taxpayer” but not a “US Person”. For example, an individual who is a US citizen residing outside the United States is not a “US Person” but is a “US Taxpayer”.

## **SUPPLEMENT 1 - Strategic China Panda Fund**

**Dated 1<sup>st</sup> October, 2015**

**to the Prospectus issued for E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic China Panda Fund (the “Fund”), a sub fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has eight other funds, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund, the Strategic US Momentum and Value Fund, the Strategic Global Quality Fund and the Strategic European Smaller Companies Fund details of which are respectively set out in Supplement 2, Supplement 3, Supplement 4, Supplement 5, Supplement 6, Supplement 7 Supplement 8 and Supplement 9 of the Prospectus.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”)

The USD Class, Hedged Euro Class, Hedged Sterling Class, USD Institutional Class and Euro Hedged Institutional Class shares in the Fund have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the Shares of the Hedged CHF Class, Sterling Hedged Institutional Class and CHF Hedged Institutional Class in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the Hedged CHF Class, Euro Hedged Institutional Class, Sterling Hedged Institutional Class and CHF Institutional Class Shares. It is expected that the Hedged CHF Class, Sterling Hedged Institutional Class and CHF Hedged Institutional Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 1<sup>st</sup> April, 2016.

The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

The Fund may, at any one time, be significantly invested in financial derivative instruments.

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for these persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the Section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs an investment in the Fund should be viewed as medium to long term.

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day” means any day, except Saturday, Sunday, or public holidays in Guernsey, Ireland, Hong Kong or such other day or days as may be determined by the Directors and notified in advance to Shareholders.

“Dealing Day” means each Business Day following a Valuation Day.

“Dealing Deadline” means 5.00p.m. Irish time one Business Day preceding the relevant Valuation Day or such other time as the Directors may determine and notify the Shareholders in advance provided always that the Dealing Deadline is no later than 11.59 pm (Irish time) on the Business Day preceding the Valuation Day.

“Initial Price” means Euro/USD/GBP/CHF1000 per relevant Share Class.

“Investment Adviser” means LBN Advisers (Cayman) Limited.

“Investment Advisory/  
Sub-Investment Advisory  
Agreement” means the Investment Advisory/Sub-Investment Advisory Agreement made between the Company, the Investment Manager, the Investment Adviser and the Sub-Investment Adviser dated 26th September, 2008, as amended.

“Sub-Investment  
Adviser” means LBN Advisers Limited.

“Valuation Point” means 5.00 pm (Irish Time) on the relevant Valuation Day.



“Valuation Day” means each Business Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

Class	Currency of Denomination
USD Class	USD
Hedged Euro Class	Euro
Hedged Sterling Class	GBP
Hedged CHF Class	CHF
USD Institutional Class	USD
Euro Hedged Institutional Class	Euro
Sterling Hedged Institutional Class	GBP
CHF Hedged Institutional Class	CHF

## 3. Base Currency

The Base Currency shall be USD.

## 4. Investment Objective

The investment objective of the Fund is to achieve long term capital growth in the value of assets.

## 5. Investment Policy

In pursuit of its investment objective the Fund will invest directly, or indirectly through the use of financial derivative instruments and ETFs as described below, not less than 70% (on a consolidated basis) of its total assets in equity securities quoted or traded on a Recognised Exchange, to include but not limited to stock exchanges in Hong Kong, China, Taiwan or Singapore, or issued by Chinese issuers, being companies incorporated in Hong Kong, China or Taiwan, or in companies which predominantly carry on their activities in Hong Kong, China, or Taiwan. The Fund may therefore, at any one time be significantly invested in financial derivative instruments.

The Fund may invest in and have direct access to China A shares listed on the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect scheme (as further described in the sub-section headed “Shanghai-Hong Kong Stock Connect scheme” below). Exposure to China A shares through the Shanghai-Hong Kong Stock Connect scheme will not be more than 50% of the Fund’s Net Asset Value.

The Fund’s portfolio will be balanced according to the Investment Manager’s assessment of investment

prospects but may, depending upon underlying investment conditions, emphasise investment in companies operating in those sectors of the Hong Kong, China, Taiwan or Singapore economies that, in the Investment Manager's opinion, provide the determinants for Hong Kong's, China's, Taiwan's or Singapore's economic growth such as those involved in international trade, property and construction activity, engineering, electronics or the service sectors.

The Fund may invest in exchange traded derivatives such as futures, options, warrants, equity and interest rate swaps as detailed under the section headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Manager feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. Exchange traded or OTC financial derivatives such as equity swaps, equity participation notes and pass through notes may be utilized to gain exposure to China A or B Shares. Forward foreign exchange contracts may be used to hedge the value of the Hedged Classes in the Fund against changes in the exchange rate between the currency of denomination of the Hedged Class of Shares and the Base Currency of the Fund or to hedge the currency exposure of the assets of the Fund to the Base Currency of the Fund. The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund.

The Fund may invest in ETFs for the purpose of gaining indirect exposure to the equity securities comprised in the indices tracked by the ETFs in which the Fund may invest. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be domiciled in, or have exposure to, Hong Kong, China and Asia. No more than 10% of the Fund's net assets may be invested in aggregate in shares of ETFs.

The Fund may purchase American Depository Receipts and Global Depository Receipts.

The Fund may invest up to a maximum of 30% of its Net Asset Value in fixed and/or floating rate corporate and/or government bonds which will have a minimum credit rating, insofar as a rating has been assigned, of CC as rated by Standard and Poor's or C as rated by Moody's or Fitch. The bonds in which the Fund may invest will be listed or traded on a Recognised Exchange. The bonds acquired may have equity-like characteristics or their return may be connected with an underlying equity, for example, the bonds may be convertible into underlying equity securities, with the issuer's equity performance influencing the performance of the bond.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings and issued or backed by one or more EU member states, the United States or Hong Kong, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase,

agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed “Efficient Portfolio Management”.

The Investment Manager shall measure the performance of the Fund against the MSCI China Index, a capitalisation weighted index that monitors the performance of stocks from the country of China. MSCI classifies each company and its equity securities by country, free float adjusts the total market capitalisation of all securities, classifies them in accordance with the Global Industry Classification Standard (“GICS”), screens them for size and liquidity and then initiates the securities selection process to target 85% of free float adjusted market capitalization for each industry group in each country.

## **6. Shanghai-Hong Kong Stock Connect Scheme**

The Fund may invest in China A shares through the Shanghai-Hong Kong Stock Connect Scheme (the “Connect Scheme”). The Connect Scheme is a securities trading and clearing links program developed by, amongst others, The Stock Exchange of Hong Kong Limited (“SEHK”), Shanghai Stock Exchange (“SSE”), Hong Kong Securities Clearing Company Limited (“HKSCC”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”), with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Connect Scheme enables Hong Kong and overseas investors to invest in selective China A shares listed on the SSE (“China Connect Securities”) through their Hong Kong brokers and a securities trading service company to be established by SEHK. For investment in China Connect Securities, the Connect Scheme provides the “Northbound Trading Link”. Under the Northbound Trading Link, investors can trade China Connect Securities listed on the SSE by placing orders to the SSE through their Hong Kong brokers and a securities trading service company established by SEHK, subject to the rules of the Connect Scheme. The Connect Scheme commenced operation on 17 November 2014.

China Connect Securities, as of the date of this Supplement include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in Renminbi (“RMB”); (ii) they are not included in the “risk alert board” (as described in the listing rules of the SSE) from time to time, or (iii) they are not otherwise disqualified by SSE from time to time as China Connect Securities due to special situations. The current rules for the eligibility of shares as China Connect Securities are stated to apply to the “initial stage” of the Connect Scheme. In the future, the shares eligible as China Connect Securities may change.

Under the Connect Scheme, HKSCC, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited (“HKEx”), will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The Fund shall be allowed to trade China Connect Securities listed on the SSE through the Northbound Trading Link of the Connect Scheme, subject to applicable rules and regulations issued from time to time.

In addition to those risk factors set out in relation to PRC investment a number of the key risks of investing in China Connect Securities via the Connect Scheme are set out in the section entitled “Risk Factors”.

## **7. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **8. Offer**

### General

#### **Hedged CHF Class**

The Hedged CHF Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 2<sup>nd</sup> October, 2015, to 5.00 p.m. (Irish Time) on 1<sup>st</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and, subject to acceptance of applications for Hedged CHF Class Shares by the Company, Shares will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

#### **Institutional Classes**

The Sterling Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 2<sup>nd</sup> October, 2015, to 5.00 p.m. (Irish Time) on 1<sup>st</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and, subject to acceptance of applications for the Sterling Hedged Institutional Class Shares by the Company, Shares will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The CHF Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> October, 2015, to 5.00 p.m. (Irish Time) on 1<sup>st</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and, subject to acceptance of applications for the CHF Hedged Institutional Class Shares by the Company, Shares will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and

otherwise on an annual basis.

After closing the Initial Offer Period Shares will be issued at the Net Asset Value per relevant Share Class.

Shares in the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.

## **9. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the USD Class must subscribe a minimum of USD 5,000 and must retain Shares having a Net Asset Value of USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Class, each subject to a Minimum Transaction Size of USD 5,000.

Each investor in the Hedged Euro Class must subscribe a minimum of Euro 5,000 and must retain Shares having a Net Asset Value of Euro 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Hedged Euro Class, each subject to a Minimum Transaction Size of Euro 5,000.

Each investor in the Hedged Sterling Class must subscribe a minimum of GBP £5,000 and must retain Shares having a Net Asset Value of GBP £5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Hedged Sterling Class, each subject to a Minimum Transaction size of GBP £5,000.

Each investor in the Hedged CHF Class must subscribe a minimum of CHF 5,000 and must retain Shares having a Net Asset Value of CHF 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Hedged CHF Class, each subject to a Minimum Transaction Size of CHF 5,000.

Each investor in the USD Institutional Class must subscribe a minimum of USD 3 million and must retain Shares having a Net Asset Value of USD 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Institutional Class, each subject to a Minimum Transaction Size of USD 1 million.

Each investor in the Euro Hedged Institutional Class must subscribe a minimum of EUR 3 million and must retain Shares having a Net Asset Value of EUR 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Hedged Institutional Class, each subject to a Minimum Transaction Size of EUR 1 million.

Each investor in the CHF Hedged Institutional Class must subscribe a minimum of CHF 3 million and must retain Shares having a Net Asset Value of CHF 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the CHF Hedged Institutional Class, each subject to a Minimum Transaction Size of CHF 1 million.

Each investor in the Sterling Hedged Institutional Class must subscribe a minimum of GBP 3 million and must retain Shares having a Net Asset Value of GBP 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Sterling Hedged Institutional Class, each subject to a Minimum Transaction Size of GBP 1 million.

The Directors reserve the right to differentiate between Classes and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for each Class at their discretion.

#### **10. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Sub-Investment Adviser the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

#### **11. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Day for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Day will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable taxation status) as may be required by the Administrator. The Directors reserve the right to refuse any subsequent applications to

transact in Shares and no redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

### **Fractions**

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### **Method of Payment**

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### **Currency of Payment**

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

### **Timing of Payment**

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than two Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than two Business Days following the subsequent Dealing Day.

### **Confirmation of Ownership**

Confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **12. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Day for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Day will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and the identification of applicable taxation status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and the identification of applicable



taxation status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

### **Method of Payment**

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

### **Currency of Payment**

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

### **Timing of Payment**

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

### **Withdrawal of Redemption Requests**

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### **Compulsory/Total Redemption**

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

### **13. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by the Dealing Deadline by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

### **14. Hedged Classes**

These Classes of Shares will be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in a Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

### **15. Dividend Policy**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared will normally be declared in or around the end of April and paid by the end of May.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Sterling Share Class will be accumulated within the Sterling Share Class. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

## **16. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **17. Investment Adviser/Sub-Investment Adviser**

The Investment Manager has elected, and the Company has consented, to the appointment of LBN Advisers (Cayman) Limited, with registered address at PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands, as an investment adviser to the Strategic China Panda Fund to provide investment advice and/or non-discretionary investment management services pursuant to the Investment Advisory/Sub-Investment Advisory Agreement.

The Investment Adviser was incorporated in the Cayman Islands on 17th July, 2007. It is registered as an exempt person under the Securities Investment Business Law (2004 Revision). The Investment Adviser's main business activity is providing discretionary/non-discretionary asset management and investment advice to private clients as well as collective investment schemes.

The Investment Adviser may, subject to the approval of the Investment Manager and the Company, appoint sub-investment advisers. The Investment Adviser has appointed LBN Advisers Limited to provide investment advice and/or non-discretionary investment management services in respect of the Fund pursuant to the Investment Advisory/Sub-Investment Advisory Agreement.

LBN Advisers Limited was incorporated in Hong Kong on 8th October, 2004 and is licensed by the Hong Kong Securities & Futures Commission to undertake asset management services. The Sub-Investment Adviser's main business activity is providing discretionary/non-discretionary asset management and investment advice to private clients as well as collective investment schemes.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory/Sub-Investment Advisory Agreement (a) effective on or after 26th March 2018, by giving to the other parties not less than six months' notice in writing expiring at any time; (b) forthwith by notice in writing to the other parties in certain circumstances such as the insolvency of any of the parties or unremedied breach after 30 days notice; (c) if the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement or the requirements of the Central Bank by notice in writing to the other party PROVIDED THAT the Company may, by giving six months' notice in writing to the Investment Manager and the Investment Adviser, terminate this Agreement prior to 26th March 2018;

In the absence of a material breach of the terms of the Investment Advisory/Sub-Investment Advisory Agreement, negligence, a breach of fiduciary duty, fraud or wilful misconduct on the part of the Investment Adviser, its associates, the Sub-Investment Adviser, directors, employees, officers or agents, neither the Investment Adviser nor its associates nor the Sub-Investment Adviser, its or their directors, employees, officers or agents (each, an "Investment Adviser Person"), shall be liable to the Investment Manager or the Company or to any shareholder of the Fund for any act or omission in the course of or in connection with the services rendered under the Investment Advisory/Sub-Investment Advisory Agreement or for any decline in the value of the assets of the Fund or any loss whatsoever that may result to the Investment Manager or the Company acting upon any investment advice given to it by the Investment Adviser. The Investment Manager and the Company jointly and severally shall indemnify, defend and hold harmless the Investment Adviser and each Investment Adviser Person from and against all claims and demands (including costs and expenses arising therefrom or incidental thereto) which may be made against the relevant party in respect of any loss or damage sustained or suffered by any person or as a result of any act or omission of any other investment adviser, as aforesaid (including any such claims and demands by reason of (i) any act or omission of the Investment Manager or the Company, including, but not limited to, any untrue statement or alleged untrue statement of material fact communicated to any direct or indirect investor or potential investor in the Fund or any failure to communicate any statement to any such investor or potential investor necessary to make the statements communicated to any such investor or potential investor not misleading, including, but not limited to, any such statement or omission in the Prospectus or (ii) any material breach of the securities laws or other laws of any jurisdiction in connection with the offer or sale of the Fund's shares to any direct or indirect investors or prospective investors. Neither the Investment Adviser nor any Investment Adviser Person shall be indemnified, defended or held harmless with respect to any act by such person that constitutes a material breach of the terms of the Investment Advisory/Sub-Investment Advisory Agreement, negligence, a breach of fiduciary duty, fraud or wilful misconduct on the part of the relevant party, its directors, officers, employees or agents.

## **18. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading "Fees and Expenses" in the Prospectus.

### Administrator's Fees

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.10% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a monthly minimum fee of Euro 4,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual fee of Euro 3,000 for the Fund.

In the event of a liquidation or reorganisation the Administrator is also entitled to a maximum flat fee of EUR 7,000 and EUR 5,000 respectively.

For the production and filing of the reporting required for FATCA purposes a flat fee of USD 500.00 per sub-fund, per annum will be charged.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

Additional fees, if incurred, will be disclosed in the annual report of the Company and will be at normal commercial rates.

### Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of the Fund subject to a minimum monthly fee of Euro 2,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Each Fund will bear its proportion of the fees and expenses of the Custodian.

#### Investment Manager Fees

##### **USD Class, Hedged Euro Class, Hedged Sterling Class and Hedged CHF Class**

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the relevant Class

##### **USD Institutional Class, Hedged Euro Institutional Class, Hedged Sterling Institutional Class and Hedged CHF Institutional Class**

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.0% per annum of the Net Asset Value (before deduction of fees) of the relevant Class

In addition to the annual fee payable to the Investment Manager, the Investment Manager is entitled to a performance related fee ("Performance Fee") payable by each Class of the Fund, which will be taken into account on each Valuation Day on the calculation of the Net Asset Value and which will be paid by the Fund semi-annually in arrears as at each of 30 June and 31 December (each a "Crystallisation Date").

The Performance Fee is equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the MSCI Total Return Net China Index, Bloomberg Ticker NDEUCHF (the "Benchmark"). Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

The Performance Fee is equal to 20 per cent of any relative outperformance in the Net Asset Value of each Share over the Benchmark, provided that the Performance Fee will only become payable if the relative outperformance of the Fund over the Benchmark at the end of the relevant six monthly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous six monthly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the Performance Fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable six monthly in arrears, commencing on 30 June 2013. The Performance Fee will be calculated on a Share by Share basis with reference to the Crystallisation Date at which the Performance Fee was last paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Crystallisation Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the increase in the Net Asset Value per Share during an Accounting Period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the Period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### Investment Adviser Fee/Sub-Investment Adviser

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

All fees payable to any appointed sub-investment adviser shall be paid by the Investment Adviser out of the remuneration it receives pursuant to the terms of the Investment Advisory Agreement.

### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### Anti-Dilution Levy

It is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscription and redemption from the Fund. If it is at any stage in the future proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

## **19. PRC Tax Status**

In connection with investment in PRC securities, various PRC taxes may be imposed on the Fund. The following statements do not constitute tax advice and are intended only as a general guide to current PRC law as at the date of this document (PRC law and PRC taxes are subject to change at any time, possibly with retrospective effect). These statements relate only to certain limited aspects of the PRC taxation treatment of the Fund. Investors should consult their own tax advisor with regard to PRC tax implications associated with an investment in the Company.

### *Corporate Income Tax ("CIT")*

If the Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Fund is considered as a non-tax resident enterprise with an establishment or place of business ("PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

The Directors intend to manage and operate the Fund in such a manner that the Company or the Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT purposes, although due to uncertainty and potential changes to tax law or policies, this result cannot be guaranteed.

Several tax reforms have been introduced by the government of the PRC in recent years, and it is possible that the current tax rules will be revised or modified in the future. Any change in tax policy could lead to a reduction in after-tax profits for companies in the PRC on which the Fund's performance



depends.

(i) Taxes on Dividend and Interest

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without a PE in PRC, or with a PE in the PRC but where the income of the enterprise does not arise in the PRC, are subject to PRC CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in PRC securities. Accordingly, investing in PRC securities may be subject to withholding income tax (“WIT”) and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC securities.

According to a notice concerning tax policies relating to the Connect Scheme jointly issued by State Administration of Taxation, Ministry of Finance and CSRC (“Notice”), Hong Kong market investors (including enterprises and individuals) are temporarily required to pay tax at a rate of 10% (which will be withheld by the listed companies) on dividend or interest income arising from the China A shares held through the Connect Scheme. The Notice only applies for a temporary period. After that period, Hong Kong market investors are likely to continue to be required to pay tax on dividend and interest income, but the rate of such tax is currently uncertain.

(ii) Taxes on Capital Gain

Specific rules governing taxes on capital gains derived by the Fund from the trading of PRC securities (including trading of China A shares through the Connect Scheme) have yet to be announced. According to the Notice, the Hong Kong market investors (including enterprises and individuals) are temporarily exempt from taxes on capital gains derived from the trading of China A shares through the Connect Scheme. The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect.

With the various uncertainties in relation to the PRC taxation of capital gains on PRC securities, the Company reserves the right to provide for WIT on such gains or income and withhold the tax for the account of the Fund. In accordance with an independent tax adviser’s advice, the Fund may make a tax provision of 10% on gross realized and unrealized capital gains on China A shares accessed through the Connect Scheme. However, due to the possibility of the changes to the rules and/or taxes that may be applied retrospectively, any provision for taxation made by the Fund may be excessive or inadequate to meet final PRC tax liabilities on capital gains derived from the disposal of PRC securities. Consequently, investors may be advantaged or disadvantaged depending upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive capital gains tax assessment rules, the level of tax provision accrued by the Fund and the timing of subscriptions and/or redemptions of their shares in/from the Fund. Specifically, upon the availability of such definitive tax assessment or announcements or regulations, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the Fund shall be released and form part of the Fund’s

assets. On the other hand, any shortfall between the provisions and actual tax liabilities will be debited from the Fund's assets and this will adversely affect the Fund's net asset value.

#### *Business Tax and other surtaxes*

The revised PRC Provisions Regulations on Business Tax ("BT Law") which came into effect on 1 January 2009 stipulate that gains derived by taxpayers from the trading of marketable securities are subject to business tax ("BT") at 5% and are to be levied on the difference between the selling and buying prices of those marketable securities.. The Ministry of Finance and China's State Administration of Taxation have clarified that gains derived by Qualified Foreign Institutional Investors ("QFIIs") from the trading of PRC securities (including China A shares and PRC listed bonds) are exempt from BT. According to the Notice, the Hong Kong market investors (including enterprises and individuals) are temporarily exempt from business tax derived from the trading of China A shares through the Connect Scheme.

Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of the BT. Where BT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as a sum of surtaxes of 12% of BT payable.

Investors should note that they may be advantaged or disadvantaged depending upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive BT assessment rules, and the timing of subscriptions and/or redemptions of their shares in/from the Fund. Specifically, upon the availability of such definitive tax assessment or announcements or regulations, any BT imposed on the Fund will be debited from the Fund's assets and this will adversely affect the Fund's net asset value.

#### *Stamp Duty*

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in PRC of certain documents, including contracts for the sale of China Connect Securities traded on the PRC stock exchanges, at the rate of 0.1%. In the case of contracts for sale of China Connect Securities, such stamp duty is currently imposed on the seller but not on the purchaser. Accordingly, the Fund will be subject to stamp duty at 0.1% on its disposal of China Connect Securities.

## **20. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Prospectus. In addition, the following Risk Factors are specific to the Fund:

#### General

The risks inherent in investment by the Fund are of a nature and degree not typically encountered in investment in securities of listed companies on the major securities markets. Such risks are political, economic and environmental. They are additional to the normal risks inherent in investing in securities. In addition owing to the investment objectives and policies of the Fund, investment in the Funds may involve a greater degree of risk than is the case with conventional securities.

The investment policy of the Fund may result in the Net Asset Value of the Fund having a high volatility. However, the Investment Manager will strive to limit the volatility of the Fund's returns.

#### PRC Governmental, Economic and Related Considerations

The economy of China is in a state of transition from a planned economy to a more market oriented economy. Since mid-1980's, economic reform measures which emphasise decentralisation and the utilisation of market forces have been implemented by the PRC Government. Although state-owned enterprises still account for a substantial portion of the PRC's industrial output, the state, in general, is reducing the level of direct control which it exercises over the economy through state plans and other measures, and there is an increasing degree of liberalisation in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "socialist market economy".

During the past 40 years, the PRC Government has been reforming the economic systems of the PRC, and these reforms are expected to continue.. The Fund's operations and financial results could be adversely affected by adjustments in the PRC's state plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners.

The PRC economy has experienced significant growth in the past decades, but such growth has been uneven both geographically and among the various sectors of the economy. The PRC Government has implemented various measures from time to time to control inflation and to regulate economic expansion with a view to preventing overheating of the economy.

The transformation from a centrally planned, socialist economy to a more market-orientated economy has also resulted in many economic and social disruptions and distortions. Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on foreign investment in companies in the PRC or in listed securities such as China A and China B Shares. Moreover, there can be no assurance that the economic and political initiatives necessary to achieve and sustain such a transformation will continue or, if such initiatives continue and are sustained, that they will be successful.

In the past the PRC Government has applied nationalisation, expropriation, confiscatory levels of taxation and currency blockage. There can be no assurance that this will not re-occur and any re-occurrence

could adversely affect the interests of the Fund.

#### Corporate Disclosure, Accounting and Regulatory Standards

The PRC's disclosure and regulatory standards are in many respects less stringent than standards in certain OECD countries. There may be less publicly available information about PRC companies than is regularly published by or about companies from OECD countries. Such information as is available may be less reliable than that published by or about companies in OECD countries. PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practice and those prepared in accordance with international accounting standards..This, if combined with a weak regulatory environment, could result in lower standards of corporate governance and less protection of minority shareholder rights of the companies in which the Fund will invest.

The lower level of disclosure, transparency and reliability of certain material information may impact on the value of investments made by the Fund and may lead the Investment Manager, the Investment Adviser or other service providers of the Fund to an inaccurate conclusion about the value of the investments of the Fund.

#### Securities Markets

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing when compared with those of developed countries. Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility and difficulty in interpreting and applying the relevant regulations. In addition, the regulation of, and enforcement activity in, the PRC securities markets may not be equivalent to markets in OECD countries. There may not be equivalent regulation and monitoring of the PRC securities market and activities by investors, brokers and other participants to that in certain OECD markets. Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments. The PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the relevant Fund. In light of the above mentioned factors, the price of China A or China B shares may fall significantly in certain circumstances.

#### Tax Risk

It is possible that the current tax laws, regulations and practice in the PRC, including in relation to the Connect Scheme, will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher or lower taxation on PRC investments than currently contemplated. Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current

tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have either an adverse or a positive effect on the asset value of the Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the Fund may invest in, thereby reducing the income from, and/or value of the Shares, or it may increase such profits, thereby increasing the income from, and/or value of the Shares. Investors may be advantaged or disadvantaged depending upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the level of tax provision accrued by the Fund and when they subscribed and/or redeemed their shares in/from the Fund.

### Custody Risk

In a limited number of markets, such as China and Hong Kong, where a no failed trade policy is standard market practice, assets may be assigned, transferred, exchanged or delivered without the prior approval of the Custodian or its agent. Once a sale order is placed in relation to assets of the Fund, by virtue of the operation of the settlement system within those markets, those assets will automatically move from custody of the Custodian without the need for the prior approval of the Custodian. Where this occurs the consideration for those assets is remitted to the entity releasing the assets.

### Trading Volumes and Volatility

The market capitalisations of listed companies vary on Shanghai Stock Exchange and Shenzhen Stock Exchange, and many of them may be small compared to those on more developed exchanges in developed markets. The listed equity securities of many companies in the PRC may be accordingly materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of OECD countries. Government supervision and regulation of the PRC securities market and of quoted companies is also less developed than in many OECD countries. In addition, there is a high measure of legal uncertainty concerning the rights and duties of market participants as compared to investments made through securities systems of established markets.

The stock markets in the PRC have in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the Fund's Net Asset Value, the ability to redeem Shares and the price at which the Shares may be redeemed.

### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

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

Many fixed income securities especially those issued at high interest rates provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that are pre-paid may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, in such a scenario the Fund may re-invest the proceeds of the pay-off at the then current yields, which will be lower than those paid by the security that was paid off. Pre-payments may cause losses on securities purchased at a premium, and unscheduled pre-payments, which will be made at par, will cause the Fund to experience loss equal to any unamortized premium.

### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on national securities exchanges and over-the-counter markets. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

### Default and Liquidity Risk

Where the Fund invests in below investment grade securities, in securities which are not listed or in those

securities that are subject to trading through a quota system such as the Connect Scheme, liquidity in relation to these securities may be low. Moreover, the accumulation and disposal of holdings in such investments may be time consuming and may need to be conducted at unfavourable prices. The Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions, leading to limited liquidity. Also investment in below investment grade securities may represent a higher default risk than investment in investment grade securities.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the

Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

## Risks Associated with the Shanghai-Hong Kong Stock Connect Scheme

### *China Connect Securities*

There can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect a Fund's ability to dispose of China Connect Securities at the desired price. If a Fund needs to sell China Connect Securities at a time when no active market for them exists, the price it receives for its China Connect Securities, assuming it is able to sell them, is likely to be lower than the price received if an active market did exist, and thus the performance of the Fund may be adversely affected depending on the relevant Fund's size of investment in China Connect Securities through the Connect Scheme.

### *Quota limitations*

Trading under the Connect Scheme will be subject to a maximum cross-border investment quota ("Aggregate Quota"), together with a daily quota ("Daily Quota"). The Northbound Trading Link will be subject to an Aggregate Quota and a Daily Quota, monitored by SEHK. The Aggregate Quota limits the maximum value of all buy trades, net of the value of all sell trades, via the Northbound Trading Link that can be executed by Exchange Participants of SEHK while the Connect Scheme is in operation, and is set at RMB300 billion as of the date of this Supplement. The Daily Quota limits the maximum net buy value of cross-border trades under the Connect Scheme each day, and is set at RMB13 billion as of the date of this Supplement. The Aggregate Quota and the Daily Quota may change and consequently affect the number of permitted buy trades on the Northbound Trading Link.

In particular, the Aggregate Quota and the Daily Quota are utilised on a "first come – first served" basis and once the remaining balance of the Daily Quota applicable to the Northbound Trading Link drops to zero or such Daily Quota is exceeded, new buy orders will be rejected (though investors will be allowed to sell their China Connect Securities regardless of the Daily Quota balance). In addition, if the balance of the Aggregate Quota (as reduced by the aggregate net value of all buy trades) is less than the Daily Quota, buy orders under the Northbound Trading Link will be suspended from the next trading day on. However, investors can continue to sell China Connect Securities, which will increase the balance of the Aggregate Quota, and buy orders under the Northbound Trading Link will be re-accepted on the trading day following the day when the balance of the Aggregate Quota is equal to or above the Daily Quota. Therefore, quota limitations may restrict the Fund's ability to invest in China Connect Securities through the Connect Scheme on a timely basis, and the Fund may not be able to effectively pursue its investment



strategies depending on the Fund's size of investment in China Connect Securities through the Connect Scheme.

#### *Default risk*

China Connect Securities invested via the Northbound Trading Link will be recorded in the shareholders register held by ChinaClear. HKSCC will become a direct participant in ChinaClear and China Connect Securities acquired by investors including the relevant Fund through Northbound Trading will be:

- a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with ChinaClear and HKSCC will be nominee holder of such China Connect Securities; and
- b) held under the depository arrangements of ChinaClear and HKSCC will be recognized as the registered holder of such China Connect Securities.

HKSCC will record interests in such China Connect Securities in the Central Clearing and Settlement System ("CCASS") stock account of the relevant CCASS clearing participant. The Fund's rights and interests in China Connect Securities will be exercised through HKSCC exercising its rights as the nominee holder of China Connect Securities credited to HKSCC's omnibus account with ChinaClear. The relevant measures and rules in relation to the Connect Scheme generally provide for the concept of a "nominee holder" and recognise the investors including the relevant Fund as the "beneficial owners" of China Connect Securities.

However, the precise nature and rights of an investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the Fund's assets held by HKSCC as nominee (via any relevant brokers' or custodians' accounts in CCASS) may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund.

In connection to this, in the event of a default, insolvency or bankruptcy of a custodian or broker, the Fund may be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets.

In the remote event of any settlement default by HKSCC, and a failure by HKSCC to designate securities or sufficient securities in an amount equal to the default such that there is a shortfall of securities to settle any China Connect Securities trades, ChinaClear may deduct the amount of that shortfall from HKSCC's RMB common stock omnibus account with ChinaClear, such that the Fund may share in any such shortfall.

As previously discussed, HKSCC is the nominee holder of the China Connect Securities acquired by investors. As a result, in the remote event of a bankruptcy or liquidation of HKSCC, the China Connect Securities may not be regarded as the general assets of HKSCC under the laws of Hong Kong, and will

not be available to the general creditors of HKSCC on its insolvency. In addition, as a Hong Kong incorporated company, any insolvency or bankruptcy proceedings against HKSCC will be initiated in Hong Kong and be subject to Hong Kong law. In such circumstances, ChinaClear and the courts of mainland China will regard the liquidator of HKSCC appointed under Hong Kong law as the entity with the power to deal with the China Connect Securities in place of HKSCC.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC has stated that it will in good faith, seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels or through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant China Connect Authorities. Investors in turn will only be distributed China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

However, the above risks in the event of HKSCC default and/or ChinaClear default are regarded as remote.

#### *Currency risk*

Trades of China Connect Securities invested via the Northbound Trading Link are denominated and settled in RMB. The value of RMB against other foreign currencies may be volatile. The RMB is not freely convertible and may be subject to currency devaluation and depreciation. As a result, the Base Currency value of the Fund's investments in China Connect Securities may vary with the prevailing exchange rates and the Base Currency performance of these investments may be adversely affected.

#### *No protection by Hong Kong Investor Compensation Fund*

The Fund's investments through the Connect Scheme will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

Under Hong Kong law, the Investor Compensation Fund will only cover products traded in Hong Kong's recognised securities market (i.e. SEHK) and recognised futures market (i.e. Hong Kong Futures Exchange Limited or "HKFE"). Since the Northbound Trading Link does not involve products listed or traded in SEHK or HKFE, it will not be covered by the Investor Compensation Fund.

On the other hand, according to the Measures for the Administration of Securities Investor Protection Fund, the functions of China Securities Investor Protection Fund ("CSIPF") only include "indemnifying creditors as required by China's relevant policies in case a securities company is subjected to compulsory regulatory measures including dissolution, closure, bankruptcy and administrative takeover by the CSRC

and custodian operation” or “other functions approved by the State Council”. As far as the Fund is concerned, since it is carrying out Northbound trading through securities brokers in Hong Kong and these brokers are not PRC brokers the Fund is therefore not protected by CSIPF in the PRC.

#### *Short swing profit rule*

According to the PRC Securities Act, a shareholder of 5% or more of the total issued shares of a PRC listed company (“major shareholder”) has to return any profits obtained from the purchase and sale of shares of such PRC listed company if both transactions occur within a six-month period. In the event that the Fund becomes a major shareholder of a PRC listed company by investing in China Connect Securities via the Connect Scheme, the profits that the Fund may derive from such investments may be limited, and thus the performance of the Fund may be adversely affected depending on the relevant Fund’s size of investment in China Connect Securities through the Connect Scheme.

#### *Participation in corporate actions and shareholders’ meetings*

Following existing market practice in China, investors engaged in trading of China Connect Securities on the Northbound Trading Link will not be able to attend meetings by proxy or in person of the relevant SSE-listed company. Accordingly, the Fund will not be able to attend meetings by proxy or in person of any SSE-listed company. Instead, investors may exercise their voting rights by giving their voting instructions to HKSCC through the relevant CCASS participants. All voting instructions from CCASS participants will be consolidated by HKSCC and it will submit a combined single voting instruction to the relevant SSE-listed company. Therefore, the Fund will not be able to exercise the voting rights of the invested company in the same manner as provided in some developed markets.

In addition, any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and certain officially appointed newspapers. Investors engaged in trading of China Connect Securities may refer to the SSE website and the relevant newspapers for the latest listed company announcements or, alternatively, the corporate action information in relation to China Connect Securities will be available through CCASS and will also be available on the website of HKEx in respect of corporate actions in respect of China Connect Securities issued on the previous trading day. However, SSE-listed issuers publish corporate documents in Chinese only, and English translations will not be available.

HKSCC will keep CCASS participants informed of corporate actions of China Connect Securities. Hong Kong and overseas investors (including the Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China Connect Securities may be as short as one business day only. Therefore, the Fund may not be able to participate in some corporate actions in a timely manner. Further, the Fund may not be able to appoint proxies to attend or participate in shareholders’ meetings in respect of China Connect Securities if it fails to meet the deadlines of the relevant brokers or custodians.

### *Operational risk*

The Connect Scheme is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in the Connect Scheme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Further, the “connectivity” in the Connect Scheme requires routing of orders across the border of Hong Kong and the PRC. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system (“China Stock Connect System”) to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in China Connect Securities through the Connect Scheme could be disrupted. The Fund’s ability to access the China A share market (and hence to pursue its investment strategy) may be adversely affected depending on the relevant Fund’s size of investment in China Connect Securities through the Connect Scheme.

### *Regulatory risk and other China specific investment requirements*

Any investments of the Fund through the Connect Scheme will be subject to rules and regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong as well as other regulations applicable to the Connect Scheme including but not limited to trading restrictions, disclosure requirements and foreign ownership limits. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Connect Scheme, which may affect the relevant Fund’s investments in China Connect Securities.

The rules and regulations, in connection with the Connect Scheme, including the taxation of transactions involving China Connect Securities (see the section entitled “Tax Risk” below), are uncertain and/or untested and are subject to change. There is no certainty as to how they will be applied and there can be no assurance that the Connect Scheme will not be abolished.

### *Risk of suspension*

It is contemplated that both SEHK and SSE would reserve the right to suspend the Northbound Trading Link if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound Trading Link is effected, the Fund’s ability to trade China Connect securities will be affected.

### *Front-End Monitoring*

The rules of the Connect Scheme require that before an investor sells any China Connect Securities,

there should be sufficient shares in the investor's account; otherwise SSE will reject the sell order concerned.

SEHK will carry out pre-trade checking on sell orders for China Connect Securities to ensure that investors do not sell China Connect Securities which they do not own. Generally, if the Fund desires to sell China Connect Securities it holds, it must transfer those China Connect Securities to the respective accounts of its brokers before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on such day. Because of this requirement, the Fund may not be able to dispose of its holdings of China Connect Securities in a timely manner.

#### *Differences in trading day*

The Connect Scheme will only operate on days when both the SEHK and the SSE are open for trading and when banks in both markets are open on the corresponding settlement days. It is therefore possible that there are occasions when it is a normal trading day for the SSE but investors (such as the Fund) cannot carry out any trading of the China Connect Securities. The Fund may be subject to a risk of price fluctuations in China Connect Securities during the time when the Connect Scheme is not trading as a result.

#### *Recalling of eligible stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Connect Scheme, the stock can only be sold and not bought. This may affect the investment portfolio or strategies of the Fund, for example, when the Fund wishes to purchase a stock which has been recalled from the scope of eligible stocks.

## **21. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 2 - Strategic Euro Bond Fund**

**DATED 17<sup>th</sup> July, 2014**

**to the Prospectus issued for E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Euro Bond Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this **Supplement** the Company has six other funds, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, the Strategic Europe Value Fund, the Strategic Emerging Europe Fund, the Strategic Global Bond Fund and the Strategic US Momentum and Value Fund, details of which are set out in Supplement 1, Supplement 3, Supplement 4, Supplement 5, Supplement 6 and Supplement 7 to the Prospectus.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).

The Euro Distributing Class, the Euro Accumulating Class, the Euro Institutional Class, the CHF Accumulating Class and the CHF Institutional Class in the Fund have been admitted to the Official List and to trading on the main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the Shares of the Euro R Class and the USD Hedged R Class in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the Euro R Class or the USD Hedged R Class Shares. It is expected that the Euro R Class and the USD Hedged R Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 19<sup>th</sup> January, 2015.

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down. Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

The Fund may, at any one time, be significantly invested in financial derivative instruments.

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and

Supplement), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day” means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and Geneva or such other day or days as may be determined by the Directors and notified in advance to Shareholders.

“Dealing Day” means each Business Day following the Valuation Point.

“Dealing Deadline” means 5.00p.m. Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 4:50 p.m. (Irish time) on the Business Day of the Valuation Point.

“Initial Price” means 1,000 per Euro R and USD Hedged R Share.

“Investment Adviser” means Banque Baring Brothers Sturdza S.A.

“Investment Advisory Agreement” means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 8th April, 2009 and amended and restated dated 30<sup>th</sup> December 2013.

“Valuation Point” means 5.00pm (Irish Time) on each Business Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

<b>Class</b>	<b>Currency of Denomination</b>
Euro Distributing Class	Euro
Euro Accumulating Class	Euro
Euro Institutional Class	Euro
Euro R Class	Euro
CHF Accumulating Class	CHF
CHF Institutional Class	CHF

USD Hedged R Class	USD
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### **3. Base Currency**

The Base Currency shall be Euro.

### **4. Investment Objective**

The investment objective of the Fund is to achieve a total return through a combination of capital growth and dividend income.

### **5. Investment Policy**

In pursuit of its investment objective the Fund will invest, directly or indirectly through the use of financial derivative instruments and exchange traded funds (“ETFs”) as described below, predominantly in fixed income securities, including but not limited to investment grade corporate bonds, predominantly denominated in the Base Currency and that may be issued with either fixed or floating rate coupons with defined parameters of credit risk, government, supranational or sovereign securities and debt securities predominantly denominated in the Base Currency that may be convertible into shares of companies. The Fund aims to maintain an average credit risk of no less than single ‘A-’ as measured by the Standard & Poor’s (“S&P”) Risk Matrix Methodology (details of the S&P Risk Matrix Methodology are set out below in Section 6. Risk Management Process). The securities in which the Fund will invest will be listed or traded on a Recognised Exchange. The Fund may at any one time be significantly invested in financial derivative instruments. Of these investments, the Fund will invest not less than 50% of its total net assets in investment grade corporate bonds and not more than 10% of its total net assets in debt securities convertible into equity securities or with other embedded financial derivative instruments.

It is the intention that the Fund be fully invested, however, the Investment Manager retains the flexibility to retain up to a maximum of 10% of its total net assets in cash or invest up to 50% of its total net assets in money market instruments to include but not limited to short term government bonds issued by European governments or other debt securities issued by government, supranational or sovereign issuers in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

The Fund’s portfolio will be balanced according to the Investment Manager’s assessment of investment prospects based on a combination of top-down macroeconomic assessment and bottom-up fundamental research and credit analysis of individual securities, ratings and issuers but may, depending upon underlying investment conditions, emphasise investment in securities whose issuers are operating in those industry sectors of the economy or have particular focus in one country or region that, in the Investment Manager’s opinion, provide the determinants or opportunities to meet the investment objective.

It is the intention of the Investment Manager to actively manage the Fund through investment in primary and secondary market trading issues to create a balanced portfolio aimed at maintaining an average overall rating of single ‘A-’ (as measured by the S&P Risk Matrix Methodology) comprising investment in strong conviction highly liquid issues.



The Fund may invest in exchange traded derivatives such as futures, options, interest rate swaps as detailed in the Prospectus under the section headed “Efficient Portfolio Management” and “Financial Derivative Instruments” for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying fixed income securities where the Investment Manager feels it is more efficient to do so, or hedging purposes, such as the management of liquidity, the duration of the portfolio or the yield curve positioning, in accordance with the requirements of the Central Bank. The Fund may be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund.

It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying fixed income securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund. However, the possible effect of the use of financial derivative instruments on the Fund’s risk profile could be to increase volatility when taking additional market or securities exposure, although the intention is that volatility should not be markedly different from the Fund directly holding the underlying investments. The attention of investors is drawn to the risks described under the headings “Derivatives and Techniques and Instruments Risk” in the Risk Factors section of the Prospectus.

The Fund may invest in ETFs for the purpose of gaining indirect exposure to the fixed income securities comprised in the indices tracked by the ETFs in which the Fund may invest. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be denominated in the Base Currency, or have exposure to, European fixed income securities or fixed income securities denominated in the Base Currency. No more than 10% of the Fund’s total net assets may be invested in aggregate in shares of ETFs.

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

The Fund employs a specific risk management process to evaluate the average rating of the investment portfolio and quantify the credit risk of the Fund based on the S&P Rating Matrix Methodology aimed at maintaining an average credit risk no less than single ‘A-’. This evaluation comprises the calculation of the sum of the weighted average factors assigned to those issues in which the Fund is invested, and maintaining this value below the maximum score assigned to single ‘A-’ rated portfolios by the S&P Rating Matrix Methodology, currently 90. Further details or information are available to Shareholders upon request.

## **7. Offer**

### **Euro R Class and USD Hedged R Class Shares**

Euro R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 18<sup>th</sup> July, 2014 to 5.00 p.m. (Irish Time) on 16<sup>th</sup> January, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for Euro R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Hedged R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 18<sup>th</sup> July, 2014 to 5.00 p.m. (Irish Time) on 16<sup>th</sup> January, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD Hedged R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

After closing the Initial Offer Period the Euro R Class Shares and the USD Hedged R Class Shares will be issued at the Net Asset Value per Euro R Class and USD Hedged R Class Share.

### ***General***

Shares in the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the Euro Distributing Class, Euro Accumulating Class, CHF Accumulating Class, Euro R Class and USD Hedged R Class must subscribe a minimum of Euro 5,000/CHF 5,000/USD 5,000 and must retain Shares having a Net Asset Value of Euro 5,000/CHF 5,000/USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Distribution Class, Euro Accumulating Class, CHF Accumulating Class, Euro R Class and USD Hedged R Class, each subject to a Minimum Transaction Size of Euro 5,000/CHF 5,000/USD 5,000.

Each investor in the Euro Institutional Class and CHF Institutional Class must subscribe a minimum of Euro 3,000,000/CHF 3,000,000 and must retain Shares having a Net Asset Value of Euro 3,000,000/CHF 3,000,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Institutional Class, and CHF Institutional Class, each subject to a Minimum Transaction Size of Euro 1,000,000/CHF 1,000,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and the identification of applicable taxation status) as may be required by the Administrator. No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with

the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 2% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than two Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may defer the

acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than two Business Days following the subsequent Dealing Day.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank), or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and the identification of applicable taxation status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and the identification of applicable taxation status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's

notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within 4 Business Days of the relevant Dealing Day (and in any event should not exceed 10 Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares". Requests for conversion of Shares should be made to the Administrator by the Dealing Deadline by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) and should include such information as may be specified from time to time by the

Administrator.

### **13. Hedged Classes**

#### **CHF Accumulating Class, CHF Institutional Class and USD Hedged R Class**

In situations where the Investment Manager considers it in the best interests of the Shareholders in these Classes, these Classes of Shares may be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

### **14. Dividend Policy**

#### **Euro Distributing Class Shares**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will normally be declared semi-annually by the end of April and August and paid by the end of May and September, respectively.

Dividends may be paid out of the net income and realised and unrealised gains net of realised and unrealised losses. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders.

Euro Accumulating Class, CHF Accumulating Class, Euro Institutional Class, CHF Institutional Class Shares, Euro R Class and USD Hedged R Class

It is not intended to distribute dividends to Shareholders of the Euro Accumulating Class, the CHF Accumulating Class, the Euro Institutional Class, the CHF Institutional Class, the Euro R Class or the USD Hedged R Class. The income and earnings and gains of each of these classes will be accumulated and reinvested on behalf of relevant Shareholders.

**15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

**16. Investment Adviser**

The Investment Manager has elected, and the Company has consented, to the appointment of Banque Baring Brothers Sturdza S.A., part of the Sturdza Private Banking Group, with registered address at 112 Rue du Rhone, C.P. 3024, 1211 Geneva 3, Switzerland, as an investment adviser to the Strategic Euro Bond Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement (a) by giving to the other not less than 3 months' notice in writing expiring at any time and (b) forthwith, by notice in writing given by either of them to the other, if the other party shall commit any breach of the provisions of this agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party. The Investment Advisory Agreement shall be automatically terminated if (a) the Investment Manager shall resign its appointment under the Investment Management Agreement; or (b) the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement.

In the absence of negligence, fraud, bad faith or wilful default on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or



agents in the performance of its obligations under the Investment Advisory Agreement.

## **17. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Administrator’s Fees

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.125% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a minimum annual fee of Euro 48,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is also entitled to a flat fee of Euro 3,000 per annum for the Fund.

In the event of a liquidation or reorganisation the Administrator is also entitled to a maximum flat fee of EUR 7,000 and EUR 5,000 respectively.

The Administrator is entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

Additional fees, if incurred, will be disclosed in the annual report of the Company and will be at normal commercial rates.

### Custodian’s Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of the Fund subject to a minimum monthly fee of Euro 2,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

#### Investment Manager Fees

##### *Euro Distributing Class, Euro Accumulating Class and CHF Accumulating Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 0.75% per annum of the Net Asset Value (before deduction of fees) of the relevant Class.

##### *Euro Institutional Class and CHF Institutional Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 0.45% per annum of the Net Asset Value (before deduction of fees) of the relevant Class

##### *Euro R Class and USD Hedged R Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.10% per annum of the Net Asset Value (before deduction of fees) of the relevant Class.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser (to include reasonable out-of-pocket expenses) shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 2% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a

redemption fee being charged, Shareholders should view their investment as medium to long-term.

#### Anti-Dilution Levy

It is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscription and redemption from the Fund. If it is at any stage in the future proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

### **18. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled “The Company”). In addition, the following Risk Factors are specific to the Fund:

#### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks.

Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

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

Many fixed income securities especially those issued at high interest rates provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that are pre-paid may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, in such a scenario the Fund may re-invest the proceeds of the pay-off at the then current yields, which will be lower than those paid by the security that was paid off. Pre-payments may cause losses on securities purchased at a premium, and unscheduled pre-payments, which will be made at par, will cause that Fund to experience loss equal to any unamortized premium.

#### Emerging Markets Risk

Investments which may be made by the Fund are not limited to securities issued by issuers in any geographic region and the Fund may invest in investment grade debt securities of companies in

'emerging' or 'developing' markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of 'emerging' or 'developing' markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in 'emerging' or 'developing' markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Trustee or any of its local correspondents or in an effective central depository system; and (vii) 'emerging' or 'developing' markets may experience significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

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

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments.

An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

#### **19. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 3 - Nippon Growth (UCITS) Fund**

**DATED 31<sup>st</sup> March, 2015  
to the Prospectus issued for  
E.I. Sturza Funds plc**

This Supplement contains information relating specifically to the Nippon Growth (UCITS) Fund (the "Fund"), a Fund of E.I. Sturza Funds plc (the "Company"), an open-ended umbrella investment company with segregated liability between Funds authorised by the Central Bank on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has eight other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund the Strategic US Momentum and Value Fund and the Strategic Global Quality Fund, details of which are respectively set out in Supplement 1, Supplement 2, Supplement 4, Supplement 5, Supplement 6, Supplement 7 and Supplement 8 to the Prospectus.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the "Prospectus").**

The JPY Class A Shares, the JPY Class B Accumulating Shares, JPY Class C Distributing Shares, JPY Class D Institutional Shares, Euro Hedged Class Shares, Euro Hedged Institutional Class Shares and GBP Hedged Institutional Class Shares in the Fund have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the GBP Hedged Class Shares, CHF Hedged Class Shares, USD Hedged Class Shares, CHF Hedged Institutional Class Shares, USD Hedged Institutional Class Shares, Euro Hedged R Class Shares and USD Hedged R Class Shares in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the GBP Hedged Class Shares, CHF Hedged Class Shares, USD Hedged Class Shares, CHF Hedged Institutional Class Shares, USD Hedged Institutional Class Shares, Euro Hedged R Class Shares and USD Hedged R Class Shares. It is expected that the GBP Hedged Class Shares, CHF Hedged Class Shares, USD Hedged Class Shares, CHF Hedged Institutional Class Shares, USD Hedged Institutional Class Shares, Euro Hedged R Class Shares and USD Hedged R Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 1<sup>st</sup> October, 2015.

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, any government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

UK taxpayers should read the section of the United Kingdom Country Supplement entitled "United

Kingdom Taxation.”

Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

## 1. Interpretation

The expressions below shall have the following meanings:

“Business Day”	means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and Tokyo or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“Dealing Day”	means each Business Day following a Valuation Day.
“Dealing Deadline”	means 5.00p.m. Irish time two Business Days preceding the Valuation Day or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 11.59 p.m. (Irish time) on the Business Day preceding the Valuation Day.
“Initial Price”	means CHF 1,000 per share in the CHF Hedged Class and the CHF Hedged Institutional Class, GBP 1,000 per share in the GBP Hedged Class, USD 1,000 per share in the USD Hedged Class, USD Hedged Institutional Class and USD Hedged R Class and Euro 1,000 in the Euro Hedged R Class.
“Investment Adviser”	means Evarich Asset Management.
“Investment Advisory Agreement”	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 8th April, 2009 as supplemented by letter agreements dated 28 <sup>th</sup> May, 2013 and 24 <sup>th</sup> July, 2014.
“Valuation Point”	means 5.00pm (Irish Time) on the relevant Valuation Day.

“Valuation Day” means each Business Day

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

Class	Currency of Denomination
JPY Class A	JPY
JPY Class B Accumulating	JPY
JPY Class C Distributing	JPY
JPY Class D Institutional	JPY
Euro Hedged Class	EUR
Euro Hedged R Class	EUR
Euro Hedged Institutional Class	EUR
CHF Hedged Class	CHF
CHF Hedged Institutional Class	CHF
USD Hedged Class	USD
USD Hedged R Class	USD
USD Hedged Institutional Class	USD
GBP Hedged Class	GBP
GBP Hedged Institutional Class	GBP

## 3. Base Currency

The Base Currency shall be JPY.

## 4. Investment Objective

The investment objective of the Fund is to achieve long-term capital growth through active sector allocation and stock selection resulting from changes in economic conditions.

## 5. Investment Policy

In pursuit of its investment objective the Fund will invest primarily in equity securities and equity related securities including shares, preferred shares, warrants, debt securities convertible into shares of established Japanese companies listed on the Tokyo and Osaka Stock Exchanges or traded on a Recognised Exchange. A minimum of two thirds (2/3) of the total assets of the Fund shall be invested at all times in securities of issuers established or having a majority of their assets or deriving a majority of their operating income from activities in Japan, provided that investments in equity securities by the Fund shall always exceed 51% of the total assets of the Fund and investments in warrants shall not exceed 10% of the total assets of the Fund. The investment policy of the Fund does not have a specific industry focus.



It is the intention that the Fund be fully invested, however, the Investment Manager retains the flexibility to invest substantially in cash and/or money market instruments to include, but not limited to, short term fixed and/or floating rate government bonds, with a minimum credit rating of A as rated by Standard & Poor's (or an equivalent rating), issued by the Japanese Government and denominated in JPY, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed "Efficient Portfolio Management".

The Investment Manager shall measure the performance of the Fund against the Tokyo Stock Price Index, otherwise known as the TOPIX, a capitalisation-weighted average of all companies listed on the First Section of the Tokyo Stock Exchange. The index is a broad based index of large capitalization Japanese stocks and is supplemented by sub-indices comprising thirty three industry sectors.

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

CHF Hedged Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the "Initial Offer Period") at an Initial Price and subject to acceptance of applications for CHF Hedged Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Hedged Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the "Initial Offer Period") at an Initial Price and subject to acceptance of applications for USD Hedged Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

GBP Hedged Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the "Initial Offer Period") at an Initial Price and subject to

acceptance of applications for GBP Hedged Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

CHF Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for CHF Hedged Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD Hedged Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

Euro Hedged R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for Euro Hedged R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Hedged R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 1<sup>st</sup> April, 2015 to 5.00 p.m. (Irish Time) on 1<sup>st</sup> October, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD Hedged R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

After closing of the Initial Offer Period each class of shares in the Fund are being issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

### ***General***

The JPY Class A Shares of the Fund are closed to further subscriptions.

The JPY Class B Accumulating Shares, JPY Class C Distributing Shares, JPY Class D Institutional Shares, Euro Hedged Class Shares, Euro Hedged Institutional Class Shares and GBP Hedged Institutional Class Shares of the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the JPY Class A must subscribe a minimum of JPY 500,000 and must retain Shares having a Net Asset Value of JPY 500,000. A Shareholder may make subsequent redemptions from the

JPY Class A, each subject to a Minimum Transaction Size of JPY 500,000.

Each investor in the JPY Class B Accumulating Shares must subscribe a minimum of JPY 500,000 and must retain Shares having a Net Asset Value of JPY 500,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the JPY Class B Accumulating Shares, each subject to a Minimum Transaction Size of JPY 500,000.

Each investor in the JPY Class C Distributing Shares must subscribe a minimum of JPY 500,000 and must retain Shares having a Net Asset Value of JPY 500,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the JPY Class C Distributing Shares, each subject to a Minimum Transaction Size of JPY 500,000.

Each investor in the JPY Class D Institutional Shares must subscribe a minimum of JPY 300 million and must retain Shares having a Net Asset Value of JPY 300 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the JPY Class D Institutional Shares, each subject to a Minimum Transaction Size of JPY 10 million.

Each investor in the Euro Hedged Class Shares must subscribe a minimum of EUR 5,000 and must retain Shares having a Net Asset Value of EUR 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Hedged Class, each subject to a Minimum Transaction Size of EUR 5,000.

Each investor in the CHF Hedged Class must subscribe a minimum of CHF 5,000 and must retain Shares having a Net Asset Value of CHF 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the CHF Hedged Class, each subject to a Minimum Transaction Size of CHF 5,000.

Each investor in the USD Hedged Class must subscribe a minimum of USD 5,000 and must retain Shares having a Net Asset Value of USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Hedged Class, each subject to a Minimum Transaction Size of USD 5,000.

Each investor in the GBP Hedged Class must subscribe a minimum of GBP 5,000 and must retain Shares having a Net Asset Value of GBP 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the GBP Hedged Class, each subject to a Minimum Transaction Size of GBP 5,000.

Each investor in the Euro Hedged Institutional Class Shares must subscribe a minimum of EUR 3 million and must retain Shares having a Net Asset Value of EUR 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Hedged Institutional Class, each subject to a Minimum Transaction Size of EUR 100,000.

Each investor in the CHF Hedged Institutional Class must subscribe a minimum of CHF 3 million and must retain Shares having a Net Asset Value of CHF 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the CHF Hedged Institutional Class, each subject to a Minimum Transaction Size of CHF 100,000.

Each investor in the USD Hedged Institutional Class must subscribe a minimum of USD 3 million and must retain Shares having a Net Asset Value of USD 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Hedged Institutional Class, each subject to a Minimum Transaction Size of USD 100,000.

Each investor in the GBP Hedged Institutional Class must subscribe a minimum of GBP 3 million and must retain Shares having a Net Asset Value of GBP 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the GBP Hedged Institutional Class, each subject to a Minimum Transaction Size of GBP 100,000.

Each investor in the Euro Hedged R Class Shares must subscribe a minimum of EUR 5,000 and must retain Shares having a Net Asset Value of EUR 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Hedged R Class, each subject to a Minimum Transaction Size of EUR 5,000.

Each investor in the USD Hedged R Class must subscribe a minimum of USD 5,000 and must retain Shares having a Net Asset Value of USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Hedged R Class, each subject to a Minimum Transaction Size of USD 5,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for each Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

The JPY Class A Shares of the Fund are closed to further subscriptions.

An application for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and the identification of applicable taxation status) as may be required by the Administrator. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders in the JPY Class B Accumulating Shares, JPY Class C Distributing Shares, JPY Class D Institutional Shares, Euro Hedged Class, Euro Hedged Institutional Class, CHF Hedged Class, CHF Hedged Institutional Class, GBP Hedged Class, GBP Hedged Institutional Class, USD Hedged Class, USD Hedged Institutional Class, Euro Hedged R Class and USD Hedged R Class of the Fund will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission. **Where a sales commission is payable, Shareholders should view their investment as medium to long term.**

*Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than three Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than three Business days following the subsequent Dealing Day.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day.

Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile or written communication or such other means as may be permitted by

the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and the identification of applicable taxation status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and the identification of applicable taxation status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within 4 Business Days of the relevant Dealing Day (and in any event should not exceed 10 Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by the Dealing Deadline by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) and should include such information as may be specified from time to time by the Administrator.

## **13. Hedged Classes**

**Euro Hedged Class, Euro Hedged Institutional Class, CHF Hedged Class, CHF Hedged Institutional Class, GBP Hedged Class, GBP Hedged Institutional Class, USD Hedged Class, USD Hedged Institutional Class, Euro Hedged R Class and USD Hedged R Class**

These Classes of Shares may be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

#### **14. Dividend Policy**

It is not the current intention of the Company to declare dividends in respect of the JPY Class A Shares, JPY Class B Accumulating Shares, JPY Class D Institutional Shares, Euro Hedged Class Shares, Euro Hedged Institutional Class Shares, CHF Hedged Class Shares, CHF Hedged Institutional Class Shares, GBP Hedged Class Shares, GBP Hedged Institutional Class Shares, USD Hedged Class Shares, USD Hedged Institutional Class Shares, Euro Hedged R Class Shares and USD Hedged R Class Shares.

As regards the JPY Class C Distributing Shares, the Directors may declare interim dividends and the Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared will normally be declared in or around the end of April and paid by the end of June. However, where the Directors consider that the amount of any dividend would be minimal, they may decide not to declare a dividend.

Dividends may be paid out of the net investment income. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional JPY Class C Distributing Shares in the Fund by ticking the appropriate box on the Application Form.

#### **15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn,

applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **16. Investment Adviser**

The Investment Manager has elected, and the Company has consented to the appointment of Evarich Asset Management with registered address at Level 11, Aoyama Palacio Tower, 3-6-7 Kita-Aoyama Minato-ku, Tokyo 107-0061, Japan, as an investment adviser to the Fund to provide investment advice and/or non-discretionary investment management services pursuant to the Investment Advisory Agreement.

Evarich Asset Management was founded in October 2002 by Mr. Yutaka Uda with the purpose of (1) advising on the Japanese economy and Japanese currency and securities and (2) providing portfolio management services to Japanese equity funds. Evarich Asset Management is registered as an investment advisory company with the Japanese Ministry of Finance and is regulated by the Bank of Japan, in Japan.

The Company (for the purpose of giving consent) and the Investment Manager have entered into an Investment Advisory Agreement with Evarich Asset Management dated 8th April, 2009, later amended by letter agreement dated 28<sup>th</sup> May 2013, pursuant to which the Investment Adviser advises the Investment Manager on the implementation of the Fund's investment policy and strategy.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate this Agreement (a) by giving to the other not less than 12 months' notice in writing expiring at any time and (b) forthwith, by notice in writing given by either of them to the other, if the other party shall commit any breach of the provisions of this agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party. The Investment Advisory Agreement shall be automatically terminated if (a) the Investment Manager shall resign its appointment under the Investment Management Agreement; or (b) the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement.

In the absence of negligence, fraud, bad faith or wilful default of the Investment Adviser, neither the Investment Adviser nor any of its associates, nor any of their respective directors, employees, officers or agents (each, other than the Investment Adviser, being an "Investment Adviser Person"), shall be liable to the Investment Manager, the Company or any shareholder of the Fund for any act or omission in the course of, or in connection with, the services rendered under this agreement or for any decline in the value of the assets of the Company, or for any loss whatsoever that may result to the Investment Manager or the Fund acting upon any investment advice given to it by the Investment Adviser. Neither the Investment Adviser nor any Investment Adviser Person shall be liable to the Investment Manager, the Company or any shareholder of the Fund for any act or omission of any other adviser appointed by the Company or the Investment Manager in relation to the Fund. The Investment Manager shall indemnify and hold harmless the Investment Adviser and each Investment Adviser Person from and against all claims and demands (including costs and expenses arising from or incidental to any such claims and

demands) which may be made against the Investment Adviser or any Investment Adviser Person in respect of any loss or damage sustained or suffered by any person in respect of the proper performance by the Investment Adviser of its duties under this Agreement, otherwise than by reason of the negligence, fraud bad faith or wilful default on the part of the Investment Adviser or any Investment Adviser Person, or as a result of any act or omission of any other investment adviser appointed by the Company or the Investment Manager in relation to the Fund. In no event shall the Investment Adviser or any Investment Adviser Person be liable for any consequential, indirect or special loss or damage or for any loss or damage caused to or suffered by the Company, the Investment Manager or any shareholders in the Fund by reason of any act or omission of any other adviser who may be appointed by the Company or the Investment Manager in relation to the Fund.

The fee of the Investment Adviser shall be paid by the Investment Manager out of its fees.

#### **17. Trade Manager**

The Investment Manager has elected, and the Company has consented, to the appointment of Banque Baring Brothers Sturdza S.A, part of the Sturdza Private Banking Group, with registered address at 112 Rue du Rhone, C.P. 3024, 1211 Geneva 3, Switzerland, as a trade manager to the Investment Manager, specifically to provide trading, trade execution and/or other investment administration services which are incidental to the carrying out of its services in respect of the Fund pursuant to a Services Agreement dated 8th April, 2009 and entered into between the Company, the Investment Manager and Banque Baring Brothers Sturdza S.A (“the Trade Manager”). The Trade Manager will at all times act in accordance with and upon the instructions of the Investment Manager and will have no discretionary investment management capacity.

The Investment Manager shall be entitled to terminate the appointment of the Trade Manager (a) by giving to the Trade Manager not less than six months’ notice in writing expiring at any time; (b) forthwith, by notice in writing to the Trade Manager, if the Trade Manager shall have committed any breach of the provisions of the Services Agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the Investment Manager; (c) by giving notice in writing to the Trade Manager at any time, if the Trade Manager or the Company shall go into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing, in the case of the Trade Manager, by the Investment Manager and, in the case of the Company, by the Custodian and the Manager), or if a receiver (or its equivalent) of any of the assets of the Trade Manager or the Company is appointed; (d) if: (i) the Investment Manager shall resign its appointment or the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement or (ii) the Investment Management Agreement is terminated by either the Company or the Investment Manager, by notice in writing to the Trade Manager, expiring at the date of such resignation or determination.

The Trade Manager shall be entitled to terminate its appointment under the Services Agreement (a) by giving to the Investment Manager not less than six months’ notice in writing expiring at any time; (b) forthwith, by notice in writing to the Investment Manager, if the Investment Manager shall have

committed any breach of the relevant provisions of the Services Agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the Trade Manager;(c) by giving notice in writing to the Investment Manager at any time, if the Investment Manager or the Company shall go into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation, provided that, in the case of the Company, the Custodian and the Investment Manager shall have given their prior written approval), or if a receiver (or its equivalent) of any of the assets of the Investment Manager or the Company is appointed.

In the absence of negligence, fraud bad faith or wilful default, the Trade Manager shall not be liable for any loss or damage suffered by the Investment Manager or the Fund arising directly or indirectly out of any error of judgement or oversight or mistake of law on the part of the Trade Manager made or committed in good faith in respect of the proper performance of its duties under the Services Agreement. The Investment Manager shall indemnify and hold harmless the Trade Manager from and against all claims and demands (including costs and expenses arising from or incidental to any such claims and demands) which may be made against the Trade Manager in respect of any loss or damage sustained or suffered, or alleged to have been sustained or suffered, by any person in respect of the proper performance by the Trade Manager of the Services provided by it under the Services Agreement, otherwise than by reason of the negligence, fraud or wilful default of the Trade Manager

## **18. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Administrator’s Fees

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.125% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a monthly minimum fee of Euro 4,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual flat fee of Euro 3,000 for the Fund.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

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

telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

In addition, the Administrator is entitled to receive a flat fee of EUR 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of EUR 5,000 in the event of a reorganisation of the Fund.

Additional fees, if incurred, will be disclosed in the annual report of the Company and will be at normal commercial rates.

#### Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of each Fund subject to a minimum monthly fee of Euro 2,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

#### Investment Manager Fees

JPY Class A, JPY Class B Accumulating, JPY Class C Distributing, Euro Hedged Class, CHF Hedged Class, GBP Hedged Class and USD Hedged Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.50% per annum of the Net Asset Value (before deduction of fees) of the relevant Class.

JPY Class D Institutional, Euro Hedged Institutional Class, CHF Hedged Institutional Class, GBP Hedged Institutional Class and USD Hedged Institutional Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1% per annum of the Net Asset Value (before deduction of fees) of the relevant Class

Euro Hedged R Class and USD Hedged R Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 2.2% per annum of the Net Asset Value (before deduction of fees) of the relevant Class.

In addition, the Investment Manager shall be entitled to a performance related fee ("Performance Fee"), which will be taken into account on each Valuation Day in the calculation of the Net Asset Value of the Fund and which will be paid out of the assets of the Fund semi-annually in arrears on each of 30 June and 31 December (each a "Crystallisation Date").

The Performance Fee is equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the Topix Total Return Index (the "Benchmark"). Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period. The first period over which the Performance Fee was accrued under this calculation methodology commenced on 29 March 2013 and covered a nine month period to end on 31 December 2013.

The Performance Fee will only become payable if the relative outperformance of the Fund over the Benchmark at the end of the relevant six monthly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous six monthly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date. For the purposes of the first nine month period of calculation, the relative outperformance of the Fund over the Benchmark as at 28 March 2013 was utilized as the relative outperformance at the immediately preceding Crystallisation Date for the purpose of calculating the Performance Fee.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the Performance Fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject

to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable six monthly in arrears, although the first Performance Fee period covered the nine month period from 29 March 2013 to the last business day of December 2013. The Performance Fee will be calculated on a Share by Share basis with reference to the Crystallisation Date at which the Performance Fee was last paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Crystallisation Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the increase in the Net Asset Value per Share during an Accounting Period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the Period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser (to include all reasonable out-of-pocket expenses) shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

#### Trade Manager Fee

The Trade Manager shall be entitled to receive a maximum fee of up to 0.25% of the Net Asset Value of the Fund.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

#### Anti-Dilution Levy

The Company will impose an 'anti-dilution levy' representing a provision for duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the Fund, in the event of receipt for processing of subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. This provision shall be applied to all net subscription or net redemption requests in respect of any one Valuation Day that exceed a level of 5% of the Net Asset Value of the Fund and shall be levied at a maximum rate of 0.2% and will be added to the price at which Shares will be issued in the case of subscription requests and deducted from the price at which Shares will be redeemed, including the price of Shares issued or redeemed as a result of requests for conversion.

More generally, it is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscription and redemption from the Fund. If it is at any stage in the future it is proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

## **19. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled ("The Company"). In addition, the following Risk Factors are specific to the Fund:

#### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in Japanese markets and, therefore, there is a risk to investors by reason that the Company is exposed to one particular economic region. In addition, the liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any



particular market. A proportion of the Fund's assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment

Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

## **20. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 4 - Strategic Emerging Europe Fund**

**DATED 19<sup>th</sup> December, 2014  
to the Prospectus issued for  
E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Emerging Europe Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has six other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund and the Strategic US Momentum and Value Fund details of which are respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 5, Supplement 6 and Supplement 7 to the Prospectus.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).

The Hedged Euro Class Shares, the USD Class Shares, USD Institutional Class Shares and USD Select Institutional Class Shares in the Fund have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the Shares in each of the Hedged Euro Institutional Class in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the Hedged Euro Institutional Class Shares. It is expected that the Hedged Euro Institutional Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 19<sup>th</sup> June, 2015.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

The Fund may, at any one time, be significantly invested in financial derivative instruments.

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

## 1. Interpretation

The expressions below shall have the following meanings:

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

“Business Day”	any day, except Saturday, Sunday, or public holidays in Guernsey, Ireland, London or New York or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“Dealing Day”	means each Friday, or if that is not a Business Day then the subsequent Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day in every fortnight.
“Dealing Deadline”	means 5.00p.m Irish time two Business Days prior to the Valuation Day preceding the relevant Dealing Day or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than the relevant Valuation Point.
“Initial Price”	means Euro 1,000 for Hedged Euro Institutional Class Shares.
“Investment Adviser”	Armajaro Asset Management LLP.
“Investment Advisory Agreement”	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 12th October, 2010.
“Investment Manager”	E.I Sturdza Strategic Management Limited
“Valuation Point”	means the close of business in New York on the relevant Valuation Day.
“Valuation Day”	means each Wednesday, or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Valuation Day every fortnight.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

Class	Currency of Denomination
USD Class	USD
Hedged Euro Class	Euro
USD Institutional Class	USD
Hedged Euro Institutional Class	Euro
USD Select Institutional Class	USD

## 3. Base Currency

The Base Currency shall be USD.

## 4. Investment Objective

The investment objective of the Fund is to achieve long term capital growth.

## 5. Investment Policy

In seeking to achieve its investment objective, the Fund will invest primarily in equity or equity related securities which are listed and/or traded on a Recognised Exchange, including warrants, ETFs, depository receipts and convertible bonds, either directly or indirectly through use of financial derivatives instruments, as described below, in order to gain exposure to companies established in or which predominantly carry on their activities within emerging markets, primarily in Central and Eastern Europe, focusing primarily in securities and instruments relating to Russia and the rest of the Commonwealth of Independent States, the Czech Republic, Hungary, Poland and Turkey.

The maximum long/short ratio of the Fund is expected to be in the region of 150:50, however, it is likely that this ratio will be significantly less.

The Fund may invest up to 30% of its Net Asset Value in securities which are listed and/or traded on the Russian Trading System ("RTS") and Moscow Interbank Currency Exchange Stock Exchange ("MICEX").

The Investment Manager has the discretion to invest up to 10 per cent of the Net Asset Value of the Fund in fixed income, equity or equity related securities as described above in order to gain exposure to companies established in or which predominantly carry on their activities in the Middle East and Africa should investment opportunities arise.

The Investment Manager will seek to add value by employing an active stock selection approach to identify investment opportunities, combined with an asset allocation overlay strategy comprising primarily

of financial derivative instruments which aims to provide enhanced returns and risk reduction by taking into account the Investment Manager's views on sectors, markets and asset classes. The Investment Manager conducts proprietary analysis, including macro analysis, the identification of geographic, sector and asset class winners and losers as well as evaluating market consensus views. This enables the Investment Manager to select the most appropriate instrument to trade current themes as well as identify potential entry and exit points. In addition, the Investment Manager uses screening techniques to identify trade opportunities and provide comparison of the exposure of instruments to various themes. Fundamental and technical analysis of instruments is utilised along with flow monitoring. Research from well-established contacts including brokers and company meetings is also used.

The Investment Manager will maintain a flexible investment style and will seek to add value through a pragmatic and disciplined approach. Investment decisions will tend to be made on a macroeconomic basis and will be supported by bottom-up research. The Fund will invest in large, medium and small capitalisation companies, with a blend of value and growth companies. The Fund will benefit from the fundamental research carried out by the Investment Manager.

The Fund's portfolio will be constructed according to the Investment Manager's assessment of investment prospects but may, depending upon underlying investment conditions, emphasise investment in companies operating in those sectors of emerging market economies that, in the Investment Manager's opinion, provide the determinants for that emerging market's economic growth such as those involved in international trade, commodities and precious metals, property and construction activity, engineering, electronics or the service sectors. The overall currency, sector and geographical economy exposure will be dependent on prevailing market conditions and the degree of conviction held by the Investment Manager, but exposure to each currency (other than base currency), any one sector and any one country's economy will be limited to 50% of the Net Asset Value of the Fund. Currency and exposure to markets may be hedged through the use of currency forward contracts, ETFs, futures, options, swaps or contracts for difference related directly to the underlying portfolio investment(s) or an index representative of the portfolio's investment exposure

The Fund may, at any one time be significantly invested in financial derivative instruments. The Fund may invest in exchange traded or OTC derivatives such as futures, foreign currency, options, warrants, contracts for difference, equity and interest rate swaps and equity index derivatives as detailed under the section headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Manager feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank.

The Investment Manager may seek to hedge the foreign currency exposure of the Fund to currencies other than the Base Currency primarily through entering into spot and forward foreign exchange contracts, foreign exchange futures contracts, put or call options on foreign exchange, cross-currency swap transactions, or by contracts for differences designed to reduce exposure to currency fluctuations. Currency hedging will mainly be used by the Investment Manager in an attempt to ensure that the value

of the Fund's portfolio is not diminished by adverse currency movements. Portfolio hedging may incur costs (directly or indirectly related to the spread between bid and offer rates) that will be allocated between the Classes of Shares according to their respective Net Asset Values. The profits or losses from any currency hedges will also be allocated in the same proportion. There can be no guarantee that currency hedging will be employed at the portfolio level, or if this is undertaken how successful this will be. The Investment Manager may also use currency hedging techniques in an attempt to enhance returns.

The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund.

It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying securities where the Investment Manager feels it is more efficient to do so, or will actively reduce the risk profile of the Fund.

The Fund may invest in ETFs for the purpose of gaining indirect exposure to the equity securities comprised in the indices tracked by the ETFs in which the Fund may invest. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be domiciled in, or have exposure to, emerging markets. The Fund may invest up to 20% of its net assets in ETFs, however no more than 10% of the Fund's net assets may be invested in UCITS or non-UCITS ETFs which are considered to be collective investment schemes (the remaining 10% accounted for by non-UCITS ETFs which are considered by the Investment Manager to be transferable securities). Notwithstanding the foregoing, no more than 10% of the Fund's net assets may be invested in aggregate in shares of collective investment schemes.

The Fund may invest in fixed and/or floating rate corporate and/or government bonds which will have a minimum credit rating, insofar as a rating has been assigned, of CC as rated by Standard and Poor's or C as rated by Moody's or Fitch. The bonds in which the Fund may invest will be listed or traded on a Recognised Exchange. The bonds acquired may have equity-like characteristics or their return may be connected with an underlying equity, for example, the bonds may be convertible into underlying equity securities, with the issuer's equity performance influencing the performance of the bond. It is not anticipated that such investments will form the majority of the assets of the Fund and investment in assets of this type will be limited to 30% of the Net Asset Value of the Fund.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognized credit rating agency and issued or backed by one or more EU member states, the United States or other institutions permitted in Appendix 1 to the Company Prospectus, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase,

agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed “Efficient Portfolio Management”.

The Investment Manager will measure the performance of the Fund against the MSCI Emerging Markets Europe Index, a free float adjusted market capitalisation index that is designed to measure equity market performance in global emerging markets. Designation as an emerging market is determined by a number of factors. MSCI evaluates factors such as gross national income per capita; market depth and liquidity; local government regulations; perceived investment risk; foreign ownership limits and capital controls; and the general perception by the investment community when determining an “emerging” classification of a market.

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

### **Hedged Euro Institutional Shares**

Hedged Euro Institutional Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 22<sup>nd</sup> December, 2014 to 5.00 p.m. (Irish Time) on 19<sup>th</sup> June, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for Hedged Euro Institutional Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

After closing of the Initial Offer Period Hedged Euro Institutional Shares in the Fund are being issued at the Net Asset Value per Hedged Euro Institutional Share.

### **General**

Shares in the USD Class, Hedged Euro Class, USD Institutional Class and USD Select Institutional Class of the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.



## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the Hedged Euro Class and USD Class must subscribe a minimum of Euro 5,000 and USD 5,000 and must retain Shares having a Net Asset Value of Euro 5,000 and USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Hedged Euro Class and USD Class, each subject to a Minimum Transaction Size of Euro 5,000 and USD 5,000 respectively.

Each investor in the Hedged Euro Institutional Class and USD Institutional Class must subscribe a minimum of Euro 3,000,000 and USD 3,000,000 and must retain Shares having a Net Asset Value of Euro 3,000,000 and USD 3,000,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Hedged Euro Institutional Class and USD Institutional Class, each subject to a Minimum Transaction Size of Euro 100,000 and USD 100,000 respectively.

Each investor in the USD Select Institutional Class must subscribe a minimum of USD 20,000,000 and must retain Shares having a Net Asset Value of USD 20,000,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Select Institutional Class, subject to a Minimum Transaction Size of USD 1,000,000 respectively.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable taxation status) as may be required by the Administrator. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than three Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may (and in the event of non-clearance of funds, shall) defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than three Business Days following the subsequent Dealing Day.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors and having regard to the equitable treatment of Shareholders. The Directors reserve the right to refuse any

subsequent applications to transact in Shares and no redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable taxation status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable taxation status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **12. Hedged Classes**

These Classes of Shares will be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

## **13. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for

conversion of Shares should be made to the Administrator by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

#### **14. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund.

#### **15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

#### **16. Investment Adviser**

The Investment Manager has determined to appoint, and the Company has consented, to the appointment of Armajaro Asset Management LLP, with registered address at 16 Charles Street, London, W1J 5DS, United Kingdom, as an investment adviser to the Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

The Armajaro Group was incorporated in 1998. It is a successful and progressive commodities and financial services business, with its headquarters in London.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement (a) by giving to the other not less than 3 months' notice in writing expiring at any time and (b) forthwith, by notice in writing given by either of them to the other, if the other party shall commit any breach of the provisions of the Investment Advisory Agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party. The Investment Advisory Agreement shall be automatically terminated if (a) the Investment Manager shall resign its appointment under the Investment Management Agreement; or (b) the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement; or the Investment Adviser ceases to be authorized by the FSA.

In the absence of a material breach of the terms of the Investment Advisory Agreement, negligence, a breach of fiduciary duty, fraud or willful on the part of the Investment Adviser, its Associates, members, employees, officers or agents (each an Investment Adviser Person"), no Investment Adviser Person shall

be liable to the Investment Manager or the Company or to any Shareholder for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for any consequential, indirect or special loss or damage.

## **17. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Administrator’s Fees

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.09% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.05% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a monthly minimum fee of Euro 2,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual flat fee of Euro 3,000 for the Fund.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon.

In addition, the Administrator is entitled to receive a flat fee of EUR 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of EUR 5,000 in the event of a reorganisation of the Fund.

Additional fees and expenses, if incurred will be disclosed in the annual report of the Company and will be at normal commercial rates.

### Custodian’s Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net

Asset Value of each Fund subject to a minimum monthly fee of Euro 2,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Each Fund will bear its proportion of the fees and expenses of the Custodian.

#### Investment Manager Fees

##### *USD Class and Hedged EUR Class Shares*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the Fund.

##### *USD Institutional Class and Hedged EUR Institutional Class Shares*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1% per annum of the Net Asset Value (before deduction of fees) of the Fund.

##### USD Select Institutional Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 0.55% per annum of the Net Asset Value (before deduction of fees) of the Fund.

The Investment Manager shall not be entitled to a performance related fee ("Performance Fee") in respect of the USD Select Institutional Class.

#### Performance Fee

In addition, the Investment Manager shall be entitled to a performance related fee ("Performance Fee") , which will be taken into account on each Valuation Day in the calculation of the Net Asset Value of the Fund and which will be paid out of the assets of the Fund semi-annually in arrears on each of 30 June and 31 December (each a "Crystallisation Date").

The Performance Fee is equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the



MSCI Emerging Markets Europe Index (the “Benchmark<sup>1</sup>”). Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

The Performance Fee is equal to 20 per cent of any relative outperformance in the Net Asset Value of each Share over the Benchmark, provided that the Performance Fee will only become payable if the relative outperformance of the Fund over the Benchmark at the end of the relevant six monthly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous six monthly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date.

The Performance Fee will be calculated using the relative “high water mark” methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the Performance Fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable six monthly in arrears, commencing on 30 June 2013. The Performance Fee will be calculated on a Share by Share basis with reference to the Crystallisation Date at which the Performance Fee was last paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Crystallisation

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<sup>1</sup> With effect from 1 January 2015 there will be a change of Benchmark as detailed herein.

Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the increase in the Net Asset Value per Share during an Accounting Period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the Period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

### **From 1 January 2015**

With effect from 1 January 2015 the Benchmark will be revised and replaced with the MSCI Total Return Net Emerging Markets Europe Index.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

#### Anti-Dilution Levy

It is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscription and redemption from the Fund. If it is at any stage in the future proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

## **17. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled the “Company”). In addition, the following Risk Factors are specific to the Fund:

#### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges and over-the-counter markets. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. The volume of transactions effected in certain international bond markets may be appreciably below that of the world’s largest markets, such as the United States. Accordingly, a Fund’s investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### Emerging Markets Risk

Economic & Political Factors: Investments in securities of issuers located in Emerging Market countries involve special considerations and risks, including the risks associated with high rates of inflation, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market countries, relatively higher price volatility and large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental

laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market countries there is the possibility of political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual Emerging Market country economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investments resources and self-sufficiency and the balance of payments position.

The economies of some Emerging Market countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market countries. The development of certain Emerging Market economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S. and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in Emerging Market countries.

#### Investment in Russia

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder's name on the share register of the issuer. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

**Market Liquidity & Volatility:** The securities markets in Emerging Market countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The listed equity securities of many companies in many Emerging Markets are accordingly materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of OECD countries. Government supervision and regulation of many Emerging Markets and of quoted companies is also less developed than in many OECD countries. In addition, there may be a high measure of legal uncertainty concerning the rights and duties of market participants as compared to investments made through securities systems of established markets. The

combination of price volatility and the less liquid nature of securities markets in Emerging Market countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

**Information Standards:** In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Markets are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards are less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Issuers in Emerging Market countries may not be subject to the same accounting, auditing and financial reporting standards.

#### Custodial and Settlement Risk

As the Fund may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Custodian will have no liability.

#### Default and Liquidity Risk

Where the Fund invests in below investment grade securities, or in securities which are not listed, liquidity in relation to these securities may be low. Moreover, the accumulation and disposal of holdings in such investments may be time consuming and may need to be conducted at unfavourable prices. The Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions, leading to limited liquidity. Also investment in below investment grade securities may represent a higher default risk than investment in investment grade securities.

#### Trading Strategy

The Investment Manager looks to employ an investment approach that results in the investment portfolio being actively traded over the short term. The Fund may turnover its investments with a short term holding period and therefore the investments held in the portfolio at one point in time may be significantly differently to those held at another point of time. In addition, the Fund will be impacted by additional costs associated with higher trading volumes, which will be reflected in the Total Expense Ratio calculated by the Fund and reported at the end of each accounting period.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or

a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

### **18. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 5 - Strategic Europe Value Fund**

**DATED 27<sup>th</sup> October, 2015  
to the Prospectus issued for  
E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Europe Value Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has eight other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Global Bond Fund, the Strategic US Momentum and Value Fund, the Strategic Global Quality Fund and the Strategic European Smaller Companies Fund, details of which are respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 4, Supplement 6, Supplement 7, Supplement 8 and Supplement 9 to the Prospectus.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).**

The Euro Class Shares, CHF Class Shares, the Euro Institutional Class Shares and the GBP Institutional Class Shares in the Fund have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the GBP Class Shares, USD Class Shares, USD Institutional Class Shares, CHF Institutional Class Shares, Euro R Class Shares, USD R Class Shares and the Euro Institutional Distributing Class Shares in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the GBP Class Shares, USD Class Shares, USD Institutional Class Shares, CHF Institutional Class Shares, Euro R Class Shares, USD R Class Shares and the Euro Institutional Distributing Class Shares. It is expected that the GBP Class Shares, USD Class Shares, USD Institutional Class Shares, CHF Institutional Class Shares, Euro R Class Shares, USD R Class Shares and the Euro Institutional Distributing Class in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 29<sup>th</sup> April, 2016.

Neither the admission of the the GBP Class Shares, USD Class Shares, USD Institutional Class Shares, CHF Institutional Class Shares, Euro R Class Shares, USD R Class Shares and the Euro Institutional Distributing Class Shares in the Fund to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Supplement and 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 the service providers to or any party connected with the Company, the adequacy of information contained in the Supplement and Prospectus or the suitability of the Company

for investment purposes.

Save as disclosed in this Supplement there has been no significant change and no significant new matter has arisen since publication of the Prospectus.

As at the date of this Supplement, the Fund does not have any loan capital (including term loans) outstanding or created but unissued, nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

**The Fund may, at any one time, be significantly invested in financial derivative instruments.**

**The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled "United Kingdom Taxation."

**Profile of a Typical Investor:** Investment in the Fund is suitable only for these persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed "Risk Factors" in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

**The attention of investors is drawn to the fact that the Fund is eligible to the personal equity plan ("*plan d'épargne en actions*" or "PEA") in France. In this context, the Investment Adviser undertakes that the Fund will invest on a permanent basis at least 75% of its assets in securities or rights eligible to the PEA regime. Such investment is consistent with the investment policies of the Fund.**

## **1. Interpretation**

The expressions below shall have the following meanings:



All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

“Business Day”	means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and London or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“Dealing Day”	means each Business Day following the Valuation Point.
“Dealing Deadline”	means 5.00p.m Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 11:00 a.m. (Irish time) on the Business Day of the relevant Valuation Point.
“Initial Price”	means CHF 100 per CHF Institutional Class Share, GBP 100 per GBP Class Share and USD 100 per USD Class Share, USD R Class Share and USD Institutional Class Share, EUR 100 per Euro R Class Share and the EUR 100 per Euro Institutional Distributing Class Share.
“Investment Adviser”	means Lofoten Asset Management Limited.
“Investment Advisory Agreement”	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 27th October, 2010, as supplemented by the First Supplemental Investment Advisory Agreement dated 16 <sup>th</sup> April, 2012 ,the Second Supplemental Investment Advisory Agreement dated 17 <sup>th</sup> July, 2014 and the Third Supplement Investment Advisory Agreement dated 15 <sup>th</sup> December, 2014.
“Investment Manager”	means E.I. Sturdza Strategic Management Limited.
Valuation Point”	means 5.00pm (Irish Time) on each Business Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

<b>Class</b>	<b>Currency of Denomination</b>
Euro Class	EUR

CHF Class	CHF
GBP Class	GBP
USD Class	USD
Euro Institutional Class	EUR
CHF Institutional Class	CHF
GBP Institutional Class	GBP
USD Institutional Class	USD
Euro Institutional Distributing Class	EUR
Euro R Class	EUR
USD R Class	USD

### **3. Base Currency**

The Base Currency shall be Euro.

### **4. Investment Objective**

The investment objective of the Fund is to achieve long term capital growth.

### **5. Investment Policy**

In order to achieve its investment objective the Fund will invest primarily in equities and equity related instruments (including but not limited to common stock and other securities with equity characteristics, such as preferred stocks) all of which shall be listed or traded on a Recognised Exchange. While the primary focus of the Fund shall be in relation to such equities or equity related instruments which relate to companies incorporated or whose principal operations are based in Europe, depending upon prevailing market factors the Fund may also invest in the instruments described above on a global basis to a maximum of 25% of Net Asset Value of the Fund.

It is not intended that the Fund will invest more than 20% of its Net Asset Value in emerging markets to include Russia. Investment in Russia will only be in respect of securities which are listed and/or traded on the Russian Trading System ("RTS") and Moscow Interbank Currency Exchange Stock Exchange ("MICEX"). There are no sectorial restrictions on the Fund's investments.

The portfolio investments shall be selected from a "bottom-up" stock selection process of companies that the Investment Adviser believes to be fundamentally undervalued. The investment approach utilised by the Investment Adviser will be highly selective, focusing on corporate value based on cash flow (operating cash flow, free cash flow and earnings before interest and tax depreciation and amortization "EBITDA") and the quality of the companies' business models, rather than changes in earnings per share. Preference will be given to companies with high free cash flows, high levels of recurring revenue, franchise stocks (typically displaying low capital intensity and high return on capital) and undervalued

growth companies. The Investment Adviser expects that the portfolio exposure will normally be concentrated in around 25-35 positions.

The Fund shall not invest in companies with a market capitalisation below Euro 300 million at the time of purchase.

The Fund may invest in exchange traded and OTC derivatives such as futures, options, warrants, equity and interest rate swaps and contracts for difference as detailed under the section of the Prospectus and/or Supplement headed “Efficient Portfolio Management” and “Financial Derivative Instruments” for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Adviser feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. Forward foreign exchange contracts may be used to hedge the value of the portfolio investments in the Fund against changes in the exchange rate between the currency of denomination of the portfolio investments and the Base Currency of the Fund. The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund. The Investment Manager will seek to limit portfolio volatility through its investment approach and the effect of hedging should reinforce this.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Adviser retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings of A+ or better and issued or backed by one or more EU member states, the United States or Switzerland, in circumstances where the Investment Adviser considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed “Efficient Portfolio Management”.

The Investment Manager will measure the performance of the Fund against the MSCI Europe Index, a capitalisation weighted index that monitors the performance of stocks listed in the continent of Europe. MSCI classifies each company and its equity securities by country, free float adjusts the total market capitalisation of all securities, classifies them in accordance with the Global Industry Classification Standard (“GICS”), screens them for size and liquidity and then initiates the securities selection process to target 85% of free float adjusted market capitalization for each industry group in each country.

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Fund will not utilise financial

derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

### ***GBP Class Shares, USD Class Shares, CHF Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares, Euro R Class Shares, USD R Class Shares and the Euro Institutional Distributing Class Shares***

GBP Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for GBP Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

CHF Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for CHF Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

Euro R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for Euro R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 28<sup>th</sup> April, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

Euro Institutional Distributing Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 28<sup>th</sup> October, 2015 to 5.00 p.m. (Irish Time) on 31 December, 2015 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for Euro Institutional Distributing Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

After closing of the Initial Offer Period each class of shares in the Fund are being issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

### **General**

Shares in the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the Euro Class, GBP Class, CHF Class, USD Class, Euro R Class and USD R Class must subscribe a minimum of Euro 5,000 or GBP 5,000 or CHF 5,000 or USD 5,000 and must retain Shares having a Net Asset Value of Euro 5,000 or GBP 5,000 or CHF 5,000 or USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Class and Euro R Class to a Minimum Transaction Size of Euro 5,000, in the GBP Class to a Minimum Transaction Size of GBP 5,000, in the CHF Class to a Minimum Transaction Size of CHF 5,000 and in the USD Class and USD R Class to a Minimum Transaction Size of USD 5,000.

Each investor in the Euro Institutional Class, GBP Institutional Class, CHF Institutional Class, USD Institutional Class and Euro Institutional Distributing Class must retain Shares having a Net Asset Value of Euro 3,000,000, GBP 3,000,000, CHF 3,000,000, USD 3,000,000, Euro 3,000,000, respectively. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Institutional Class subject to a Minimum Transaction of Euro 100,000, in the GBP Institutional Class subject to a Minimum Transaction of GBP 100,000, in the CHF Institutional Class subject to a Minimum Transaction of CHF 100,000, in the USD Institutional Class subject to a Minimum Transaction of USD 100,000 and in the Euro Institutional Distributing Class subject to a Minimum Transaction of EUR 100,000

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the

Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable tax status) as may be required by the Administrator. No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the relevant Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be

made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount as further detailed under section 17. Fees and Expenses, Distributor.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than two Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may (and in the event of non-clearance of funds, shall) defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than two Business Days following the subsequent Dealing Day.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors and having regard to the equitable treatment of Shareholders. No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable tax status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable tax status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally.

**In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

*Method of Payment*



Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares". Requests for conversion of Shares should be made to the Administrator by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

## **13. Hedged Classes**

**CHF Class, GBP Class, USD Class, USD R Class, CHF Institutional Class, GBP Institutional Class**

### **and USD Institutional Class**

These Classes of Shares may be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

#### **14. Dividend Policy**

**Euro Class Shares, CHF Class Shares, GBP Class Shares, USD Class Shares, Euro Institutional Class Shares, CHF Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares, Euro R Class Shares and USD R Class Shares**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders of the Euro Class, CHF Class, GBP Class, USD Class, Euro Institutional Class, CHF Institutional Class, GBP Institutional Class, USD Institutional Class, Euro R Class and the USD R Class Shares.

#### **Euro Institutional Distributing Class Shares**

The Directors may declare interim dividends and the Company may in a general meeting declare final dividends for the Euro Institutional Distributing Class but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will normally be declared semi-annually in April with reference to the financial period ending 31 December and in August with reference to the interim financial period ending 30 June and paid by the end of June and October, respectively. However, where

the Directors consider that the amount of any dividend would be minimal, they may decide not to declare a dividend.

Dividends may be paid out of the net investment income. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by bank transfer at the expense of Shareholders.

## **15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **16. Investment Adviser**

The Investment Manager has elected, and the Company has consented, to the appointment of Lofoten Asset Management Limited, whose address for service is at 45 Great Peter Street, London, SW1P 3LT, as an investment adviser to the Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement on or after 30 September 2020 (the "Termination Date") by giving to the other parties not less than six months' notice in writing expiring at any time after the Termination Date. However the Company may, by giving six months' notice in writing to the Investment Manager and the Investment Adviser, terminate this Agreement prior to 30 September 2020.

The Investment Advisory Agreement may be terminated by notice in writing to the other parties if (i) the other parties shall commit any breach of the provisions hereof and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party or (ii) any of the other parties makes an assignment for the benefit of creditors, becomes insolvent or goes into liquidation or into any similar proceedings (other than voluntary liquidation for the purposes of reconstruction or amalgamation forthwith to be carried into effect) or a receiver is appointed over any of its assets.

In the absence of negligence, fraud, bad faith or wilful misconduct on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to

the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

## **17. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Administrator’s Fees

The Company shall pay to the Administrator out of the assets of the Fund, where applicable a pro rata annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.10% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a monthly minimum fee of Euro 4,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual flat fee of Euro 3,000 for the Fund.

For the production and filing of the reporting required for FATCA purposes a flat fee of USD 500 for the Fund will be charged.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

In addition, the Administrator is entitled to receive a flat fee of EUR 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of EUR 5,000 in the event of a reorganisation of the Fund.

Additional fees and expenses, if incurred will be disclosed in the annual report of the Company and will be at normal commercial rates.

### Custodian’s Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of each Fund subject to a minimum monthly fee of Euro 2,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Each Fund will bear its proportion of the fees and expenses of the Custodian.

#### Investment Manager Fees

##### *Euro Class, GBP Class, CHF Class and USD Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the Fund.

The Investment Manager shall be entitled to a performance related fee ("Performance Fee") equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the Benchmark, further details of which are set out below.

##### *Euro R Class and USD R Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 2.2% per annum of the Net Asset Value (before deduction of fees) of the Fund.

The Investment Manager shall be entitled to a performance related fee ("Performance Fee") equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the Benchmark, further details of which are set out below.

##### *Euro Institutional Class, GBP Institutional Class, CHF Institutional Class, USD Institutional Class and Euro Institutional Distributing Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 0.9% per annum of the Net Asset Value (before deduction of fees) of the Fund.

The Investment Manager shall be entitled to a performance related fee ("Performance Fee") equal to 10

per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the Benchmark, further details of which are set out below.

#### *Performance Fee*

The Performance Fee will be taken into account at each Valuation Point in the calculation of the Net Asset Value of the Fund and will be paid out of the assets of the Fund semi-annually in arrears on each of 30 June and 31 December (each a "Crystallisation Date") commencing on 30 June 2011. Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

The Performance Fee will only become payable if the relative outperformance of the Fund over the MSCI Europe Net Total Return Index (the "Benchmark") (Bloomberg Ticker: MSDEE15N Index) at the end of the relevant six monthly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous six monthly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the performance fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable six monthly in arrears. The Performance Fee will be calculated on a Share by Share basis with reference to

the Crystallisation Date at which the Performance Fee was last paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Crystallisation Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The Initial Price at the date of launch of each Share Class will be taken as the starting price for the first Performance Fee payable.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the Net Asset Value per Share during an Accounting Period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the Period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Advisory Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission. The difference at any one time between the sale and redemption price of Shares in the Fund means that the investment should be viewed as medium to long term.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

#### Anti-Dilution Levy

The Company may impose an 'anti-dilution levy' representing a provision for market spreads (the differences between the prices at which assets are valued and/or bought or sold), duties and charges and

other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the Fund, in the event of receipt for processing of subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. This provision shall be levied at a maximum rate of 0.15% of the market value of each subscription and redemption and will be added to the price at which Shares will be issued in the case of subscription requests and deducted from the price at which Shares will be redeemed, including the price of Shares issued or redeemed as a result of requests for conversion.

## **21. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled the “Company”. In addition, the following Risk Factors are specific to the Fund:

### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in European markets and, therefore, there is a risk to investors by reason that the Company is exposed to one particular economic region. In addition, the liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any particular market. A proportion of the Fund’s assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund’s performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund’s investments in a particular industry may increase the level



of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### Investment in Russia

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder's name on the share register of the issuer. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may

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

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

## **22. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## **SUPPLEMENT 6 - Strategic Global Bond Fund**

**DATED 17<sup>th</sup> July, 2014  
to the Prospectus issued for E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Global Bond Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26<sup>th</sup> September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has six other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund and the Strategic US Momentum and Value Fund details of which are respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 4, Supplement 5, and Supplement 7.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).**

The RMB Shares and USD Class Shares have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.**

**The Fund may, at any one time, be significantly invested in financial derivative instruments.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

### **1. Interpretation**

The expressions below shall have the following meanings:

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

- “Business Day” means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and Geneva or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
- “Dealing Day” means each Business Day following the Valuation Point.
- “Dealing Deadline” means 5.00p.m. Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 4:50 p.m. (Irish time) on the Business Day of the Valuation Point.
- “Investment Adviser” means Banque Baring Brothers Sturdza S.A.
- “Investment Advisory Agreement” means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 8<sup>th</sup> April 2009 and amended and restated dated 30<sup>th</sup> December, 2013.
- “Valuation Point” means 5.00pm (Irish Time) on each Business Day.

## 2. Classes of Units

Class	Currency of Denomination
*RMB Class	USD
USD Class	USD

\* The attention of investors in the RMB Class is drawn to the section of the Supplement headed “14. RMB Class Currency Exposure”.

## 3. Base Currency

The Base Currency shall be USD.

## 4. Investment Objective

The investment objective of the Fund is to provide total return to investors through a combination of capital appreciation and income received by the Fund.

## 5. Investment Policy

In pursuit of its investment objective the Fund will invest directly or indirectly through the use of financial derivative instruments as described below, on a global basis predominantly in fixed income securities, including but not limited to US Dollar denominated corporate bonds that may be issued with either fixed or

floating rate coupons and rated as detailed below, government, supranational or sovereign securities and debt securities denominated in US Dollars that may be convertible into shares of companies. Investment in securities issued by issuers not domiciled in countries within the OECD (Organisation for Economic Co-operation and Development) is limited to 50% of the total net assets. The investment policy of the Fund does not have an industry focus.

The securities in which the Fund will invest will be listed or traded globally on a Recognised Exchange. The Fund may at any one time be significantly invested in financial derivative instruments. Of these investments, the Fund will invest not less than 50% of its total net assets in investment grade corporate bonds and not more than 20% of its total net assets in debt securities convertible into equity securities.

In addition, the Fund will invest in government bonds and/or crossover bonds i.e. bonds that are rated as investment grade by an independent ratings agency such as Standard and Poor's, Moody or Fitch but are not rated as investment grade by another independent ratings agency. It is also the intention that the Fund will invest in bonds that are unrated or rated as non-investment grade. Investment in crossover bonds, unrated and non-investment grade bonds will be limited to 50% of the total net assets.

It is the intention that the Fund be fully invested, however, the Investment Manager retains the flexibility to retain up to a maximum of 10% of its total net assets in cash or collective investment schemes investing in money market instruments and invest up to 10% of its total net assets in money market instruments to include but not limited to short term government bonds issued in US Dollars or other debt securities issued by government, supranational or sovereign issuers in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

The Fund's portfolio will be balanced according to the Investment Manager's assessment of investment prospects based on a combination of top-down macroeconomic assessment and bottom-up fundamental research and credit analysis of individual securities, ratings and issuers but may, depending upon underlying investment conditions, emphasise investment in securities whose issuers are operating in those industry sectors of the economy or have particular focus in one country or region that, in the Investment Manager's opinion, provide the determinants or opportunities to meet the investment objective. It is the intention of the Investment Manager to actively manage the Fund through investment in primary and secondary market trading issues.

The Fund may invest in exchange traded derivatives such as futures, options, interest rate swaps as detailed in the Prospectus under the section headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying fixed income securities where the Investment Manager feels it is more efficient to do so, or hedging purposes, such as the management of liquidity, the duration of the portfolio or the yield curve positioning, in accordance with the requirements of the Central Bank. The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund.

It is expected that the use of financial derivative instruments for efficient portfolio management purposes, hedging purposes and to indirectly gain exposure to underlying fixed income securities where the Investment Manager feels it is more efficient to do so, will actively reduce the risk profile of the Fund. However, the possible effect of the use of financial derivative instruments on the Fund's risk profile could be to increase volatility when taking additional market or securities exposure, although the intention is that volatility should not be markedly different from the Fund directly holding the underlying investments. The attention of investors is drawn to the risks described under the headings "Derivatives and Techniques and Instruments Risk" in the Risk Factors section of the Prospectus.

The Fund may invest in ETFs for the purpose of gaining indirect exposure to the fixed income securities comprised in the indices tracked by the ETFs in which the Fund may invest. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be denominated in US Dollars or have exposure to, US Dollar denominated fixed income securities. The Fund may invest up to 20% of its net assets in ETFs, however no more than 10% of the Fund's net assets may be invested in UCITS or non-UCITS ETFs which are considered to be collective investment schemes (the remaining 10% accounted for by non-UCITS ETFs which are considered by the Investment Manager to be transferable securities). Notwithstanding the foregoing, no more than 10% of the Fund's net assets may be invested in aggregate in shares of collective investment schemes.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed "Efficient Portfolio Management".

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

Shares in the Fund are being issued at the Net Asset Value per Share as at the relevant Valuation Point.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the RMB Class and USD Class must subscribe a minimum of USD 5,000 and must retain Shares having a Net Asset Value of USD 5,000. A Shareholder may make subsequent subscriptions,

conversions and redemptions in the RMB Class and USD Class, each subject to a Minimum Transaction Size of USD 5,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable tax status) as may be required by the Administrator. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor

Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 2% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in US Dollars. The Company will not accept applications for Shares in currencies other than US Dollars.



### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than three Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If Shares are issued and if payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than three Business Days following the subsequent Dealing Day or cancel the allotment and the cost of cancellation shall be borne by the relevant investor.

### **11. Confirmation of Ownership**

Confirmation of each purchase of Shares will normally be sent to Shareholders within two Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **12. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable tax status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable tax status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which

would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in US Dollars. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

### **13. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with

the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

#### **14. RMB Class Currency Exposure**

The RMB Class will employ the use of deliverable or non-deliverable forward currency contracts to provide Shareholders in the RMB Class with currency exposure to the performance of the currency of the People’s Republic of China (the “Chinese Currency”). Deliverable forward currency contracts are cash settled currency agreements that are settled in the currency of the forward contract, in this case the Chinese Currency, and are a standardised form of contract for trading major currencies. Where the availability of the currency of the forward contract is restricted, usually by systematic or liquidity constraints as can be the case with the Chinese Currency, it is more usual that forward currency contracts are cash settled in US Dollars or an alternative major global currency: a non-deliverable forward currency contract. Currently, the Chinese Currency is a restricted international currency not used on any significant scale to settle international transactions and not readily available to hold by international investors outside of the People’s Republic of China as a result of the foreign exchange control policies and restrictions put in place by the Chinese government. Consequently, the nature of the foreign exchange markets in relation to the Chinese Currency require that non-deliverable forward currency contracts are utilised by the RMB Class to provide exposure to the Chinese Currency, however it is possible that over time developments in the forward currency markets might support the use of deliverable forward currency contracts by the RMB Class. The use of these forward currency contracts will expose Shareholders in the RMB Class to exchange rate fluctuation risks between the Chinese Currency and the US Dollar. It is intended that the use of these forward currency contracts to provide exposure to the Chinese Currency will provide investors with a similar performance in Chinese Currency terms to that which would be reported if the shares in the RMB Class were denominated in the Chinese Currency. Shareholders investing in the RMB Class should therefore make themselves aware of the additional risks that investment in the RMB Class provides over investment in the USD Class and are referred specifically to the section entitled “Risk Factors”.

Any financial instruments used to implement the strategy to provide currency exposure strategies to the Chinese Currency on behalf of the RMB Class shall be assets/liabilities of the Fund as a whole but will be attributable solely to the RMB Class and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the RMB Class. Any currency exposure of the RMB 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 the RMB Class may not be allocated to other Classes. Where the Investment Manager seeks to provide exposure to the Chinese Currency this will be subject to currency fluctuations and, while it is the intention of the Investment Manager to match the exposure of the Chinese currency position to the total net assets attributable to the RMB Class, this could result in a position providing an over or under exposure to the Chinese Currency due to external factors outside the control of the Company.

However, it is intended over-exposed positions will not exceed 105% of the Net Asset Value of the RMB Class and currency positions will be kept under review to ensure that positions in excess of 100% of the Net Asset Value of the RMB Class will not be carried forward from month to month. To the extent that providing an exposure to the Chinese Currency is successful for the RMB Class the performance of the RMB Class is likely to move significantly differently to the performance of the underlying assets in the Fund, with the result that investors in the RMB Class will not gain if the Chinese currency falls against the US Dollar to a greater extent than the rise in the value of the underlying assets within the Fund.

It is intended that the currency strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed and pending subscriptions and redemptions relating to shareholder activity that will be processed through the RMB Class as at the relevant Valuation Point. The currency strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the relevant Fund.

#### **15. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund.

#### **16. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

#### **17. Investment Adviser**

The Investment Manager has elected, and the Company has consented, to the appointment of Banque Baring Brothers Sturdza S.A., part of the Sturdza Private Banking Group, with registered address at 112 Rue du Rhone, C.P. 3024, 1211 Geneva 3, Switzerland, as an investment adviser to the Strategic Global Bond Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement (a) by giving to the other not less than 3 months' notice in writing expiring at any time and (b) forthwith, by notice in writing given by either of them to the other, if the other party shall commit any breach of the provisions of this agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party. The Investment Advisory

Agreement shall be automatically terminated if (a) the Investment Manager shall resign its appointment under the Investment Management Agreement; or (b) the appointment of the Investment Manager shall otherwise be terminated in accordance with the provisions of the Investment Management Agreement.

In the absence of negligence, fraud, bad faith or wilful default on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

## **18. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Administrator’s Fees

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.125% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a minimum annual fee of Euro 48,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is also entitled to a flat fee of Euro 3,000 per annum for the Fund.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall be at normal commercial rates and include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

In addition, the Administrator is entitled to receive a maximum fee of Euro 10,000 for the establishment of the Fund at inception, a flat fee of Euro 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of Euro 5,000 in the event of a reorganisation of the Fund.

Additional fees and expenses, if incurred, will be disclosed in the annual report of the Company and will be at normal commercial rates.

#### Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of each Fund subject to a minimum annual fee of Euro 24,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

#### Investment Manager Fees

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 0.9% per annum of the Net Asset Value (before deduction of fees) of the Fund.

#### Investment Adviser Fees

All fees payable to any appointed Investment Adviser (to include reasonable out-of-pocket expenses) shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 2% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### Anti-Dilution Levy

It is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscription and redemption from the Fund. If it is at any stage in the future proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

## **19. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled the “Company”). In addition, the following Risk Factors are specific to the Fund:

### General

In addition to the normal risks inherent in investing in the securities in which the Fund is invested Shareholders in the RMB Class are exposed to the risks associated with the Chinese Currency. Investment in Chinese Currency may provide a greater degree of risk than is the case with currency exposures of developed countries or first tier currency markets as a result of additional political and economic risks associated with the People’s Republic of China. As a result, the performance of the RMB Class may result in higher volatility than investment in the USD Class.

### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks.

Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.

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

Many fixed income securities especially those issued at high interest rates provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that are pre-paid may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, in such a scenario the Fund may re-invest the proceeds of the pay-off at the then current yields, which will be lower than those paid by the security that was paid off. Pre-payments may cause losses on securities purchased at a premium, and unscheduled

pre-payments, which will be made at par, will cause that Fund to experience loss equal to any unamortized premium.

#### Default and Liquidity Risk

Where the Fund invests in below investment grade securities, or in securities which are not listed, liquidity in relation to these securities may be low. Moreover, the accumulation and disposal of holdings in such investments may be time consuming and may need to be conducted at unfavourable prices. The Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions, leading to limited liquidity. Also investment in below investment grade securities may represent a higher default risk than investment in investment grade securities.

#### Emerging Markets Risk

Investments which may be made by the Fund are not limited to securities issued by issuers in any geographic region and the Fund may invest in debt securities of companies in 'emerging' or 'developing' markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of 'emerging' or 'developing' markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the legal infrastructure and accounting, auditing and reporting standards in 'emerging' or 'developing' markets may not provide the same degree of shareholder protection or information to investors as would generally apply internationally; (vi) potentially a greater risk regarding the ownership and custody of securities i.e. in certain countries, ownership is evidenced by entries in the books of a company or its registrar. In such instances, no certificates representing ownership of companies will be held by the Trustee or any of its local correspondents or in an effective central depository system; and (vii) 'emerging' or 'developing' markets may experienced significant adverse economic developments, including substantial depreciation in currency exchange rates or unstable currency fluctuations, increased interest rates, or reduced economic growth rates than investments in securities of issuers based in developed countries.

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



possibility that redemption of Shares following a redemption request may be delayed due to the illiquid nature of such investments.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment

Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

### **Specific Risks to investors in the RMB Class**

#### *PRC Governmental, Economic and Related Considerations*

The PRC economy has been a planned economy since 1949. One, five and ten-year state plans are adopted by the PRC Government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the PRC's industrial output, the state, in general, is reducing the level of direct control which it exercises over the economy through state plans and other measures, and there is an increasing degree of liberalisation in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "socialist market economy".

During the past 15 years, the PRC Government has been reforming the economic systems of the PRC, and these reforms are expected to continue. Many of the reforms are unprecedented or experimental and are expected to be refined or changed. Other political, economic and social factors could also lead to further readjustments to the reform measures. The performance of the Chinese Currency, and as a consequence the RMB Class, could be adversely affected by adjustments in the PRC's state 120 plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners.

The PRC economy has experienced significant growth in the past ten years, but such growth has been uneven both geographically and among the various sectors of the economy. The PRC Government has implemented various measures from time to time to control inflation and to regulate economic expansion with a view to preventing overheating of the economy. The transformation from a centrally planned, socialist economy to a more market-orientated economy has also resulted in many economic and social disruptions and distortions.

Moreover, there can be no assurance that the economic and political initiatives necessary to achieve and sustain such a transformation will continue or, if such initiatives continue and are sustained, that they will be successful.

In the past the PRC Government has applied nationalisation, expropriation, confiscatory levels of taxation and currency blockage. There can be no assurance that this will not re-occur and any re-occurrence could adversely affect the interests of the RMB Class Shareholders through their investment in the Chinese Currency.

#### *The Chinese Currency risk*

From 2005, the exchange rate of the Chinese Currency is no longer pegged to the US dollar. The Chinese Currency has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Chinese Currency against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China.

As the exchange rates are based primarily on market forces, the exchange rates for the Chinese Currency against other currencies, including US dollars, are susceptible to movements based on external factors. Investors should be aware that the Chinese Currency is currently not a freely convertible currency as it is subject to foreign exchange control policies and restrictions of the Chinese government. Trading in the Chinese Currency may be subject to possible delay in the settlement process both for deliverable and non-deliverable forward currency contracts.

The possibility that the appreciation of the Chinese Currency will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Chinese Currency will not be subject to revaluation. Any revaluation of the Chinese Currency could adversely affect the value of investors' investments in the RMB Class of the Fund. Further, the Chinese government's imposition of restrictions on the repatriation of Chinese Currency out of China may limit the depth of the Chinese Currency market and reduce the liquidity of the Chinese Currency contract used by the RMB Class. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the RMB Class's or the investors' position may be adversely affected. There can therefore be no guarantee that the Investment Manager will continue to be able to trade Chinese Currency contracts on an ongoing basis to provide investors in the RMB Class with the desired exposure to the Chinese Currency.

#### *Liquidity risk*

The Chinese Currency market is still developing and therefore subject to liquidity risk. If sizeable subscription or redemption requests are received into or from the RMB Class, the RMB Class may need to trade additional Chinese Currency contracts in order to match the currency exposure to the total net assets within the RMB Class, which may be transacted at less favourable prices with the result that the RMB Class may suffer significant trading costs and generate losses in trading the Chinese Currency.

#### *Contract Risk*

The Chinese Currency market currently has two distinct markets on which the Chinese Currency can be traded: the onshore and the offshore currency markets. Although both markets offer investors the ability

to access the Chinese Currency the performance of each of the offshore and the onshore market may differ substantially from the overall Chinese Currency performance as each offer different investment characteristics. There can therefore be no guarantee that the forward currency contract employed by the RMB Class will replicate the performance of the Chinese Currency. In addition, the onshore and the offshore currency markets may restrict access to investors with the result that the Fund is not able to invest in currency contracts offered by either or both of these markets. Although the Fund will endeavour to invest in the Chinese Currency through the most suitable available currency contract there is no guarantee that the Fund will be able to access this currency market on an ongoing basis. The performance of the currency exposure within the RMB Class may not therefore replicate the performance of the Chinese Currency.

## **20. Additional Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes, as outlined in the section entitled ‘Investment Policy’

## **SUPPLEMENT 7 - Strategic US Momentum and Value Fund**

**DATED 18<sup>th</sup> September, 2015  
to the Prospectus issued for  
E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic US Momentum and Value Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26<sup>th</sup> September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has eight other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund, the Strategic Global Quality Fund and the Strategic European Smaller Companies Fund, details of which respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 4, Supplement 5, Supplement 6, Supplement 8 and Supplement 9 to the Prospectus.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).**

The USD Class Shares, CHF Hedged Class Shares, EUR Hedged Class Shares and the USD Institutional Class have been admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the GBP Hedged Class, EUR Hedged Institutional Class, GBP Hedged Institutional Class, CHF Hedged Institutional Class, USD R Class and EUR Hedged R Class Shares in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the GBP Hedged Class, EUR Hedged Institutional Class, GBP Hedged Institutional Class, CHF Hedged Institutional Class, USD R Class or EUR Hedged R Class Shares. It is expected that the GBP Hedged Class, EUR Hedged Institutional Class, GBP Hedged Institutional Class, CHF Hedged Institutional Class, USD R Class and EUR Hedged R Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 17<sup>th</sup> March, 2016.

Neither the admission of the GBP Hedged Class, EUR Hedged Institutional Class, GBP Hedged Institutional Class, CHF Hedged Institutional Class, USD R Class or EUR Hedged R Class Shares in the Fund to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Listing Particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers to or any other party connected with the Company, the adequacy of information contained in the Listing Particulars or the suitability of the Fund for investment purposes.

**Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.**

**The Fund may, at any one time, be significantly invested in financial derivative instruments.**

**The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a medium level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

## **1. Interpretation**

The expressions below shall have the following meanings:

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

“Business Day” means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and the USA or such other day or days as may be determined by the Directors and notified in advance to Shareholders.

“Dealing Day” means each Business Day following the Valuation Point.

“Dealing Deadline” means 5.00p.m. Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 4:50 p.m. (Irish time) on the Business Day of the Valuation Point.

“ETFs” means exchange traded funds.

"Initial Price" means Euro 500 per EUR Hedged R Class Share and EUR Hedged Institutional Class Share, GBP 500 per GBP Hedged Class Share and GBP Hedged Institutional Class Share, USD 500 per USD R Class Share and USD Institutional

Class Share, CHF 500 per CHF Hedged Class Share and CHF Hedged Institutional Class Share.

“Investment Adviser” means Banque Baring Brothers Sturdza S.A.

“Investment Advisory Agreement” means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 8<sup>th</sup> April 2009 and amended and restated dated 30<sup>th</sup> December, 2013

“Valuation Point” means 5.00pm (Irish Time) on each Business Day.

## 2. Classes of Units

<b>Class</b>	<b>Currency of Denomination</b>
USD Class	USD
EUR Hedged Class	EUR
GBP Hedged Class	GBP
CHF Hedged Class	CHF
USD R Class	USD
EUR Hedged R Class	EUR
USD Institutional Class	USD
EUR Hedged Institutional Class	EUR
GBP Hedged Institutional Class	GBP
CHF Hedged Institutional Class	CHF

## 3. Base Currency

The Base Currency shall be USD.

## 4. Investment Objective

The investment objective of the Fund is to achieve long-term capital appreciation in the value of assets.

## 5. Investment Policy

In order to achieve its investment objective the Fund will invest primarily in equities and equity related instruments (including but not limited to common stock and other securities with equity characteristics, such as preferred stocks) all of which shall be listed or traded on a Recognised Exchange. While the primary focus of the Fund shall be in relation to such equities or equity related instruments which relate to

companies incorporated or whose principal operations are based in the United States of America, depending upon prevailing market factors the Fund may also invest in the instruments described above on a global basis to a maximum of 20% of Net Asset Value of the Fund.

It is not intended that the Fund will invest more than 10% of its Net Asset Value in emerging markets. There are no sectorial restrictions, focus, or biases on the Fund's investments.

The portfolio investments shall be selected from a "bottom-up" stock selection process of companies that the Investment Adviser believes to be fundamentally undervalued. The investment approach utilised by the Investment Adviser will be highly selective, focusing on identifying companies with historical value characteristics identified through fundamental analysis combined with a focus on momentum relative to its peers and the S&P 500 Index. The Investment Adviser expects that the portfolio exposure will normally be concentrated in around 25-35 positions.

The Fund may invest in exchange traded derivatives such as futures, options, warrants, equity and interest rate swaps as detailed under the section headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Adviser feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. Forward foreign exchange contracts may be used to hedge the value of the portfolio investments in the Fund against changes in the exchange rate between the currency of denomination of the portfolio investments and the Base Currency of the Fund. The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of NAV.

The Fund may invest in ETFs for the purpose of gaining indirect exposure to the equity securities comprised in the indices tracked by the ETFs in which the Fund may invest. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be denominated in US Dollars or have exposure to, US Dollar denominated equity securities. The Fund may invest up to 10% of its Net Asset Value in ETFs which are considered to be collective investment schemes and/or transferable securities. No more than 10% of the Net Asset Value of the Fund will in aggregate be invested in collective investment schemes.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Adviser retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings of A+ or better and issued or backed by one or more EU member states, the United States or Switzerland, in circumstances where the Investment Adviser considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under



the section of the Prospectus headed “Efficient Portfolio Management”..

The Fund’s portfolio will be balanced according to the Investment Adviser’s assessment of investment prospects based on analysis of the relative and historical value characteristics and the relative momentum of price performance but may, depending upon underlying investment conditions, emphasise investment in securities, as detailed above, that operate in one industry or sector of the economy that, in the Investment Adviser’s opinion, provide the determinants or opportunities to meet the investment objective. It is not the intention of the Investment Adviser to manage the industry or sector allocation of the Fund’s portfolio to replicate the construction of the S&P 500 Index but will monitor performance in relation to the S&P 500 Index. The S&P 500 Index is a capitalisation weighted index of 500 stocks designed to measure performance of the broad US economy through changes in the aggregate market value of the 500 stocks contained within the index, representing all major industries.

## **6. Risk Management Process**

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

GBP Hedged Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for GBP Hedged Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

USD R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for USD R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

EUR Hedged R Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for EUR Hedged R Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

EUR Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price

and subject to acceptance of applications for EUR Hedged Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

CHF Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for CHF Hedged Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

GBP Hedged Institutional Class Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 21<sup>st</sup> September, 2015 to 5.00 p.m. (Irish Time) on 21<sup>st</sup> March, 2016 (the “Initial Offer Period”) at an Initial Price and subject to acceptance of applications for GBP Hedged Institutional Class Shares by the Company will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period.

The Initial Offer Period may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received and otherwise on an annual basis.

After closing of the Initial Offer Period each class of shares in the Fund are being issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

#### **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the USD Class and USD R Class must subscribe a minimum of USD 5,000 and must retain Shares having a Net Asset Value of USD 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the USD Class and the USD R Class, each subject to a Minimum Transaction Size of USD 5,000.

Each investor in the EUR Hedged Class and EUR Hedged R Class must subscribe a minimum of EUR 5,000 and must retain Shares having a Net Asset Value of EUR 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the EUR Hedged Class and EUR Hedged R Class, each subject to a Minimum Transaction Size of EUR 5,000.

Each investor in the GBP Hedged Class must subscribe a minimum of GBP 5,000 and must retain Shares having a Net Asset Value of GBP 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the GBP Hedged Class, each subject to a Minimum Transaction Size of GBP 5,000.

Each investor in the CHF Hedged Class must subscribe a minimum of CHF 5,000 and must retain Shares having a Net Asset Value of CHF 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the CHF Hedged Class, each subject to a Minimum Transaction Size of CHF 5,000.

Each investor in the USD Institutional Class must subscribe a minimum of USD 3 million and must retain Shares having a Net Asset Value of USD 3 million. A Shareholder may make subsequent subscriptions,

conversions and redemptions in the USD Institutional Class, each subject to a Minimum Transaction Size of USD 100,000.

Each investor in the EUR Hedged Institutional Class must subscribe a minimum of EUR 3 million and must retain Shares having a Net Asset Value of EUR 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the EUR Hedged Institutional Class, each subject to a Minimum Transaction Size of EUR 100,000.

Each investor in the GBP Hedged Institutional Class must subscribe a minimum of GBP 3 million and must retain Shares having a Net Asset Value of GBP 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the GBP Hedged Institutional Class, each subject to a Minimum Transaction Size of GBP 100,000.

Each investor in the CHF Hedged Institutional Class must subscribe a minimum of CHF 3 million and must retain Shares having a Net Asset Value of CHF 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the CHF Hedged Institutional Class, each subject to a Minimum Transaction Size of CHF 100,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

## **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing

Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable taxation status) as may be required by the Administrator. Investors are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Investors will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Save in respect of the in-specie transfer, subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies for applications into the USD Class and USD Institutional Class are payable in US Dollars, applications into the EUR Hedged Class and EUR Hedged Institutional Class are payable in Euro, applications into the GBP Hedged Class and GBP Hedged Institutional Class are payable in Pound Sterling and applications into the CHF Hedged Class and CHF Hedged Institutional Class are payable in Swiss Francs.

The Company will not accept applications for Shares in currencies other than the denominated currency of each Class of Shares.

### *Timing of Payment*

Subscriptions must be received in cleared funds by the Administrator no later than three Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If Shares are issued and if payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than three Business Days following the subsequent Dealing Day or cancel the allotment and the cost of cancellation shall be borne by the relevant investor.

## **11. Confirmation of Ownership**

Confirmation of each purchase of Shares will normally be sent to Shareholders within two Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **12. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be

processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

No redemption payment will be made from an investor holding until the original signed Application Form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable taxation status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable taxation status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the denominated currency of the relevant Class of Shares in which they were invested. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **13. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

## **14. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund.

## **15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading “Suspension of Valuation of Assets”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## 16. Hedged Classes

### **EUR Hedged Class, GBP Hedged Class, CHF Hedged Class, EUR Hedged R Class, EUR Hedged Institutional Class, GBP Hedged Institutional and CHF Hedged Institutional Classes**

These Classes of Shares may be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

## 17. Investment Adviser

The Investment Manager has elected, and the Company has consented, to the appointment of Banque Baring Brothers Sturdza S.A., part of the Sturdza Private Banking Group, with registered address at 112 Rue du Rhone, C.P. 3024, 1211 Geneva 3, Switzerland, as an investment adviser to the Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement (a) by giving to the other not less than 3 months' notice in writing expiring at any time and (b) forthwith, by notice in writing given by either of them to the other, if the other party shall commit any breach of the provisions of this agreement and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party. The Investment Advisory Agreement shall be automatically terminated if (a) the Investment Manager shall resign its appointment under the Investment Management Agreement; or (b) the appointment of the Investment Manager shall



otherwise be terminated in accordance with the provisions of the Investment Management Agreement.

In the absence of negligence, fraud, bad faith or wilful default on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

## **18. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### **Administrator’s Fees**

The Company shall pay to the Administrator out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.10% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

subject to a minimum annual fee of Euro 48,000 borne by the Fund (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is also entitled to a flat fee of Euro 3,000 per annum for the Fund.

For the production and filing of the reporting required for FATCA purposes a flat fee of USD 500.00 per sub-fund, per annum will be charged.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall be at normal commercial rates and include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

Additional fees and expenses, if incurred, will be disclosed in the annual report of the Company and will be at normal commercial rates.

In addition, the Administrator is entitled to receive a flat fee of Euro 7,000 in the event of termination of the Fund as well as an additional fee up to a maximum of Euro 5,000 in the event of a reorganisation of the Fund.

### **Custodian's Fees**

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of each Fund subject to a minimum annual fee of Euro 24,000 (plus VAT, if any) thereon.

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

### **Investment Manager Fees**

#### USD Class, EUR Hedged Class, GBP Hedged Class, CHF Hedged Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the Fund.

#### USD R Class and, EUR Hedged R Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 2.2% per annum of the Net Asset Value (before deduction of fees) of the Fund.

#### USD Institutional Class, EUR Hedged Institutional Class, GBP Hedged Institutional Class, CHF Hedged Institutional Class

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1% per annum of the Net Asset Value (before deduction of fees) of the Fund.

#### *General*

In addition, the Investment Manager shall be entitled to a performance related fee ("Performance Fee"),

which will be taken into account at each Valuation Point in the calculation of the Net Asset Value of the Fund.

#### 31 December 2012 to 30 June 2015

The Performance Fee will be paid out of the assets of the Fund semi-annually in arrears on each of 30 June and 31 December commencing on 31 December 2012 and expiring 30 June 2015, equal to 15 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the S&P500 Index (the "Benchmark"). Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

#### Commencing 30 September 2015

With effect from 30 September 2015 the Performance Fee that will be taken into account at each Valuation Point in the calculation of the Net Asset Value of the Fund will be paid out of the assets of the Fund on a quarterly basis in arrears on each of 31 March, 30 June, 30 September and 31 December (each a "Crystallisation Date"). The Performance Fee is equal to 15 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the S&P500 Index (the "Benchmark"). Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

#### Calculation of the Performance Fee

The Performance Fee is equal to 15 per cent of any relative outperformance in the Net Asset Value of each Share over the Benchmark, provided that the Performance Fee will only become payable if the relative outperformance of the Fund over the Benchmark at the end of the relevant quarterly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous quarterly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the performance fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation

to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable quarterly in arrears. The Performance Fee will be calculated on a Share by Share basis with reference to the Crystallisation Date at which the Performance Fee was last paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the total Performance Fee shall be paid from the Fund upon the Crystallisation Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The Initial Price at the date of launch shall be taken as the starting price for the first Performance Fee payable.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the Net Asset Value per Share during an accounting period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the Period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### Commencing 1 January 2016

With effect from 1 January 2016 the Benchmark will change to the MSCI Daily Total Return Net USA USD Index (Bloomberg Ticker: NDDUUS Index). The Performance Fee that will be taken into account at each Valuation Point in the calculation of the Net Asset Value of the Fund will be paid out of the assets of the Fund on a quarterly basis in arrears on each of 31 March, 30 June, 30 September and 31 December (each a "Crystallisation Date"). The Performance Fee is equal to 15 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the MSCI USD Net Total Return Index. Appropriate adjustments will be made to account for subscriptions and redemptions during each Accounting Period.

With effect from 1 January 2016 the references to the Benchmark throughout the Fund Supplement will mean the MSCI Daily Total Return Net USA USD Index.

### **Investment Adviser Fees**

All fees payable to any appointed Investment Adviser (to include reasonable out-of-pocket expenses) shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Management Agreement.

### **Distributor**

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission.

### **Redemption Fee**

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### **Anti-Dilution Levy**

The Company will impose an 'anti-dilution levy' representing a provision for market spreads (the differences between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the Fund, in the event of receipt for processing of net subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. This provision shall be levied at a rate of 0.2% of the market value of each subscription and redemption and will be added to the price at which Shares will be issued in the case of subscription requests and deducted from the price at which Shares will be redeemed, including the price of Shares issued or redeemed as a result of requests for conversion.

## **21. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled (the "Company"). In addition, the following Risk Factors are specific to the Fund:

### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges.

Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in US markets and, therefore, there is a risk to investors by reason that the Company is exposed to one particular economic region. In addition, the liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any particular market. A proportion of the Fund's assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide notice to shareholders of the closure or winding up of the Fund.

## **SUPPLEMENT 8 - Strategic Global Quality Fund**

**DATED 15<sup>th</sup> December, 2014  
to the Prospectus issued for  
E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Global Quality Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has seven other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund and the Strategic US Momentum and Value Fund details of which are respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 4, Supplement 5, Supplement 6 and Supplement 7 to the Prospectus.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).**

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

Application has been made to the Irish Stock Exchange for each of the Euro Class Shares, GBP Class Shares, USD Class Shares, CHF Class Shares, Euro Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares and the CHF Institutional Class Shares in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the Euro Class Shares, GBP Class Shares, USD Class Shares, CHF Class Shares, Euro Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares or the CHF Institutional Class Shares. It is expected that the Euro Class Shares, GBP Class Shares, USD Class Shares, CHF Class Shares, Euro Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares and the CHF Institutional Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 17<sup>th</sup> December 2014. This Supplement, together with the Prospectus, including all information required to be disclosed by the Irish Stock Exchange listing requirements, comprise listing particulars for the purpose of such application.

Neither the admission of the Euro Class Shares, GBP Class Shares, USD Class Shares, CHF Class Shares, Euro Institutional Class Shares, GBP Institutional Class Shares, USD Institutional Class Shares or the CHF Institutional Class Shares in the Fund to the Official List and to trading on the Main Securities



Market of the Irish Stock Exchange nor the approval of the Supplement and 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 the service providers to or any party connected with the Company, the adequacy of information contained in the Supplement and Prospectus or the suitability of the Company for investment purposes.

Save as disclosed in this Supplement there has been no significant change and no significant new matter has arisen since publication of the Prospectus.

As at the date of this Supplement, the Fund does not have any loan capital (including term loans) outstanding or created but unissued, nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.

Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

**The Fund may, at any one time, be significantly invested in financial derivative instruments. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

## **1. Interpretation**

The expressions below shall have the following meanings:

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

“Business Day”	means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey, London and the USA or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“Dealing Day”	means each Tuesday, or if that is not a Business Day then the subsequent Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight
“Dealing Deadline”	means 5.00p.m Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 11:00 a.m. (Irish time) on the Business Day of the relevant Valuation Point.
“Initial Price”	means EUR 100 per Euro Class Share and Euro Institutional Class Share, GBP 100 per GBP Class Share and GBP Institutional Class Share, CHF 100 per CHF Class Share and CHF Institutional Class Share and USD 100 per USD Class Share and USD Institutional Class Share.
“Investment Adviser”	means Lofoten Asset Management Limited.
“Investment Advisory Agreement”	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 27 <sup>th</sup> October, 2010, as supplemented by the First Supplemental Investment Advisory Agreement dated 16 <sup>th</sup> April, 2012, the Second Supplemental Investment Advisory Agreement dated 17 <sup>th</sup> July, 2014 and the Third Supplemental Investment Advisory Agreement dated 15 <sup>th</sup> December, 2014.
“Investment Manager”	means E.I. Sturdza Strategic Management Limited.
“Valuation Point”	means 5.00pm (Irish Time) on the relevant Valuation Day.
“Valuation Day”	means each Friday, or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be a least one Valuation Day every fortnight.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

Class	Currency of Denomination
Euro Class	Euro
GBP Class	GBP
USD Class	USD
CHF Class	CHF
Euro Institutional Class	Euro
GBP Institutional Class	GBP
USD Institutional Class	USD
CHF Institutional Class	CHF

## 3. Base Currency

The Base Currency shall be USD.

## 4. Investment Objective

The investment objective of the Fund is to achieve long term capital growth.

## 5. Investment Policy

In order to achieve its investment objective the Fund will invest directly, or indirectly through the use of financial derivative instruments, primarily in equities and equity related instruments (such as common stock and preferred stocks) on a global basis all of which shall be listed or traded on a Recognised Exchange.

It is not intended that the Fund will invest more than 25% of its Net Asset Value in emerging markets to include Russia. Investment in Russia will only be in respect of securities which are listed and/or traded on Moscow Exchange. There are no sectoral restrictions on the Fund's investments.

The Fund may, in accordance with the requirements of the Central Bank, invest up to 10% of its Net Asset Value primarily in ETFs (which may embed derivatives and/or leverage, although any such leverage is expected to be minimal) and other collective investment schemes that are classified as UCITS and non-UCITS open ended collective investment schemes. Investment in an ETF or collective investment scheme that can itself invest more than 10% of its net assets in other open-ended collective investment schemes is not permitted. The Fund may also invest in non-UCITS closed-ended ETFs and collective investment schemes that are regarded as transferable securities for the purposes of the UCITS Regulations.

The Fund may purchase American Depository Receipts and Global Depository Receipts for liquidity

purposes and where the Investment Manager feels it is in the best interests of the Fund to do so.

The portfolio investments shall be selected from a "bottom-up" stock selection process of companies that the Investment Adviser believes to be fundamentally undervalued. The investment approach utilised by the Investment Adviser will be highly selective, focusing on corporate value based on cash flow (operating cash flow, free cash flow and earnings before interest and tax depreciation and amortization "EBITDA") and the quality of the companies' business models, rather than changes in earnings per share. Preference will be given to companies with high free cash flows, high levels of recurring revenue, franchise stocks (typically displaying low capital intensity and high return on capital) and undervalued growth companies. The Investment Adviser expects that the portfolio exposure will normally be concentrated in around 20-30 positions.

The Fund shall not invest in companies with a market capitalisation below USD 1 billion at the time of purchase.

The Fund may invest in exchange traded and OTC derivatives such as futures, options, warrants, equity and interest rate swaps and contracts for difference as detailed under the section of the Prospectus headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Adviser feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. Forward foreign exchange contracts may be used to hedge the value of the portfolio investments in the Fund against changes in the exchange rate between the currency of denomination of the portfolio investments and the Base Currency of the Fund. The Fund may be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund. The Investment Manager will seek to limit portfolio volatility through its investment approach and the effect of hedging should reinforce this.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Adviser retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings of A+ or better and issued or backed by one or more EU member states, the United States or Switzerland, in circumstances where the Investment Adviser considers it to be in the best interest of the Fund to do so.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed "Efficient Portfolio Management".

The Investment Manager will measure the performance of the Fund against the MSCI World Net Total Return Index on a total return basis (the "Index"). The Index is a free float weighted equity index that monitors the performance of large and mid cap representation stocks listed in developed markets on a

global basis. MSCI classifies each company and its equity securities by country, free float adjusts the total market capitalisation of all securities, classifies them in accordance with the Global Industry Classification Standard (“GICS”), screens them for size and liquidity and then initiates the securities selection process to target 85% of free float adjusted market capitalization in each country. The MSCI World Net Total Return indices reinvest dividends after deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

## **6. Risk Management Process**

The Company will employ a risk management process which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will use the commitment approach to measure the Fund’s global exposure. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

### *Initial Issue*

Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 16<sup>th</sup> December 2014 to 5.00 p.m. (Irish Time) on 16<sup>th</sup> December 2014 (the “initial offer period”) at the Initial Price and, subject to acceptance of applications for Shares by the Company, will be issued for the first time on the first Dealing Day after expiry of the initial offer period.

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

### *Subsequent Issue*

Following the closing of the initial offer period, Shares in the Fund will be issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

## **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the Euro Class, GBP Class, USD Class or CHF Class must subscribe a minimum of Euro 5,000, GBP 5,000, USD 5,000 or CHF 5,000 and must retain Shares having a Net Asset Value of Euro 5,000, GBP 5,000, USD 5,000 or CHF 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Class subject to a Minimum Transaction Size of Euro 5,000, in the GBP Class subject to a Minimum Transaction Size of GBP 5,000, in the USD Class subject to a

Minimum Transaction Size of USD 5,000 and in the CHF Class subject to a Minimum Transaction Size of CHF 5,000.

Each investor in the Euro Institutional Class, GBP Institutional Class, USD Institutional Class and CHF Institutional Class must retain Shares having a Net Asset Value of Euro 3,000,000, GBP 3,000,000, USD 3,000,000 or CHF 3,000,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Institutional Class subject to a Minimum Transaction Size of Euro 100,000, in the GBP Institutional Class subject to a Minimum Transaction Size of GBP 100,000, in the USD Institutional Class subject to a Minimum Transaction of USD 100,000 and in the CHF Institutional Class subject to a Minimum Transaction of CHF 100,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

#### **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

#### **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable tax status) as may be required by the Administrator. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemptions or distributions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the relevant Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount as further detailed under the section 17. Fees and Expenses Distributor.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than three Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may (and in the event of non-clearance of funds, shall) defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than two Business Days following the subsequent Dealing Day.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within two Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator, whose details are set out in the Application Form, by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors and having regard to the equitable treatment of Shareholders. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable tax status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation



required by the Administrator for anti-money laundering purposes and identification of the applicable tax status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within four Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

## **13. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund.

## **14. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading “Suspension of Valuation of Assets”. Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **15. Investment Adviser**

The Investment Manager has elected, and the Company has consented, to the appointment of Lofoten Asset Management Limited, whose address for service is at 45 Great Peter Street, London, SW1P 3LT, as an investment adviser to the Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement on or after 30 September 2020 (the “Termination Date”) by giving to the other parties not less than six months' notice in writing expiring at any time after the Termination Date. However the Company may, by giving six months' notice in writing to the Investment Manager and the Investment Adviser, terminate this Agreement prior to 30 September 2020.

The Investment Advisory Agreement may be terminated by notice in writing to the other parties if (i) the other parties shall commit any breach of the provisions hereof and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party or (ii) any of the other parties makes an assignment for the benefit of creditors, becomes insolvent or goes into liquidation or into any similar proceedings (other than voluntary liquidation for the purposes of reconstruction or amalgamation forthwith to be carried into effect) or a receiver is appointed over any of its assets.

In the absence of negligence, fraud, bad faith or wilful misconduct on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

## **16. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### Establishment Expenses

The Fund will bear the costs of its establishment, which are not expected to exceed Euro 30,000. The establishment expenses will be amortised over the first calendar year following the launch of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

### Administrator's Fees

The Company shall pay to the Administrator out of the assets of the Fund, where applicable a pro rata annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.125% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

The Administrator shall be entitled to receive a monthly minimum fee, which monthly minimum fee shall not exceed Euro 4,000 (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual flat fee of Euro 3,000 for the Fund.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

In addition, the Administrator is entitled to receive a flat fee of EUR 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of EUR 5,000 in the event of a reorganisation of the Fund.

Additional fees and expenses, if incurred will be disclosed in the annual report of the Company and will be at normal commercial rates.

#### Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of the Fund. The Custodian shall be entitled to receive a minimum monthly fee, which minimum monthly fee shall not exceed Euro 2,000 (plus VAT, if any thereon).

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Each Fund will bear its proportion of the fees and expenses of the Custodian.

#### Investment Manager Fees

##### *Euro Class, GBP Class, USD Class and CHF Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the Fund.

##### *Euro Institutional Class, GBP Institutional Class, USD Institutional Class and CHF Institutional Class*

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.0% per annum of the Net

Asset Value (before deduction of fees) of the Fund.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Advisory Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission. The difference at any one time between the sale and redemption price of Shares in the Fund means that the investment should be viewed as medium to long term.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

#### Anti-Dilution Levy

The Company will impose an 'anti-dilution levy' representing a provision for market spreads (the differences between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the Fund, in the event of receipt for processing of net subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. This provision shall be levied at a maximum rate of 0.15% of the market value of each subscription and redemption and will be added to the price at which Shares will be issued in the case of subscription requests and deducted from the price at which Shares will be redeemed, including the price of Shares issued or redeemed as a result of requests for conversion.

### **17. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled the "Company". In addition, the following Risk Factors are specific to the Fund:

#### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are

subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in global markets and, therefore, there is a risk to investors by reason that the Company is exposed to a number of economic regions, any one of which might experience adverse market conditions at any time. In addition, the liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any particular market. A proportion of the Fund's assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Investment in Russia

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership may be entry of the shareholder's name on the share register of the issuer. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Furthermore, the standard of corporate governance and

investor protection in Russia may not be equivalent to that provided in other jurisdictions.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

#### Lack of Operating History

As at the date of this Supplement the Fund has no prior operating history on which prospective shareholders may evaluate the likely performance of the Fund. The past performance of any investments or collective investment schemes managed by the Investment Manager, the Investment Adviser, or any of their affiliates cannot be construed as any indication of the future results of an investment in the Fund.

### **18. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

## 19. General

The launch and listing of the Shares of the Fund may occur at different times and therefore at the time of the listing of a given class, the Fund may have commenced to trade. Information on any significant new factor, material mistake or inaccuracy changes relating to the Company and the Fund prior to the listing of any share classes of the Fund and on an ongoing basis for the duration of the listing will be available at [http://www.ise.ie/News\\_and\\_Media/Market\\_Announcements/](http://www.ise.ie/News_and_Media/Market_Announcements/) on a timely basis to be read in conjunction with the listing particulars for the Fund, and such information should form part of a potential investors' decision to invest. Financial information in respect of the Company will be published from time to time, and the most recently published audited financial information will be available to potential investors upon request following publication.

No Director has: (i) any unspent convictions in relation to indictable offenses; (ii) been bankrupt, or had a receiver appointed to any of his assets; (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 liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; (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 liquidation, administration or partnership voluntary arrangements, or had a receiver appointed to any partnership asset; (v) had any official public incrimination and/or sanctions by statutory or regulatory authorities (including recognized 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.

None of the Directors or their connected persons have any interest, direct or indirect, in the share capital of the Fund, nor any options in respect of such share capital.



## **SUPPLEMENT 9 - Strategic European Smaller Companies Fund**

**DATED 1<sup>st</sup> May, 2015  
to the Prospectus issued for  
E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic European Smaller Companies Fund (the “Fund”), a fund of E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “Central Bank”) on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has eight other funds, the Strategic China Panda Fund, the Strategic Euro Bond Fund, Nippon Growth (UCITS) Fund, the Strategic Emerging Europe Fund, the Strategic Europe Value Fund, the Strategic Global Bond Fund, the Strategic US Momentum and Value Fund and the Strategic Global Quality Fund details of which are respectively set out in Supplement 1, Supplement 2, Supplement 3, Supplement 4, Supplement 5, Supplement 6, Supplement 7 and Supplement 8 to the Prospectus.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 17<sup>th</sup> July, 2014 (the “Prospectus”).**

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

Application has been made to the Irish Stock Exchange for each of the Euro Class X Shares, Euro Class Shares, USD Class Shares and CHF Class Shares in the Fund to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The Directors do not expect that an active secondary market will develop in the Euro Class X Shares, Euro Class Shares, USD Class Shares and CHF Class Shares. It is expected that the Euro Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 6<sup>th</sup> May, 2015. It is expected that the Euro Class X Shares, USD Class Shares and CHF Class Shares in the Fund will be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 2<sup>nd</sup> November, 2015. This Supplement, together with the Prospectus, including all information required to be disclosed by the Irish Stock Exchange listing requirements, comprise listing particulars for the purpose of such application.

Neither the admission of the Euro Class X Shares, Euro Class Shares, USD Class Shares or the CHF Class Shares in the Fund to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Supplement and 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 the service providers to or any party connected with the Company, the adequacy of information contained in the Supplement and Prospectus or the suitability of the Company for investment purposes.

Save as disclosed in this Supplement there has been no significant change and no significant new matter has arisen since publication of the Prospectus.

As at the date of this Supplement, the Fund does not have any loan capital (including term loans) outstanding or created but unissued, nor any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees, other commitments or contingent liabilities.

Investors should read and consider the section entitled “Risk Factors” before investing in the Fund.

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

**The Fund may, at any one time, be significantly invested in financial derivative instruments. The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled “United Kingdom Taxation.”

**Profile of a Typical Investor:** Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed “Risk Factors” in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long term.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

## **1. Interpretation**

The expressions below shall have the following meanings:

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

“Business Day”	means any day except Saturday or Sunday or any day which is a public holiday in Ireland, Guernsey and Geneva or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“Dealing Day”	means each Monday, or if that is not a Business Day then the subsequent Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight
“Dealing Deadline”	means 5.00p.m Irish time five Business Days preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 5.00p.m (Irish time) on the Business Day preceding the relevant Valuation Point.
“Initial Price”	means EUR 1,000 per Euro Class X Shares and Euro Class Share, CHF 1,000 per CHF Class Share and USD 1,000 per USD Class Share.
“Investment Adviser”	means Pascal Investment Advisers SA.
“Investment Advisory Agreement”	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 1 <sup>st</sup> May, 2015
“Investment Manager”	means E.I. Sturdza Strategic Management Limited.
“Valuation Point”	means 5.00pm (Irish Time) on the relevant Valuation Day.
“Valuation Day”	means each Friday, or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be a least one Valuation Day every fortnight.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Units

Class	Currency of Denomination
Euro Class X	Euro
Euro Class	Euro

USD Class	USD
CHF Class	CHF

### **3. Base Currency**

The Base Currency shall be Euro.

### **4. Investment Objective**

The investment objective of the Fund is to outperform small and medium capitalization firms operating in European equity markets.

### **5. Investment Policy**

In order to achieve its investment objective the Fund will invest directly, or indirectly through the use of financial derivative instruments, primarily in equities and equity related instruments (such as common stock and preferred stocks) that focus on small to medium capitalisation European firms that have a market capitalisation less than Euro 3 billion, all of which shall be listed or traded on a Recognised Exchange.

The Fund shall not invest more than 20% of Net Asset Value in companies with a market capitalisation above Euro 3 billion at the time of purchase and shall not invest in any companies with a market capitalization above Euro 5 billion at the time of purchase.

It is not intended that the Fund will invest more than 20% of its Net Asset Value in emerging markets.

The Fund may, in accordance with the requirements of the Central Bank, invest up to 10% of its Net Asset Value primarily in ETFs (which may have derivatives as part of their underlyings, and which may be leveraged, although any such leverage is expected to be minimal) and other collective investment schemes that are classified as UCITS and non-UCITS open ended collective investment schemes for the purpose of gaining indirect exposure to the equity securities comprised in the equity indices tracked by the ETFs or the collective investment schemes in which the Fund may invest. Investment in an ETF or collective investment scheme that can itself invest more than 10% of its net assets in other open-ended collective investment schemes is not permitted. The Fund may also invest in non-UCITS closed-ended ETFs and collective investment schemes that are regarded as transferable securities for the purposes of the UCITS Regulations.

The Fund may purchase American Depository Receipts and Global Depository Receipts for liquidity purposes and where the Investment Manager feels it is in the best interests of the Fund to do so.

The Fund may invest up to a maximum of 30% of its Net Asset Value in fixed and/or floating rate corporate and/or government bonds which will have a minimum credit rating, insofar as a rating has been assigned, of CC as rated by Standard and Poor's of C as rated by Moody's or Fitch. The bonds in which

the Fund may invest will be listed or traded on a Recognised Exchange (subject to a 10% limit in unlisted securities). The bonds acquired may have equity-like characteristics or their return may be connected with an underlying equity, for example, the bonds may be convertible into underlying equity securities, with the issuer's equity performance influencing the performance of the bond.

The Fund's portfolio will be balanced according to the Investment Manager's assessment of investment prospects. The investment strategy is designed to favour those companies that the Investment Manager believes to be undervalued in the prevailing market environment and will provide potential capital appreciation. The portfolio investments shall largely be selected from a "bottom-up" stock selection process designed to select positions on the basis of their potential change in trading values when compared to the Investment Manager's determination of intrinsic value. The portfolio investments are selected from an investment universe that concentrates on small to mid-capitalisation companies that each focus on a single business activity or product line as opposed to being diversified across industries or markets. This determination of intrinsic value is derived from an approach utilized by private equity type investors to consider the supply and demand factors related to the target company based on analysis undertaken in respect of the market and competitive environment. This is supported by analysis of free cashflows, normalised margins, return on capital employed and return on equity measures. Utilising this approach will enable the Investment Manager to identify those positions that trade at a significant variation to their intrinsic value. The Fund will look to purchase or otherwise generate exposure to those positions that trade at a discount to intrinsic value.

The Investment Manager expects that the portfolio exposure will normally be concentrated in around 20-30 positions.

The Fund will invest in exchange traded and OTC derivatives to include futures, options, warrants, equity and interest rate swaps and contracts for difference as detailed under the section of the Prospectus headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, or to gain exposure to underlying equity and equity related securities where the Investment Manager feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. Forward foreign exchange contracts may be used to hedge the value of the portfolio investments in the Fund against changes in the exchange rate between the currency of denomination of the portfolio investments and the Base Currency of the Fund. The Fund may be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund.

Whilst it is the intention that the Fund be invested in equity or equity related securities as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings of A+ or better and issued or backed by one or more EU member states, the United States or Switzerland, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so. The Fund may also invest in other UCITS open ended collective investment schemes for the purpose of gaining indirect exposure to cash and/or money market instruments described above. Investment in other collective investment schemes

will be limited to a maximum of 10% of the Net Asset Value of the Fund, as detailed above.

Subject to the conditions and limits set out in the UCITS Notices, the Fund may use repurchase, agreements, reverse purchase agreements and/or stock lending agreements for efficient portfolio management purposes only, to generate additional income for the Fund. Further details are set out under the section of the Prospectus headed “Efficient Portfolio Management”.

The Investment Manager will measure the performance of the Fund against the STOXX Europe 600 Net Return Index (Bloomberg Ticker SXXR Index) (the “Index”). The Index is derived from the STOXX Europe Total Market Index and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the Index represents large, mid and small capitalization companies across 18 countries of the European region.

## **6. Risk Management Process**

The Company will employ a risk management process which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company will use the commitment approach to measure the Fund’s global exposure. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **7. Offer**

### *Initial Issue*

Shares in the Euro Class will be offered from 9.00 a.m. (Irish Time) on 5<sup>th</sup> May, 2015 to 5.00 p.m. (Irish Time) on 5<sup>th</sup> May, 2015 (the “initial offer period”) at the Initial Price and, subject to acceptance of applications for Euro Class Shares by the Company, will be issued for the first time on the first Dealing Day after expiry of the initial offer period.

All other Shares in the Fund will be offered from 9.00 a.m. (Irish Time) on 5<sup>th</sup> May, 2015 to 5.00 p.m. (Irish Time) on 5<sup>th</sup> November, 2015 (the “initial offer period”) at the Initial Price and, subject to acceptance of applications for Shares by the Company, will be issued for the first time on the first Dealing Day after expiry of the initial offer period.

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

### *Subsequent Issue*

Following the closing of the initial offer period, Shares in the Fund will be issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

#### **8. Minimum Subscription, Minimum Holding and Minimum Transaction Size**

Each investor in the Euro Class, USD Class or CHF Class must subscribe a minimum of Euro 5,000, USD 5,000 or CHF 5,000 and must retain Shares having a Net Asset Value of Euro 5,000, USD 5,000 or CHF 5,000. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro Class subject to a Minimum Transaction Size of Euro 5,000, in the USD Class subject to a Minimum Transaction Size of USD 5,000 and in the CHF Class subject to a Minimum Transaction Size of CHF 5,000.

Each investor in the Euro X Class must subscribe a minimum of Euro 3 million and must retain Shares having a Net Asset Value of Euro 3 million. A Shareholder may make subsequent subscriptions, conversions and redemptions in the Euro X Class subject to a Minimum Transaction Size of Euro 100,000.

The Directors reserve the right to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for a Class at their discretion.

#### **9. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

#### **10. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing

Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator or the Distributor but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks and identification of applicable tax status) as may be required by the Administrator. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemptions or distributions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the relevant Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.eisturdza.com](http://www.eisturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount as further detailed under section 16. Fees and Expenses, Distributor.

#### *Subscriptions in specie*

In accordance with the provisions of the Memorandum and Articles of Association of the Company, the Company may accept in specie applications for shares provided that the nature of the assets to be transferred into the Fund qualify as investments of the Fund in accordance with its investment objectives, policies and restrictions. Assets so transferred shall be vested with the Custodian or arrangements shall be made to vest the assets with the Custodian. The number of Shares to be issued shall not exceed the amount that would be issued for the cash equivalent. The Custodian shall be satisfied that the terms of any exchange will not be such as are likely to result in any prejudice to any existing shareholders of the Fund.



### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than two Business Days following the relevant Dealing Day. The Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may (and in the event of non-clearance of funds, shall) defer the acceptance of the application until the subsequent Dealing Day provided that cleared funds are received no later than two Business Days following the subsequent Dealing Day.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be sent to Shareholders within two Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **11. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator, whose details are set out in the Application Form, by facsimile, written communication, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors, and agreed with the Administrator in accordance with the requirements of the Central Bank, and should include such information as may be specified from time to time by the Directors or their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise, provided that such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors and having regard to the equitable treatment of Shareholders. The Directors reserve the right to refuse any subsequent applications to transact in Shares and no redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable tax status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable tax status) the original redemption request may not be required prior to payment of redemption proceeds.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share. It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. **In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

#### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares. If however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within three Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

### **12. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

### **13. Hedged Classes**

#### **USD Class and CHF Class**

The USD Class and CHF Class of Shares will be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. 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. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the 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 Company. 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 if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

#### **14. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund.

#### **15. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

#### **16. Investment Adviser**

The Investment Manager has elected, and the Company has consented (such consent being evidenced by the Company being a party to the Investment Advisory Agreement), to the appointment of Pascal Investment Advisers SA, whose address for service is at Rue du Rhône 116, P.O. Box 3445, 1211 Geneva 3, Switzerland, as an investment adviser to the Fund to provide investment advice and non-discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment Advisory Agreement by giving not less than six months' notice in writing to the other parties.

The Investment Advisory Agreement may be terminated by notice in writing to the other parties if (i) the other parties shall commit any breach of the provisions hereof and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party or (ii) any of the other parties makes an assignment for the benefit of creditors, becomes insolvent or goes into liquidation or into any similar proceedings (other than voluntary liquidation for the purposes of reconstruction or amalgamation forthwith to be carried into effect) or a receiver is appointed over any of its assets.

In the absence of negligence, fraud, bad faith or wilful misconduct on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or willful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

## **17. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading "Fees and Expenses" in the Prospectus.

### Establishment Expenses

The Fund will bear the costs of its establishment, which are not expected to exceed Euro 30,000. The establishment expenses will be amortised over the first calendar year following the launch of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

### Administrator's Fees

The Company shall pay to the Administrator out of the assets of the Fund, where applicable a pro rata annual fee, accrued at each Valuation Point and payable monthly in arrears at the following rates:

- a maximum of 0.125% per annum of the Net Asset of the Fund on the portion of the Net Asset Value up to Euro 350 million.
- a maximum of 0.075% per annum of the Net Asset of the Fund on the portion of the Net Asset Value in excess of Euro 350 million.

The Administrator shall be entitled to receive a monthly minimum fee, which monthly minimum fee shall not exceed Euro 4,000 (plus VAT, if any thereon).

In respect of UCITS reporting the Administrator is entitled to an annual flat fee of Euro 3,000 for the Fund.

The Administrator is also entitled to transaction fees in respect of shareholder, dealing and registration services at a rate of Euro 50 per transaction including subscription, redemption, transfer and conversions.

The Administrator shall also be entitled to be repaid out of the assets of the Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Fund which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon, subject to a minimum of Euro 300 per month.

In addition, the Administrator is entitled to receive a flat fee of EUR 7,000 in the event of termination of the Fund, as well as an additional fee up to a maximum of EUR 5,000 in the event of a reorganisation of the Fund.

Additional fees and expenses, if incurred will be disclosed in the annual report of the Company and will be at normal commercial rates.

#### Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.05% per annum of the Net Asset Value of the Fund. The Custodian shall be entitled to receive a minimum monthly fee, which minimum monthly fee shall not exceed Euro 2,000 (plus VAT, if any thereon).

The Custodian shall also be entitled to be repaid all of its disbursements out of the assets of the relevant Fund, including legal fees, couriers' fees, transaction charges and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

Each Fund will bear its proportion of the fees and expenses of the Custodian.

#### Investment Manager Fees

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears at a rate not exceeding 1.5% per annum of the Net Asset Value (before deduction of fees) of the Fund.

In addition, the Investment Manager shall be entitled to a performance related fee ("Performance Fee"), which will be taken into account on each Valuation Day in the calculation of the Net Asset Value of the

Fund and which will be paid out of the assets of the Fund semi-annually in arrears on each of 30 June and 31 December (each a "Crystallisation Date"), commencing on 31 December 2015. The Initial Price at the date of launch of each Share Class will be taken as the starting price for the first Performance Fee payable.

The Performance Fee is equal to 20 per cent of the relative outperformance, if any, of the Net Asset Value per Share (before deducting the amount of any accrued liability for a Performance Fee) over the STOXX Europe 600 Net Return Index (the "Benchmark"). Appropriate adjustments will be made to account for subscriptions and redemptions during each accounting period.

The Performance Fee will only become payable if the relative outperformance of the Fund over the Benchmark at the end of the relevant six monthly accounting period (before any accrual in Performance Fee) is greater than the relative outperformance of the Fund over the Benchmark as at the start of any previous six monthly accounting period in relation to those Shares in issue at the immediately preceding Crystallisation Date.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that no further fee will be accrued until the relative outperformance of the Fund over the Benchmark has exceeded the relative outperformance of the Fund over the Benchmark as at the immediately preceding Crystallisation Date for those Shares already in issue at the immediately preceding Crystallisation Date. For those Shares issued subsequent to the last Crystallisation Date, the Performance Fee will be calculated with reference to the relative outperformance of the Fund over the Benchmark for the period subsequent to the issue of the Share and not in relation to the previous accounting periods.

In the event that the Fund produces a return that represents a relative underperformance in relation to the Benchmark, no Performance Fee will be accrued in respect of those Shares that have realised this relative underperformance. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance of the Fund in relation to the Benchmark and also reached the level of relative outperformance (if any) at the Crystallisation Date at which the Performance Fee was previously paid out of the Fund. It is the intention therefore that each Share will only accrue a Performance Fee in respect of any relative outperformance of the Fund over the Benchmark in relation to that Share on one occasion, and that where Fund performance improves the relative outperformance over the Benchmark to recover a previously attained relative outperformance, such performance will not be subject to the accrual of the Performance Fee until the relative high watermark has been exceeded in respect of that Share. Once any relative underperformance of the Fund in relation to the Benchmark has been recovered, together with any additional performance required to reach the highest level of outperformance recorded at any Crystallisation Date, the Share will be subject to the accrual of a Performance Fee provided that the performance of the Share continues to outperform the Benchmark on a relative basis.

The Performance Fee shall be calculated at each Valuation Point and shall crystallise and be payable six monthly in arrears, commencing on 31 December 2015. The Performance Fee will be calculated on a Share by Share basis with reference to the Crystallisation Date at which the Performance Fee was last

paid out of the Fund in respect of that Share, or the date of issue of the Share if subsequent to any Crystallisation Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Crystallisation Date in the event of negative performance by the Fund, provided that the Fund has outperformed the Benchmark and increased the relative outperformance of the Fund over the Benchmark in relation to the previous Crystallisation Date based on the above high watermark methodology.

The performance fee will be calculated by the Administrator and verified by the Custodian.

Where a performance fee is payable out of the Fund it shall be calculated upon the increase in the Net Asset Value per Share during an accounting period. Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation as at the end of the accounting period. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

#### Investment Adviser Fee

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Advisory Agreement.

#### Distributor

Shareholders will be subject to a maximum sales commission of up to 3% of the subscription amount. Such commission will be charged as a preliminary once off charge, payable to the Distributor upon subscription. The Distributor may, in its sole discretion, waive or reduce, in whole or in part, any such sales commission. The difference at any one time between the sale and redemption price of Shares in the Fund means that the investment should be viewed as medium to long term.

#### Redemption Fee

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### **18. Risk Factors**

The attention of investors is drawn to the “Risk Factors” section in the Section of the Prospectus entitled the “Company”. In addition, the following Risk Factors are specific to the Fund:

#### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock exchanges.



Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in global markets and, therefore, there is a risk to investors by reason that the Company is exposed to a number of economic regions, any one of which might experience adverse market conditions at any time. In addition, the liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any particular market. A proportion of the Fund's assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

#### Concentration of Investments

The Fund intends to invest in a limited number of stocks that will result in a concentration of investments within the portfolio of the Fund. This concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Market Capitalisation Risk

The securities of small to medium sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small to medium sized companies may have greater price volatility as they are

generally more vulnerable to adverse market factors such as unfavourable economic reports.

Companies with smaller market capitalisations may be at an earlier stage of development, may be subject to greater business risks, may have limited product lines, limited financial resources and less depth in management than more established companies. In addition, these companies may have difficulty withstanding competition from larger more established companies in their industries. The securities of companies with smaller market capitalisations may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than investing in securities of larger capitalisation companies. In addition, transaction costs in smaller capitalisation stocks may be higher than those of larger capitalisation companies.

#### Liquidity Risk

Not all securities or instruments invested in by the Fund may be actively traded and consequently liquidity may be low therefore it may not always be possible to execute a buy or sell order or liquidate an open position. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. There can be no assurance that there will be sufficient trading volume in securities or investments held by the Fund to enable the Investment Manager to dispose of such securities on a timely basis at favourable prices.

#### Redemption Risk

Large redemptions of Shares in the Fund might result in the Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

#### Valuation Risk

The Fund may invest some of its assets in less liquid and/or unquoted securities or instruments (subject to a 10% limit in unquoted securities or instruments). Such investments or instruments will be valued by the Company or its delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Whilst there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of the Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Fund, the Company has directed the Investment Manager to follow industry standard procedures and the requirements of the Central Bank for valuing unlisted investments. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

#### Investment in Russia

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership may be entry of the shareholder's name on the share register of the issuer. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

#### Limitations of Hedging Techniques

The Fund may employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and, when available, will not always be effective in limiting losses.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, decisions that lead to investment recommendations will be focused with a small number of senior individuals within the Investment Adviser. As a result, there will be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser.

The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

#### Lack of Operating History

As at the date of this Supplement the Fund has no prior operating history on which prospective shareholders may evaluate the likely performance of the Fund. While the past performance of any investments or collective investment schemes managed by the Investment Manager, the Investment Adviser, or any of their affiliates may be presented to Shareholders for indicative purposes, these cannot be construed as any indication of the future results of an investment in the Fund.

### **19. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

### **20. General**

The launch and listing of the Shares of the Fund may occur at different times and therefore at the time of the listing of a given class, the Fund may have commenced to trade. Information on any significant new factor, material mistake or inaccuracy changes relating to the Company and the Fund prior to the listing of any share classes of the Fund and on an ongoing basis for the duration of the listing will be available at [http://www.ise.ie/News\\_and\\_Media/Market\\_Announcements/](http://www.ise.ie/News_and_Media/Market_Announcements/) on a timely basis to be read in conjunction with the listing particulars for the Fund, and such information should form part of a potential investors' decision to invest. Financial information in respect of the Company will be published from time to time, and the most recently published audited financial information will be available to potential investors upon request following publication.

No Director has: (i) any unspent convictions in relation to indictable offenses; (ii) been bankrupt, or had a receiver appointed to any of his assets; (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 liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; (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 liquidation, administration or partnership voluntary arrangements, or had a receiver appointed to any partnership asset; (v) had any official public incrimination and/or sanctions by statutory or regulatory authorities (including recognized 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.

None of the Directors or their connected persons have any interest, direct or indirect, in the share capital of the Fund, nor any options in respect of such share capital.

## E.I. Sturdza Funds plc

### First Addendum to Prospectus dated 17<sup>th</sup> July, 2014

This First Addendum dated 28<sup>th</sup> May, 2015 forms part of the prospectus for E.I. Sturdza Funds plc (the “Company”), an open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 1963 to 2013 with registration number 461518 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) dated 17<sup>th</sup> July, 2014, which includes the Supplements for the Strategic Euro Bond Fund, Strategic Global Bond Fund, the Strategic US Momentum & Value Fund each of which is dated 17<sup>th</sup> July, 2014, the Supplement for the Strategic Global Quality Fund dated 15<sup>th</sup> December, 2014, the Supplements for the Strategic China Panda Fund and the Strategic Emerging Europe Fund each of which is dated 19<sup>th</sup> December, 2014, the Supplements for the Nippon Growth (UCITS) Fund and the Strategic Europe Value Fund each of which is dated 31<sup>st</sup> March, 2015 and the Strategic European Smaller Companies Fund dated 1<sup>st</sup> May, 2015 (collectively the “Prospectus” as same may be amended from time to time). The information contained in this First Addendum should be read in the context of, and together with, the full information in the Prospectus.

Terms and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this First Addendum.

The Directors of the Company, whose names appear under the heading “**2. Management and Administration**” in the Prospectus, accept responsibility for the information contained in this First Addendum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The Directors of the Company have resolved that the following changes to the Prospectus shall be effective from the date hereof:

#### **1. Directors' Fees**

The section of the Prospectus headed “**3. FEES AND EXPENSES**”, sub-heading “**Directors' Fees**” shall be amended to read as follows:

“The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors. The Directors shall receive a fee for their services up to a total maximum fee of Euro 400,000 per annum, or such other amount as may from time to time be disclosed in the annual report of

the Company. Any increase above the maximum permitted fee will be notified in advance to Shareholders. Each Director may be entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties.”

Dated: 28th May, 2015