

**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

**This Sixth Addendum dated 8 March 2021 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 as amended by the First Addendum dated 3 April 2018, Second Addendum dated 19 April 2018, Third Addendum dated 30 November 2018, Fourth Addendum dated 18 January 2019 and Fifth Addendum dated 8 November 2019 and as supplemented by a Supplement dated 31 July 2020 relating to existing sub-fund of the ICAV, the GAM FCM ILS Return Fund (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading **"MANAGEMENT AND ADMINISTRATION"** in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from the date of this Addendum to include the following amendments:-

**1. AMENDMENTS TO MAIN BODY OF THE PROSPECTUS**

**A. Sustainable Finance Disclosures**

With effect from the date hereof, the following sub-section titled "Sustainable Finance Disclosures" is inserted under the section of the Prospectus titled "The ICAV" subsequent to the sub-section titled "The Investment Objective, Investment Policy and Strategy" and before the sub-section titled "Investment Restrictions":-

**"Sustainable Finance Disclosures**

In accordance with the regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR), the AIFM and unless stated otherwise in the relevant Supplement the Investment Manager (or where applicable the Delegate Investment Manager) of each Fund, have implemented sustainability risks into their investment processes. For the purposes of this Prospectus, a sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The prospective investors of any Fund shall read this section together with the relevant Supplement and note that a Fund may deviate from these guidelines, with such deviations clarified in the Supplement of the respective Fund.

Investors should note that if a Fund (a) promotes environmental or social characteristics or a combination thereof, and invests in companies that follow good governance practices; or (b) if a Fund has sustainable investment as its objective, such promotion or objective shall be further detailed in the Supplement of the Fund.

(a) Sustainability risks as part of the investment process

Unless otherwise stated in the relevant Supplement, sustainability risk shall be assessed and integrated into the respective investment process of each Fund in a manner similar to all other examined risk factors. Investors shall note that the assessment of sustainability risk does not constitute investment into assets considered more sustainable than their respective peers, or denote the avoidance of investment into assets considered less sustainable. Such integrated assessment shall consider all other parameters used by the Investment Manager (or where applicable the Delegate Investment Manager); to highlight an example, fluctuations in market value of assets under sustainability risk may be considered as overreactions, as judged according to the discretion of the Investment Manager (or where applicable the Delegate Investment Manager). Similarly, a holding in an asset subject to negative material impact does not necessitate the liquidation of the asset. The assessment of sustainability risk shall be conducted for all investments except where disclosed below, including those investments considered sustainable in nature, such as 'green bonds'.

(b) Instrument specific considerations

- (i) Equity and equity-like instruments such as corporate bonds that are bound to the performance of the company are deemed to be investments that inherently carry the highest level of sustainability risk. The market value of an equity instrument will often be affected by environmental, social or governance events or conditions such as natural disasters, global warming, income inequality, anti-consumerism or malicious governance. The Funds which invest or may invest primarily into equities are considered to have an inherently high level of sustainability risk.
- (ii) The market value of fixed-rate corporate bonds or other bonds which are not bound to the performance of the company, will inherently carry similar sustainability risks. As such instruments are affected by the foreseen solvency of the company, the risks may be somewhat lower than in direct equity instruments and in some cases the longer-term conditions do not affect the solvency to the extent that sudden events do. The Funds which invest primarily into corporate bonds are considered to have an inherently moderate level of sustainability risk.
- (iii) Government and other sovereign bonds are subject to similar sustainability risks as detailed for equities and corporate bonds. While nations and other sovereign issuers are subject to seemingly sudden events, the underlying conditions are often well-known, understood and already priced-in to the market value of such assets. The Funds that invest mostly into government and other sovereign bonds are considered to have an inherently low level of sustainability risk.
- (iv) Currencies, investments into currencies and the currency effect against the base currency of any Fund, regardless if such risk is hedged or not, shall not be subject to assessment of sustainability risk. The market value fluctuations of currencies are deemed not to be affected

by actions of any specific entity where a materiality threshold could be exceeded by a single event or condition.

- (v) A sustainability risk assessment is not conducted for investments where the market value is solely bound to commodities. While some commodities may inherently be subject to various sustainability risks, it is likely that the sustainability risks are either effectively priced-into the market value of a commodity or there is a lack of generally approved sustainability risk metrics.
- (vi) Investment decisions in bank deposits and ancillary liquid assets will be subject to an assessment of governance events: an inherent part of the analysis for instruments where the market value of the asset is largely bound to a counterparty risk were the counterparty fails to fulfil its usually contractually or otherwise predetermined obligations.
- (vii) Investment into diversified indices, other collective investment schemes or diversified asset backed securities are generally understood to be investments into instruments where any event or condition in one underlying asset is not likely to have a material impact on the investment due to the underlying diversification. The sustainability risks of such instruments are generally only assessed on a high level; for example, where such an instrument primarily holds underlying assets that would be subject to the same conditions or events.
- (viii) Sustainability risks derived from financial derivative instruments, including but not limited to futures, forwards, options and swaps, will be assessed on the basis of the assets underlying the derivative. Investors shall note that for the purposes of this section, sustainability risk is only assessed from the point of view of negative material impact; material positive impact will not be assessed. Consequently, this means that any derivative instruments (even where not used solely for hedging purposes) which have a negative correlation to their underlying asset e.g. short selling will not be subject to a risk assessment where due to negative correlation a negative impact on the value of the underlying asset would not create a negative impact on the market value of the asset.

Notwithstanding anything set out above, investments intended for hedging purposes will not be subject to additional assessment of sustainability risks. The purpose of hedging is to either fully or partially hedge against existing risks in the portfolio of the Fund and should not add to sustainability-related risks.

(c) Sustainability Related Data

The AIFM has chosen not to compel any Investment Manager (and where applicable any Delegate Investment Manager) of a Fund to use any specific metrics, data or data providers for the integration of sustainability risk into their respective investment processes. Investors shall note that while sustainable finance is among the most important recent themes in the field of investment management globally, and companies around the world have largely adopted different feasible, defensible and verifiable practices in order to create public data and control mechanisms in order to verify such data, the quality and availability of the data may still not be comparable with the general quality of more standardised and traditional financial data, including but not limited to the data presented in annual financial statements or other financial reports.

More information about the policies on integration of sustainability risks in the investment decision-process and information on adverse sustainability impacts is available on the website funds.gam.com.”

## **2. AMENDMENTS TO GAM FCM ILS RETURN FUND SUPPLEMENT**

### **A. Sustainability Disclosures**

With effect from the date hereof, the following new section 5 titled “Sustainability Disclosures” is inserted in the Supplement and all subsequent sections in the Supplement and cross references to same are renumbered accordingly:-

#### **“5. Sustainability Disclosures**

##### **Environmental, Social and Governance (“ESG”) Factors**

The Fund promotes environmental or social characteristics but does not have sustainable investment as its objective.

This Fund selects investments with positive or neutral ESG ratings, based on a proprietary rating methodology as detailed below, and excludes investments from those issuers involved in specific activities considered to cause negative environmental and social impact or to have poor governance, as set out in the Appendix to this Supplement.

##### **Integration of Sustainability Risks**

Sustainability risk is integrated into the investment process of the Fund in the manner detailed in the “Sustainable Finance Disclosures” section of the Prospectus. The results of the assessment of the likely impact of sustainability risk on the return of the Fund is detailed in the “Risk Factors” section of this Supplement.”

### **B. Additional Risk Factors**

With effect from the date hereof, the following new risk factors are inserted in section 14 titled “Risk Factors” (to be renumbered section 15 as a result of the amendment detailed in paragraph 2.A above) subsequent to the paragraph titled “*Limitations on Participation in Cat Bond Market:-*

#### **“ESG- Focused Investing Risk**

The Fund is subject to the risk that its ESG-focused investment strategy may select or exclude securities of certain issuers for reasons other than investment performance considerations. As a result, the Fund may underperform other funds that do not utilise an ESG-focused investment strategy. Certain ESG-focused investments may be dependent on government policies and subsidies, which are subject to change or elimination. Successful application of the Fund’s ESG-focused investment strategy will depend on the Delegate Investment Manager’s skill in implementing its rating system, and there can be no assurance that the strategy or techniques employed will be successful.

#### ***Sustainability Risk***

The investments of the Fund are subject to sustainability risk, as outlined and defined under the Sustainable Finance Disclosure Regulation section of the Prospectus. The value of Insuranced-Linked

Securities are tied to the context of their respective issuers, which are likely to be impacted by changes in ESG conditions. These impacts are likely to be visible and priced-into the market value of the security. The Fund has been determined to have a sustainability risk rating of moderate. The assessment of sustainability risk is integrated into the investment process of the Fund, and shall be conducted periodically on an individual basis for all investments held in the portfolio. When conducting a sustainability risk assessment, the Delegate Investment Manager may utilise whatever public information it considers relevant, including but not limited to documentation released by investee entities or external data vendors, and credit ratings (where appropriate).”

### **C. Disclosures relating to the Promotion of Environmental and/or Social Characteristics**

With effect from the date hereof, the following Appendix is inserted at the back of the Supplement:-

#### **‘GAM FCM ILS Return Fund**

#### **APPENDIX - PRE-CONTRACTUAL DISCLOSURE FOR FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8(1) OF REGULATION (EU) 2019/2088**

- **This Fund promotes environmental or social characteristics but does not have sustainable investment as its objective.**
- **This Fund does not have a reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.**
- **What environmental and/or social characteristics are promoted by this financial product?**

Insurance-Linked Securities (ILS), and in particular CAT Bonds, provide capital and liquidity in the event of natural disasters and a structural capital solution to support the efficient functioning of the global insurance and reinsurance (“(re)insurance”) markets. They are issued primarily by insurers and reinsurers (“(re)insurers”) to transfer exposures from potentially large insured losses associated with natural catastrophes to investors. Corporations, governments and other public entities are increasingly issuing CAT Bonds to manage their obligations in times of disaster.

This Fund selects investments with positive or neutral ESG ratings, based on a proprietary rating methodology as detailed below, and excludes those issuers involved in specific activities considered to cause negative environmental and social impact or to have poor governance, as explained further below. Accordingly, the Fund provides contingent capital to (re)insurers and other issuers through CAT Bonds which have been assigned positive or neutral ESG ratings by the Delegate Investment Manager.

- **What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

**ESG rating** - all investments in the Fund are analysed by the Delegate Investment Manager and are assigned an ESG rating with respect to their overall structure, rationale and quantitative elements. The Delegate Investment Manager's in-house rating system is as follows:

1. **POSITIVE**: an investment which contributes to the furtherance of environmental, social and/or good governance benefit; such as improved environmental disaster resilience, the stabilisation of (re)insurance markets through broadening the mutual sharing of risks across a larger capital pool, meeting high standards in risk transfer disclosures to provide greater transparency and accountability in a (re)insurer's, corporate's or a government's disaster preparedness and response.
2. **NEUTRAL**: an investment is judged overall to contribute neither positively nor negatively.
3. **NEGATIVE**: an investment or issuer which makes an explicit negative environmental or social impact, or where the investment enables the issuer to continue negative environmental, social or poor risk governance practices. While rare in the ILS market, the issuer may maintain a harmful environment policy, a poor human rights track-record, or attempt to subvert transparency standards in ILS risk disclosures. In addition, an investment from an issuer that meets any of the Fund's Sustainability Exclusion Criteria automatically receives a negative rating and is not an eligible investment for the Fund.

**Sustainability Exclusion Criteria** - involvement by the issuer in the activities specified below under "Commercial Enterprises and Non-Sovereign Entities" and under "Sovereign Issuers", would result in the investment being ineligible. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources. The Delegate Investment Manager is able to apply these exclusions at the level of the issuing entity only, due to limited ability to look through to the underlying (re)insured business.

#### **Commercial Enterprises and Non-Sovereign Entities**

Insurance-Linked Securities issued by issuers meeting any of the criteria below would be considered ineligible investments for the Fund:

- Any involvement in controversial weapons as outlined in the GAM group-wide exclusion policy on banned weapons;
- Derive over 10% of their annual revenue from the manufacturing of weapons or weapon components;
- Derive over 5% of their annual revenue from the manufacture, retail or distribution of tobacco or tobacco-related products;
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the ILS is directly contributing to the entity's effective transition from coal. The Delegate Investment Manager defines this as activities or projects contributing to a significant rate of reduction of carbon-equivalent emissions where the entity has committed to decarbonisation;

- Are assessed as seriously breaching the United Nations Global Compact (the “UN Global Compact”). The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

### **Sovereign Issuers**

Sovereign issuers which have been assessed as “Not Free” by the Freedom House Global Freedom Score, unless this sovereign is working through an international organization, such as the World Bank, the United Nations, a regional development bank or another body with robust and transparent sustainability safeguards.

The definition of the Freedom House Global Freedom Score and further detail on the Scores are available at: <https://freedomhouse.org/countries/freedom-world/scores>.

- **What investment strategy does this financial product follow?**

As outlined above, the Fund selects investments with positive or neutral ESG ratings, based on a proprietary rating methodology, and excludes investments from those issuers involved in specific activities considered to cause negative environmental, social or governance impact, as outlined above.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

Only ILS that are assigned positive or neutral ESG ratings are eligible for investment. The Delegate Investment Manager targets exposure of 75% (or above) to positive ESG ratings. Negative ESG ratings and investments from those issuers that breach the Sustainability Exclusion Criteria are not eligible for investment.

Should an investment’s ESG rating change to negative or breach the sustainability exclusion criteria detailed above once in the Fund, the Delegate Investment Manager will determine how best to either liquidate the position, if appropriate, or, where applicable, take action to remediate the situation through active engagement with the issuer. The Delegate Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved.

- **How is that strategy implemented in the investment process on a continuous basis?**

ESG ratings, for all investments in the Fund and in the ILS universe, are reviewed quarterly by the Delegate Investment Manager, or on an ad-hoc basis as the result of a significant change in the condition of the security as known and identified by the Delegate Investment Manager. As detailed above, should an investment’s ESG rating change to negative or breach the Sustainability Exclusion Criteria once in the Fund, the Delegate Investment Manager will determine how best to either liquidate the position, if appropriate, or take action to remediate

the situation through active engagement with the issuer. The Delegate Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved.

- **What is the policy to assess good governance practices of the investee companies?**

For those issuers that are considered eligible, the assessment of good governance in the context of an ILS investment is reflected in the transparency of its risk disclosures, with a particular consideration of: the structure of the bond, with clear and sufficient detail on what would trigger a payout of the bond's principal; the quality of essential data and risk modelling to enable risk estimation; and disclosures on how an issuer governs its risk, including the quality and transparency of historical loss reporting and available risk response mechanisms.

- **Where can I find further details on the investment strategy?**

Further information on the ESG policy and the relevant exclusions, is available on the Delegate Investment Manager website and is sign-posted from the GAM website: <https://www.gam.com/en/corporate-responsibility/responsible-investing>

- **What is the asset allocation planned for this financial product?**

As detailed above, only positive or neutral ESG ratings are eligible for investment. The Delegate Investment Manager targets exposure of 75% (or above) to positive ESG ratings. Negative ESG ratings and investments from those issuers that breach the Sustainability Exclusion Criteria (as set out above) are not eligible for investment.

On this basis we consider asset allocation to break down as follows:

#1 Aligned with E/S characteristics – 75% or above of those investments rated POSITIVE

#2 Other – up to 25% of those investments rated NEUTRAL

- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

#2 Other – up to 25% of those investments rated NEUTRAL are present in the portfolio for diversification and strategic market growth reasons and are subject to the same ESG analysis as those rated POSITIVE. Negative ESG ratings and investments from those issuers that breach the Sustainability Exclusion Criteria are excluded.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

While derivatives are permitted, their use is limited. Where derivatives are used, they are subject to the same requirements outlined above.



- **Does this financial product take into account principal adverse impacts on sustainability factors?**

Yes

- **Can I find more product specific information online?**

More product-specific information can be found on the following websites:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.fcm.com/our-esg-policy.html>

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes?**

No

- **How does the designated index differ from a relevant broad market index?**

N/A

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy?**

N/A”

**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

**This Fifth Addendum dated 8 November 2019 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 (incorporating the supplement in respect of the existing sub-fund of the ICAV) as amended by the First Addendum dated 3 April 2018, Second Addendum dated 19 April 2018, Third Addendum dated 30 November 2018 and Fourth Addendum dated 18 January 2019 (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading **"MANAGEMENT AND ADMINISTRATION"** in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from the date of this Addendum to include the following amendments:-

**1. Change to the Board of Directors of the ICAV**

Kaspar Boehni was appointed as a director of the ICAV with effect from 28 August 2019 and Michael Whooley resigned as a director of the ICAV with effect from 9 September 2019.

With effect from the date hereof, the following changes are made to the Prospectus to reflect the change in composition of the board of directors of the ICAV:

- (i) The list of directors of the ICAV appearing in the section of the Prospectus entitled "Directory" is amended by removing reference to Michael Whooley and including reference to Kaspar Boehni.
- (ii) The first paragraph appearing under the sub-heading "Directors" under the heading "MANAGEMENT AND ADMINISTRATION" in the Prospectus is deleted in its entirety and replaced with the following:-

"The Directors of the ICAV are Kaspar Boehni, Karen Nolan and Daniel O'Donovan. The Directors' details are outlined below."

- (iii) The paragraph entitled “Michael Whooley” in the section of the Prospectus entitled “MANAGEMENT AND ADMINISTRATION” is deleted in its entirety and shall be replaced with the following:

**Kaspar Boehni**

Kaspar Boehni is Head of Product & Fund Development at GAM Investments. Mr. Boehni is responsible for the design and development of new products and he works closely with GAM's client facing teams to identify and develop innovative product opportunities in order to meet the diverse and evolving needs of GAM's clients. Prior to joining GAM Investments in March 2014, Mr. Boehni worked at LGT Capital Management as head of product development. Prior to that, Mr. Boehni was a senior portfolio manager at ifund services AG. Mr. Boehni started his career in 2003 as a senior portfolio consultant at Clariden Leu. Mr. Boehni holds a MSc in Economics and Finance from St. Gallen University. Mr. Boehni is based in Zurich.

- (iv) The first paragraph appearing under the sub-heading “Directors’ Interests” in Appendix III of the Prospectus entitled “General Information” is deleted and replaced with the following:-

“The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the ICAV, the Funds and the Shares are set out below:

Kaspar Boehni, Director of the ICAV, is Head of Product & Fund Development at GAM Investments. His biographical details are disclosed under the heading “MANAGEMENT AND ADMINISTRATION”.

**Dated: 8 November 2019**

**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

This Fourth Addendum dated 18 January 2019 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 (incorporating the supplement in respect of the existing sub-fund of the ICAV) as amended by the First Addendum dated 3 April 2018, Second Addendum dated 19 April 2018 and Third Addendum dated 30 November 2018 (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading "**MANAGEMENT AND ADMINISTRATION**" in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from the date of this Addendum to include the following amendments:-

**1. Change to the Board of Directors of the ICAV**

Andrew Hanges resigned as a director of the ICAV with effect from 7 December 2018 and Karen Nolan was appointed in his stead with effect from 7 December 2018.

With effect from the date hereof, the following changes are made to the Prospectus to reflect the change in composition of the board of directors of the ICAV:

- (i) The list of directors of the ICAV appearing in the section of the Prospectus entitled "Directory" is amended by removing reference to Andrew Hanges and including reference to Karen Nolan.
- (ii) The first paragraph appearing under the sub-heading "Directors" under the heading "MANAGEMENT AND ADMINISTRATION" in the Prospectus is deleted in its entirety and replaced with the following:-

"The Directors of the ICAV are Michael Whooley, Karen Nolan and Daniel O'Donovan. The Directors' details are outlined below."

- (iii) The paragraph entitled “Andrew Hanges” in the section of the Prospectus entitled “MANAGEMENT AND ADMINISTRATION” is deleted in its entirety and shall be replaced with the following:

**“Karen Nolan**

“Karen Nolan is an Irish Resident with over 25 years’ experience in the funds industry. Ms. Nolan has previously worked as Head of Designated Persons Services with Bridge Consulting, Head of Compliance with Credit Suisse Fund Services (Ireland) Limited, worked with International Fund Managers (Ireland) Limited (the former Irish fund administration business of Baring Asset Management, now part of Northern Trust) and Bank of Ireland Securities Services Limited (now part of Northern Trust), and has also worked as an independent compliance consultant for a number of other financial services companies in Dublin. Ms. Nolan holds a Degree in Accounting & Finance from Dublin City University, is a Fellow of the Association of Chartered Certified Accountants and is a Licentiate of the Association of Compliance Officers in Ireland.”

**Dated: 18 January 2019**

**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

**This Third Addendum dated 30 November 2018 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 (incorporating the supplement in respect of the existing sub-fund of the ICAV) as amended by the First Addendum dated 3 April 2018 and Second Addendum dated 19 April 2018 (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading "**MANAGEMENT AND ADMINISTRATION**" in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from the date of this Addendum to include the following amendment:-

**1. Definitions**

With effect from the date hereof, the definition of "Redemption Day" appearing under the heading "Definitions" in the Prospectus is deleted and replaced with the following:-

“**Redemption Day**” means, in relation to each Fund, the day as of which Shares are redeemed, as shall be specified in the relevant Supplement or notified in advance to Shareholders”.

With effect from the date hereof, the definition of "Redemption Day" appearing under the heading "Interpretation" in the supplement of GAM FCM ILS Return Fund (the "ILS Fund") is deleted and replaced with the following:-

“**Redemption Day**” means the last Business Day in January and July of each year and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.”

With effect from the date hereof, the definition of "Subscription Day" appearing under the heading "Definitions" in the Prospectus is deleted and replaced with the following:-

“**Subscription Day**” means, in relation to each Fund, the day as of which Shares are issued, as shall be specified in the relevant Supplement or notified in advance to Shareholders.”

With effect from the date hereof, the definition of “Subscription Day” appearing under the heading “Interpretation” in the supplement of the ILS Fund is deleted and replaced with the following:-

“**Subscription Day**” means the last Business Day of each calendar month and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.”

With effect from the date hereof, the definition of “Valuation Day” appearing under the heading “Definitions” in the Prospectus is deleted and replaced with the following:-

“**Valuation Day**” means, in relation to each Fund, the day as of which the Net Asset Value and the Net Asset Value per Share in respect of each Class in that Fund is calculated and shall be specified in the Supplement or notified in advance to Shareholders.”

With effect from the date hereof, the definition of “Valuation Day” appearing under the heading “Interpretation” in the supplement of the ILS Fund is deleted and replaced with the following:-

“**Valuation Day**” means the last Business Day of each calendar month and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.”

**Dated: 30 November 2018**

**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

**This Second Addendum dated 19 April 2018 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 (incorporating the supplement in respect of the existing sub-fund of the ICAV) as amended by the First Addendum dated 3 April 2018 (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading "**MANAGEMENT AND ADMINISTRATION**" in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from the date of this Addendum to include the following amendment:-

**1. Reports and Accounts**

It is no longer intended to prepare semi-annual accounts as of 30 June 2018 in respect of the ICAV given the regulatory requirement of the Central Bank that financial statements be prepared within 12 months of launch of the ICAV will be satisfied by the annual audited accounts of the ICAV to be prepared as of 31 December 2018.

Accordingly the following change is made to the Prospectus:

- (i) The last sentence in the paragraph appearing under Section 5 entitled "Reports and Accounts" in Appendix III of the Prospectus is deleted in its entirety.

**Dated: 19 April 2018**



**GAM ALTERNATIVE INVESTMENT FUND ICAV  
(THE "ICAV")**

**This Addendum dated 3 April 2018 forms part of the prospectus of the ICAV, an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, dated 22 February 2018 (incorporating the supplement in respect of the existing sub-fund of the ICAV) (hereinafter collectively referred to as the "Prospectus"). The information contained in this 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 Addendum.

The Directors of the ICAV, whose names appear under the heading "**MANAGEMENT AND ADMINISTRATION**" in the Prospectus, accept responsibility for the information contained in this 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 Prospectus is amended with effect from 1 April 2018 to include the following amendments:-

**1. Termination of GAM Limited as Global Distributor of the ICAV**

With effect from 11.59 p.m. on 31 March 2018, the appointment of GAM Limited as Global Distributor of the ICAV terminated. With effect from 1 April 2018, GAM Fund Management Limited acts as Global Distributor of the ICAV.

Accordingly the following changes are made to the Prospectus with effect from 1 April 2018:

- (i) The sub-heading entitled "AIFM, Administrator, Registrar and Transfer Agent" appearing under the heading "Directory" of the Prospectus is deleted in its entirety and replaced with the sub-heading "AIFM, Administrator, Registrar, Transfer Agent and Global Distributor".
- (ii) The name and address of Global Distributor appearing under the heading "Directory" of the Prospectus is deleted in its entirety.
- (iii) The definition of "Global Distributor" appearing under the heading "Definitions" in the Prospectus is deleted.
- (iv) The definition of "Global Distribution Agreement" appearing under the heading "Definitions" in the Prospectus is deleted and replaced with the following definition:

“**Global** means the Global Distribution Agreement made between the ICAV

**Distribution  
Agreement”**

and the AIFM dated 1 April 2018.“

- (v) The first paragraph under the biography of the AIFM appearing under the heading “MANAGEMENT AND ADMINISTRATION” in the Prospectus is deleted in its entirety and replaced with the following three paragraphs:-

“The AIFM of the ICAV is GAM Fund Management Limited, with responsibility for the portfolio and risk management of each Fund subject to the overall supervision and control of the Directors and with the power to delegate such functions. The AIFM has also been appointed to act as administrator, registrar, transfer agent and global distributor of the ICAV.

The AIFM delegates the performance of the administration function to State Street Fund Services (Ireland) Limited but performs the registrar and transfer agency functions itself.

The AIFM in its capacity as global distributor may delegate its functions to sub-distributors and / or selling agents. The AIFM may also enter into terms of business with entities who act as intermediary in respect of investments in the Funds.”

- (vi) The third paragraph (and the sixth paragraph in the revised Prospectus as a result of the amendments pursuant to paragraph (v) of this Addendum) under the biography of the AIFM appearing under the heading “MANAGEMENT AND ADMINISTRATION” in the Prospectus is amended by adding an additional sentence at the end thereof so that the amended paragraph reads as follows:-

“The AIFM was appointed pursuant to the AIFM Agreement. Under the AIFM Agreement, the AIFM has responsibility for among other things managing the investments of the Funds in pursuit of the investment objective, policy and strategy, and subject to the investment restrictions, described in each Supplement. The duties of the AIFM as global distributor are set out in the Global Distribution Agreement, details of which are set out under “Material Contracts”

- (vii) The biography of the Global Distributor appearing under the heading “MANAGEMENT AND ADMINISTRATION” in the Prospectus is deleted in its entirety and the table of contents in the Prospectus is updated accordingly.

(viii) References to Global Distributor in the sub-section “Fees of the AIFM, Global Distributor, Delegate Administrator, Investment Manager(s), Delegate Investment Manager(s) and Depositary” appearing under the heading “FEES AND EXPENSES” in the Prospectus are deleted and the table of contents in the Prospectus is updated accordingly.

- (ix) Reference to Global Distributor in the sub-section “Operating Expenses and Fees” appearing under the heading “FEES AND EXPENSES” in the Prospectus is deleted.

- (x) The first sentence in the first paragraph appearing under the heading “CONFLICTS OF INTEREST” in the Prospectus is deleted and replaced with the following:

“The Directors, the AIFM, the Delegate Administrator, the Investment Manager(s), the Delegate Investment Manager(s) and the Depositary and their respective affiliates, officers, directors and

shareholders, employees and agents 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 ICAV and/or their respective roles with respect to the ICAV”.

(xi) The third paragraph appearing under the heading “CONFLICTS OF INTEREST” in the Prospectus is deleted and replaced with the following:

“There is no prohibition on transactions with the ICAV by the AIFM, the Delegate Administrator, the Investment Manager(s), the Delegate Investment Manager(s) and the Depositary or by delegates or group companies of these including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the ICAV and none of them shall have any obligation to account to the ICAV for any profits or benefits made by or derived from or in connection with any such transaction provided that any transactions relating to the purchase or sale of Investments to or from the relevant Fund 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 and:

(a) a certified valuation of a transaction by a person approved by the Depositary (or in the case of a transaction involving the Depositary, the Directors) as independent and competent has been obtained; or

(b) the relevant transaction is executed on the best terms on an organised investment exchange under its rules; or

(c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary (or in the case of a transaction involving the Depositary, the Directors) is satisfied conform with negotiation at arm’s length and in the best interest of Shareholders.”

(xii) Reference to “Global Distributor” in the third paragraph appearing under the sub-heading “Compulsory Redemption of Shares” under the heading “REDEMPTIONS AND SWITCHING” in the Prospectus is deleted.

(xiii) The paragraph relating to the Global Distribution Agreement appearing under section 14 of Appendix III of the Prospectus entitled “MATERIAL CONTRACTS” is deleted in its entirety and replaced with the following paragraphs:-

“Pursuant to the Global Distribution Agreement between the ICAV and the AIFM dated 1 April 2018, the AIFM will act as global distributor of the Shares, subject to the terms and conditions therein. The agreement may be terminated by either of the parties thereto by giving not less than 90 days’ prior written notice although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other.

The Global Distribution Agreement provides that the AIFM (and each of its directors, officers, employees and agents) shall be indemnified by the ICAV and held harmless from and against:

- (i) any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including reasonable legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the AIFM (or any of its directors, officers, employees or agents) arising out of or in connection with the performance of its obligations and duties thereunder in the absence of its negligence, bad faith, wilful default or fraud; and
- (ii) any and all claims, actions, proceedings, damages, losses, liabilities, costs and expenses (including reasonable legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or suffered or incurred by the AIFM (or any of its directors, officers, employees or agents) arising out of or in connection with an untrue statement of a material fact set forth in the Prospectus, or omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading.”

(xiv) The paragraph appearing under the sub-section “Management Fee” under section 12 of the supplement of GAM FCM ILS Return Fund, a sub-fund of the ICAV (the “Sub-Fund”) is deleted in its entirety and replaced with the following paragraph:

“The ICAV shall pay an annual fee to the AIFM for the management of the Fund (including any fees for global distribution services in respect of the Fund) (the “Management Fee”) which fee will accrue on each Valuation Day and will be paid monthly in arrears. Details of the Management Fee payable to the AIFM in respect of each Class is set out in the section “Share Classes, Minimum Subscription, Management Fee and Administration Fee” of this Supplement”.

(xv) The sub-section “Global Distributor Fee” appearing under section 12 of the Sub-Fund supplement entitled “Fees and Expenses” is deleted in its entirety.

## **2. Revised Risk Factor**

With effect from 1 April 2018, the below risk factor which appears under section 14 of the Sub-Fund supplement entitled “Risk Factors” is deleted and replaced with the following:-

### *Direct Private ILS and Derivatives*

In addition to Rule 144A (as defined under the 1933 Act) Cat bonds, the Fund may also enter into other classes of private ILS deals. These deals, which may include derivative risk swaps, are likely to be transacted directly with an institutional counterparty, with or without the involvement of a placement agent or broker. In certain instances, such transactions may require that a portion of the Fund's assets be held as collateral subject to a perfected security interest in favour of the counterparty. Similarly, where the Fund invests in preferred shares of a segregated cell company, some of the subscription proceeds which the issuer receives as consideration for the preferred shares may be used as collateral in trust to support the issuer's obligations in respect of a relevant reinsurance agreement. Risks specific to such investments include custodial as well as counterparty credit risk, as situations may arise (such as, for example, following a loss event under such swap agreements) in which the counterparty may gain control of a portion of the Fund's collateral for

significant periods of time, and the ability of the counterparty to repay any portions of such collateral ultimately owing to the Fund may be impaired in the event of a dispute or should the counterparty become insolvent. In addition although investment structures that are typically used for investment in preferred shares (for example segregated cell companies) are designed to allow no recourse to the applicable investors in those investment structures, there can be no assurance that adverse regulatory or jurisdictional interpretations will not have an impact by allowing creditors of such investment structures (for example cedents who pass financial obligations relating to potential insurance losses to such investment structures under reinsurance contracts) to have recourse to the assets of the investors in such investment structures where the latter are in default. Thus, private insurance-linked risk swaps, preferred shares and other similar investments may involve a high degree of structural and financial risk that can result in substantial losses. In addition, there is no existing market for the purchase and sale of such investments, and as a result the Fund may not be able to sell such investments readily."

**Dated: 3 April 2018**

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the ICAV or the suitability for you of investment in the ICAV, you should consult your solicitor, accountant or other professional adviser.**

The Directors of the ICAV whose names appear in this Prospectus under the heading “Management and Administration” 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.

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**GAM ALTERNATIVE INVESTMENT FUND ICAV**

(an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, which is registered with and authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act, 2015 as may be amended from time to time with registration number C172055)

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

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**The date of this Prospectus is 22 February 2018**

## IMPORTANT INFORMATION

### The Prospectus

This Prospectus describes GAM Alternative Investment Fund ICAV (the "ICAV"), an umbrella type Irish Collective Asset-management Vehicle, registered with the Central Bank of Ireland on 21 July 2017 under the Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act") with registration number C172055. The ICAV may establish Funds from time to time which may be open-ended, open-ended with limited liquidity or closed-ended Funds. Each Fund will constitute a separate portfolio of assets maintained by the ICAV in accordance with its Instrument and the ICAV Act. The liability between Funds is segregated pursuant to the ICAV Act. The ICAV will offer equity interests ("Shares") representing the capital of the Funds. Shares may be issued in Classes and the Classes available for subscription shall be set out in the relevant Supplement. Shares in the ICAV will have no par value and following issue their value will fluctuate in accordance with the Net Asset Value. The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to the currency of denomination of a particular Class, voting rights, dividend policy, hedging strategies if any apply to the designated currency of a particular Class, fees and expenses, subscription or redemption procedures or the minimum subscription applicable. The Directors have the power to issue further Classes of Shares upon prior notification and clearance by the Central Bank.

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail with respect to the particular Fund.

### Authorisation by the Central Bank

**The ICAV is registered with and authorised and supervised by the Central Bank. The authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus nor has the Central Bank reviewed this Prospectus. The Central Bank shall not be liable by virtue of its authorisation of the ICAV or by reason of its exercise of the functions conferred on it by legislation in relation to the ICAV for any default of the ICAV. Authorisation does not constitute a warranty by the Central Bank as to the credit worthiness or financial standing of the various parties and service providers to the ICAV.**

**Accordingly, while the ICAV is authorised by the Central Bank, the Central Bank has not set any limits or other restrictions on the investment objectives, the investment policies or the degree of leverage which may be employed by any Fund.**

**The ICAV is authorised to market its Funds solely to Qualifying Investors. The minimum initial subscription for each investor shall not be less than the regulatory minimum of €100,000 (or its equivalent in another currency) except in the case of Knowledgeable Persons. The Directors have determined a minimum initial subscription amount as described in the definition of "Minimum Subscription". The Directors may also require subscriptions in excess of this amount to meet the economic requirements of the particular Fund or the legal and regulatory requirements of any particular jurisdiction.**

## Restrictions on Distribution and Sale of Shares

### *In General*

Within the EU, Qualifying Investor AIFs such as the ICAV and its Funds may only be marketed to professional investors as defined in the AIFM Directive unless the Member State in question permits, under the laws of that Member State, the Qualifying Investor AIF to be sold to other categories of investors and this permission encompasses the following types of investors:

- (i) an investor who receives appraisal from a European Union credit institution, a MiFID firm or an undertaking for collective investment in transferable securities ("UCITS") management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the Fund; or
- (ii) an investor who certifies that they are an informed investor by providing the following:
  - confirmation (in writing) that the investor has such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or
  - confirmation in writing that the investor's business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the relevant Fund.

Notwithstanding the foregoing, neither the ICAV nor its delegates will market or offer Shares to, or accept any investment in the ICAV from any investor unless in the case of an EEA investor it is a professional client within the meaning of Annex II of MiFID or in the case of a non-EEA investor it is an investor who meets the criteria in paragraph (i) or (ii) above.

The distribution of this Prospectus and any of its Supplements 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 ICAV. Any restrictions applicable to Shares or a particular Class shall be specified in this Prospectus. 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 ICAV or any Shareholder 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 ICAV, the AIFM, the Depositary, the Delegate 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 ICAV.

The Directors will not accept subscriptions from any person that is a Benefit Plan Investor, the participation of which as a Shareholder in the ICAV would make the ICAV subject to Title I of ERISA or Section 4975 of the Code.

"Benefit Plan Investor" is used as defined in US Department of Labor Regulation 29 C.F.R. §2510.3-101 and



Section 3(42) of ERISA (collectively, the “Plan Asset Rule”), and includes (i) any employee benefit plan subject to Part 4 of Title I of ERISA; (ii) any plan to which Section 4975 of the US Internal Revenue Code of 1986, as amended (the “Code”), applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (generally because 25 per cent or more of a class of equity interests in the entity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors. Benefit Plan Investors also include that portion of any insurance company’s general account assets that are considered “plan assets” and (except if the entity is an investment company registered under the 1940 Act) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.

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

This Prospectus has been drafted in accordance with Irish law only. While the Directors believe that the following statements are an accurate summary of the market restrictions as of the date hereof there is no guarantee that they fully set out local restrictions or that they have not changed. These disclaimers and information are supplemental to and do not limit the general provision that 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. The Directors have been advised of disclaimers and selling restriction language in certain markets and include information for those markets without accepting any responsibility for other markets.

#### *Offering of Shares Within The EEA*

Within the EEA, the Shares are intended to be offered or sold to and should only be offered or sold to any investor in the EEA who constitutes a professional client. For these purposes, a professional client means an investor who meets the criteria laid down in Annex II of Directive 2014/65/EU, commonly known as “MiFID II”. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Shares to retail investors in the EEA has been prepared. Therefore, offering or selling the Shares to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### *Restrictions in Relation to Certain Jurisdictions*

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required to inform themselves about, and to observe, such restrictions. Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase or holding of Shares, (b) any foreign exchange restrictions which may affect them, and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares.

In particular, the Shares being offered hereby have not been approved or recommended by the US Securities and Exchange Commission (the “SEC”) or any governmental authority and neither the SEC nor any such other United States authority has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence. It is anticipated that the offering and sale will be exempt from registration under the US Securities Act of 1933, as amended (the “1933 Act”) and the various state securities laws and that the ICAV will not be registered as an investment company under the US Investment Company Act of 1940, as amended

(the "1940 Act"). Investors will not be entitled to the benefits of either the 1933 Act or 1940 Act. Shares of the ICAV are being offered only to United States investors who are both "Accredited Investors" within the meaning of Regulation D under the 1933 Act and "Qualified Purchasers" within the meaning of Section 2(a)(51) of the 1940 Act, provided that the AIFM receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the US Federal or state securities laws of the United States including, but not limited to, the 1933 Act, that such sale will not require the ICAV to register under the 1940 Act and, in all events, that there will be no adverse tax consequences to the ICAV or its Shareholders as a result of such sale.

### **Subscription and Redemption Charge**

The Directors are empowered under the Instrument to levy a redemption or subscription charge, up to a maximum of 5% of the Net Asset Value of Shares being purchased or redeemed. Details of applicable subscription and redemption charges are set out in the Supplement of each Fund.

### **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 ICAV shall under any circumstances constitute a representation that the affairs of the ICAV have not changed since the date hereof. This Prospectus may be updated by the ICAV to take into account any material changes from time to time and any such amendments will be notified in advance to 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.

### **Risk Factors**

**The attention of investors is drawn to the potential for above average risk associated with an investment in the ICAV. Accordingly, such investment should only be undertaken by people in a position to take such a risk. The price of the Shares as well as any income in the ICAV may fall as well as rise. The difference at any one time between the sale and repurchase price of Shares means that an investment in the ICAV should be viewed as medium to long term. Investors should read and consider the section entitled 'Risk Factors' in Appendix I hereto before investing in the ICAV.**

### **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

### **ICAV Registered Office**

George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **Directors of the ICAV**

Andrew Hanges  
Daniel O'Donovan  
Michael Whooley

### **AIFM, Administrator, Registrar and Transfer Agent**

GAM Fund Management Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **Depositary**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Delegate Administrator**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Global Distributor**

GAM Limited  
Wessex House  
45 Reid Street  
Hamilton HM 12  
Bermuda

### **Auditors**

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### **Secretary**

GAM Fund Management Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **Legal Advisors to the ICAV and AIFM as to Irish Law**

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

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## DEFINITIONS

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

<b>“Accounting Date”</b>	In the case of each Fund, as set out in the relevant Supplement 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, in respect of a Fund, a period ending on the Accounting Date and commencing, in the case of the first Fund, such period on the date of registration of the ICAV, and the case of subsequent Funds, on the date of the Fund’s approval by the Central Bank and in subsequent periods, on the day following expiry of the last Accounting Period.
<b>“AIF”</b>	has the meaning given in the AIFM Regulations.
<b>“AIFM”</b>	means GAM Fund Management Limited or any successor company that may be appointed as alternative investment fund manager of the ICAV and each of the Funds with the prior approval of the Central Bank.
<b>“AIFM Agreement”</b>	means the AIFM Agreement made between the ICAV and the AIFM dated 22 February 2018.
<b>“AIF Rulebook”</b>	means the AIF Rulebook issued by the Central Bank as may be amended from time to time.
<b>“AIFM Directive”</b>	means Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers.
<b>“AIFM Legislation”</b>	means the AIFM Regulations, the AIFM Directive, the Level 2 Regulation, the ICAV Act and any applicable rules, or any of them, as the case may be.
<b>“AIFM Regulations”</b>	means the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) as amended and as may be amended or supplemented from time to time.
<b>“Auditors”</b>	means PricewaterhouseCoopers or any alternative(s) or successor(s) thereto appointed by the ICAV to act as auditors of one or more Funds as detailed in the relevant Supplement.
<b>“Base Currency”</b>	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund. For the avoidance of doubt, it is noted that a Class of Shares may be designated in a different currency to the Base Currency (see “Reference Currency” below).
<b>“Beneficial Ownership Regulations”</b>	means the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2016.
<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 or any successor thereto.

<b>“Class”</b>	means a particular division of Shares in a Fund.
<b>“Data Protection Acts”</b>	means the Data Protection Act 1988 and the Data Protection (Amendment) Act 2003 as may be amended or re-enacted from time to time, including any statutory instruments and regulations that may be made pursuant thereto from time to time, and including any amendments to any of the foregoing and, with effect from 25 May 2018, the General Data Protection Regulation (EU 2016/679).
<b>“Dealing Day”</b>	means a day that constitutes a Subscription Day or a Redemption Day.
<b>“Delegate Administrator”</b>	means State Street Fund Services (Ireland) Limited or any alternative(s) or successor(s) thereto appointed by the AIFM and approved by the Central Bank to act as delegate administrator of one or more Funds as detailed in the relevant Supplement.
<b>“Delegate Administration Agreement”</b>	means the Delegate Administration Agreement made between the ICAV, the AIFM and the Delegate Administrator dated 22 February 2018.
<b>“Delegate Investment Manager”</b>	means the delegate investment manager or delegate investment managers appointed by an Investment Manager to provide portfolio management in respect of one or more Funds and as detailed in the Supplement of the relevant Fund.
<b>“Depositary”</b>	means State Street Custodial Services (Ireland) Limited or any alternative(s) or successor(s) thereto appointed by the ICAV and approved by the Central Bank to act as depositary of the ICAV.
<b>“Depositary Agreement”</b>	Means the Depositary Agreement made between the ICAV, the AIFM and the Depositary dated 22 February 2018.
<b>“Directors”</b>	means the directors of the ICAV.
<b>“EEA”</b>	means the European Economic Area.
<b>“EMIR”</b>	means the European Union Regulation No 648/2012 on OTCs, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation).
<b>“ERISA”</b>	means the United States Employee Retirement Income Security Act of 1974, as amended.
<b>“ESMA”</b>	means the European Securities and Markets Authority.
<b>“ESMA Guidelines on Remuneration”</b>	means the ESMA Guidelines on sound remuneration policies under the AIFM Directive
<b>“Exempt Irish Investor”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“External Valuer”</b>	means any natural or legal person appointed by the AIFM to value the assets of a Fund in accordance with the AIFM Directive and the requirements of the Central Bank.

<b>“Fund”</b>	means a sub-fund of the ICAV 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, investment policy and strategy applicable to such sub-fund and which is established by the Directors from time to time with the prior approval of the Central Bank. Funds may be established as open-ended, open-ended with limited liquidity or closed-ended funds.
<b>“Global Distributor”</b>	means GAM Limited or any other person or persons for the time being duly appointed global distributor of the Shares in succession to GAM Limited.
<b>“Global Distribution Agreement”</b>	means the Global Distribution Agreement made between the ICAV and the Global Distributor dated 22 February 2018.
<b>“ICAV”</b>	means GAM Alternative Investment Fund ICAV and references to the ICAV in this Prospectus or a Supplement will include, where the context so requires, corporate action taken on behalf of the ICAV by the Directors or their authorised delegates.
<b>“ICAV Act”</b>	means the Irish Collective Asset-management Vehicles Act, 2015 and every amendment or re-enactment of the same.
<b>“Initial Offer Period”</b>	means the period during which Shares of a Class are initially offered, as specified in the relevant Supplement.
<b>“Initial Price”</b>	means the initial price payable for a Share as specified in the relevant Supplement.
<b>“Instrument”</b>	means the instrument of incorporation of the ICAV as amended from time to time in accordance with the requirements of the ICAV Act.
<b>“Intermediary”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“Investment Manager”</b>	means any Investment Manager(s) for the time being duly appointed by the AIFM to provide portfolio management in respect of one or more Funds and as detailed in the Supplement of the relevant Fund.
<b>“Ireland”</b>	means the Republic of Ireland.
<b>“Irish Resident”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“Knowledgeable Persons”</b>	means an investor who is: <ul style="list-style-type: none"> <li>(i) the AIFM;</li> <li>(ii) a company appointed to provide investment management or advisory services to the ICAV;</li> <li>(iii) a director of the AIFM or the ICAV or a director of a company appointed to provide investment management or advisory services to the ICAV;</li> <li>(iv) an employee of the ICAV or an employee of a company appointed to provide investment management or advisory services to the ICAV, where the employee: <ul style="list-style-type: none"> <li>- is directly involved in the investment activities of a company; or</li> </ul> </li> </ul>



- is a senior employee of such company and has experience in the provision of investment management services.

provided that with respect to employees, the Directors are satisfied that prospective investors fall within the criteria outlined above under (iv).

Applicants meeting the relevant criteria for waiver of the Minimum Subscription must certify that they are availing of the exemption provided for above and are aware that the ICAV is normally marketed solely to qualifying investors who are subject to a minimum subscription of €100,000 and that they otherwise meet the criteria for a “Qualifying Investor” set out below. Applicants availing of the exemption by meeting the relevant criteria must also certify that they are aware of the risk involved in the proposed investment and that inherent in such investment is the potential to lose the all of the sum invested.

<b>“Level 2 Regulation”</b>	Commission Delegated Regulation No. 231/2013 of 19 December 2012 as may be amended, supplemented or substituted from time to time.
<b>“Member”</b>	means a Shareholder or a person who is registered as the holder of one or more non-participating shares in the ICAV.
<b>“Member State”</b>	means a member state of the European Union.
<b>“MiFID”</b>	means the Markets in Financial Instruments Directive 2004/39/EC as may be amended, supplemented, replaced or consolidated from time to time and from 3 January 2018 means the Markets in Financial Instruments Directive 2014/65/EU (also referred to as “ <b>MiFID II</b> ”) as may be amended, supplemented, replaced or consolidated from time to time.
<b>“Minimum Holding”</b>	means the minimum number or value of Shares which must be held by Shareholders as specified in the relevant Supplement.
<b>“Minimum Subscription”</b>	means the minimum amount which may be subscribed for Shares in any Fund or Class as specified in the relevant Supplement provided that the minimum amount of such subscription by a new investor in the ICAV shall not be less than €100,000 or its equivalent in another currency (subject to any exemption therefrom permitted by the Central Bank) and the aggregate of an investor’s investments in one or more Classes may be taken into account for the purpose of satisfying the regulatory minimum subscription requirement.
<b>“Net Asset Value”</b>	means the Net Asset Value of a Fund or attributable to a Class or where relevant, Series (as appropriate) calculated as referred to herein.
<b>“Net Asset Value per Share”</b>	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.
<b>“Ordinarily”</b>	is defined in Appendix II – Taxation of the ICAV.

## **Resident in Ireland”**

**“Ordinary Resolution”** means a resolution of the Members of the ICAV or of the Shareholders of a particular Fund or Class in general meeting passed by a simple majority of the votes cast in person or by proxy at a general meeting of the ICAV, a Fund or Class as the case may be.

**“OTC”** means over-the-counter (or off-exchange).

**“Prospectus”** the prospectus of the ICAV and any Supplements and addenda thereto issued in accordance with the requirements of the Central Bank.

**“Qualifying Investor”** means:

- (a) an investor who is a professional client within the meaning of Annex II of MiFID; or
- (b) an investor who receives an appraisal from a European Union credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the scheme; or
- (c) an investor who certifies that they are an informed investor by providing the following:
  - confirmation (in writing) that the investor has such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or
  - Confirmation (in writing) that the investor’s business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the scheme.

Qualifying Investors must certify in writing to the ICAV that they meet the minimum criteria and are aware of the risks involved in the proposed investment and of the fact that inherent in such investments is the potential to lose all of the sum invested. The minimum subscription for Qualifying Investors is €100,000 (or its equivalent in other currencies) (except for Knowledgeable Persons). The Directors may also increase this amount to take into account legal or regulatory requirements of other jurisdictions and will notify investors subscribing for shares of any changes in advance of each subscription. The Directors have full discretion to limit investment by an investor who would meet the above criteria, however, their investment would result in the legal or 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 ICAV, the Fund or Class or Shareholders as a whole.

Within the EEA, the ICAV may only be marketed to professional investors as defined in the AIFM Directive unless the Member State in question permits, under the laws of that Member State, the ICAV to be sold to other categories of investors and that such investors encompass Qualifying Investors as set out in (b) and (c) above.

Notwithstanding the above, within the EEA it is the AIFM's intention to solely market the ICAV to investors who are professional clients within the meaning of Annex II of MiFID.

<b>“Recognised Clearing System”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“Redemption Day”</b>	means, in relation to each Fund, the day as of which Shares are redeemed, as shall be specified in the relevant Supplement.
<b>“Redemption Dealing Deadline”</b>	means in relation to each Fund, the deadline for receipt of completed redemption requests, as shall be specified in the relevant Supplement.
<b>“Reference Currency”</b>	means the currency of account of a Class of Shares as specified in the relevant Supplement relating to that Fund.
<b>“Relevant Declaration”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“Relevant Period”</b>	is defined in Appendix II – Taxation of the ICAV.
<b>“Series”</b>	means a series of Shares issued in respect of a performance fee paying Class of one or more Funds of the ICAV, as detailed in the relevant Supplement.
<b>“SFTR”</b>	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be amended, supplemented or consolidated from time to time.
<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 ICAV. All Classes of Shares are fully transferrable by any Shareholder during the whole period of their investment term to any Qualifying Investor without any limitations or approval requirements of other than as set out under the heading “Transfer of Shares”.
<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 ICAV.
<b>“Side Pocket”</b>	means any separate portfolio(s) of a Fund created from time to time which are allocated interests in Value Affected Investments plus such additional assets representing a reserve for contingencies, commitments and hedging as the Directors in their discretion may determine.
<b>“Side Pocket Shares”</b>	means one or more Classes of Shares of a Fund created expressly for the purpose of being allocated to Side Pockets created by the Directors from time to time.
<b>“Special Resolution”</b>	means a special resolution of the Members of the ICAV or the Shareholders of a particular Fund or Class in general meeting passed by not less than seventy-five per cent of the votes cast in person or by proxy at a general meeting of the ICAV, a Fund or Class as the case may be.

<b>“Specified US Person”</b>	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 <b>excluding</b> (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 Code, as a corporation described in paragraph (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 Code; (6) any bank as defined in section 581 of the Code; (7) any real estate investment trust as defined in section 856 of the Code; (8) any regulated investment company as defined in section 851 of the Code or any entity registered with the Securities Exchange Commission under the Investment Company Act (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the Code; (10) any trust that is exempt from tax under section 664(c) of the Code or that is described in section 4947(a)(1) of the 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 Code. This definition shall be interpreted in accordance with the Code.
<b>“Subscription Day”</b>	means, in relation to each Fund, the day as of which Shares are issued, as shall be specified in the relevant Supplement.
<b>“Subscription Dealing Deadline”</b>	means, in relation to each Fund, the deadline for receipt of completed subscription applications, as shall be specified in the relevant Supplement for the Fund.
<b>“Subscription Settlement Deadline”</b>	means the time and/or date by when subscription monies must be received by the ICAV in respect of a particular subscription application as may be set out in the Supplement.
<b>“Supplement”</b>	means a supplement to this Prospectus specifying certain information in respect of a Fund and/or one or more Classes.
<b>“Taxes Act”</b>	means the Taxes Consolidation Act, 1997 (of Ireland) as amended.
<b>“Umbrella Cash Account”</b>	means a cash account opened in the name of the ICAV on behalf of all Funds into which (i) subscription monies received from investors who have subscribed for Shares are deposited and held until Shares are issued as of the relevant Subscription Day; or (ii) redemption monies due to investors who have redeemed Shares are deposited and held until paid to the relevant investors; or (iii) distribution payments owing to Shareholders are deposited and held until paid to such Shareholders.
<b>“US Person”</b>	means (1) a resident or citizen of the United States; (2) a partnership or corporation organized under the laws of the United States; (3) any entity not organized under the

laws of the United States: that has its principal office or place of business in the United States; or (i) in which citizens or residents of or entities organized under the laws of or existing in the United States directly or indirectly hold in the aggregate 50% or more of the beneficial interests; and (ii) that will own directly or indirectly, either alone or together with affiliated persons and with any direct or indirect owners of 10% of the beneficial interests in such entity, an aggregate of more than 5% of the ICAV's outstanding shares of the ICAV; or (i) that is organized principally for passive investment (such as an investment company, a commodity pool or other similar vehicle); and (ii) (A) in which the amount of units of participation held by United States Persons (other than "qualified eligible persons" as defined in Rule 4.7 under the United States Commodity Exchange Act) represents in the aggregate 10% or more of the beneficial interests in the entity; (B) that was formed for the purpose of facilitating investment by United States Persons in the ICAV, or in any other commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-United States Persons; or (C) that was formed by United States Persons principally for the purpose of investing in securities not registered under the 1933 Act, unless it is formed and owned by "accredited investors" (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts; (4) an estate or trust: of which an executor, administrator or trustee is a United States person, unless: (i) an executor, administrator or trustee who is not a United States Person has sole or shared investment discretion with respect to the assets of the estate or trust; and (ii)(A) in the case of an estate, it is governed by non-U.S. law; or (B) in the case of a trust, no beneficiary (and no settlor if the trust is revocable) is a United States Person; or the income of which is subject to United States income tax regardless of source; (5) any agency or branch of a foreign entity located in the United States; (6) any non-discretionary account or similar account (other than an estate or trust) held for the benefit or account of one or more United States persons; and (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, unless it is held by a dealer or other professional fiduciary exclusively for the benefit or account of one or more non-United States Persons. For purposes of the foregoing, the term "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia. Persons requiring details regarding other terms used in the foregoing definition (such as "qualified eligible person" and "accredited investor") should contact the AIFM.

**"Valuation Day"** means, in relation to each Fund, the day as of which the Net Asset Value and the Net Asset Value per Share in respect of each Class in that Fund is calculated and shall be specified in the Supplement of each Fund.

**"Valuation Point"** means such time on each Valuation Day as of which the Net Asset Value and the Net Asset Value per Share in respect of each Class is calculated and shall be specified in the relevant Supplement of each Fund.

## THE ICAV

### Establishment and Duration

The ICAV is an umbrella type Irish collective asset-management vehicle, registered with the Central Bank of Ireland on 21 July 2017 under the ICAV Act with registration number C172055. The ICAV has been authorised by the Central Bank as an Irish Collective Asset-Management Vehicle. The ICAV may establish Funds from time to time which may be open-ended, open-ended with limited liquidity or closed-ended Funds.

## **Structure**

The ICAV is structured as an umbrella fund which may consist of different Funds each comprising one or more Classes of Shares. In respect of certain performance fee paying Classes of one or more Funds as detailed in the relevant Supplement, Shares may be issued in Series (each a "Series") to facilitate the performance fee which may be charged to the relevant Class of that Fund.

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, the level of fees and expenses to be charged to a Fund or Class, 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, investment policy and strategy of each Fund. A separate portfolio of assets is not maintained for each Class. The investment objective, investment policy and strategy 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. Subject to the provisions of the AIF Rulebook and to the extent otherwise disclosed in this Prospectus and/or the relevant Supplement, each Fund shall distribute and/or accrue capital gains/losses and income to each Shareholder relative to their participation in the relevant Share Class.

Funds, in respect of which a Supplement or Supplements will be issued, may be established by the Directors only with the prior approval of the Central Bank. Classes, in respect of which a Supplement or Supplements may 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. Details of fees in respect of such additional Classes will be disclosed in the relevant Supplement.

## **Segregated Liability of Funds**

The ICAV is an umbrella fund with segregated liability between Funds in accordance with the ICAV Act. As a result, as a matter of Irish law, any liability attributable to a Fund subject to the ICAV Act, may only be discharged out of the assets of that particular Fund to which such liability relates and the assets of other Funds of the ICAV may not be used to satisfy the liability. In addition, any contract entered into by the ICAV on behalf of the Fund will, by operation of Irish law, include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any other Fund other than the Fund in respect of which the contract was entered into. There is no guarantee that legal systems outside of Ireland will recognise the principle of segregation.

To the extent possible under the ICAV Act, the Instrument contains provisions aimed at achieving segregation of liability between the Fund's Classes, by providing that liabilities attributable to a Class shall be borne by such Class, however, please refer to "Risk Factors: Cross Class Liability".

## **Liquidity of Funds**

Funds may be established as open-ended, open-ended with limited liquidity and closed-ended. The Dealing Days and notice periods for each Fund will be set out in the relevant Supplement.

## **Subsidiaries**

The ICAV may incorporate for the benefit of each Fund one or more Subsidiaries in accordance with the requirements of the Central Bank. To facilitate efficient investment for legal, regulatory or tax reasons the relevant Fund may seek to achieve its investment objective by investing all or substantially all of its assets in a Subsidiary. The investment objective and policy of a Subsidiary will reflect those of the relevant Fund. If a Fund utilises a Subsidiary then the details of the arrangement will be noted in the relevant Supplement.

## **Investment Objective, Investment Policy and Strategy**

The specific investment objective, investment policy and strategy 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.

The investment objective of an open-ended Fund may not be altered and material changes in the investment policy of a Fund may not be made without approval of Shareholders on the basis of a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held. 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 to redeem their Shares prior to implementation of such a change. "Material" shall be taken to mean, although not exclusively: changes which significantly alter the asset type, credit quality, borrowing or leverage limits or risk profile of the relevant Fund.

In the case of a Closed-Ended Fund or an open-ended Fund with limited liquidity, where there is a proposed change of investment objectives and/or material change of investment policies with no realistic opportunity for Shareholders to redeem or otherwise exit the relevant Fund, a Special Resolution shall be required to approve such amendments. Where there is a proposed change of investment objective and/or material change of investment policies with an opportunity for Shareholders to redeem or otherwise exit the relevant Fund, an Ordinary Resolution shall be sufficient to approve such amendments.

Where it is proposed to make non-material changes to investment policies of a Fund, the AIFM shall notify Shareholders of these changes. Notification can be provided by means of appropriate disclosure in the next annual report.

## **Investment Restrictions**

Investment of the assets of each Fund must comply with the investment restrictions imposed by the Central Bank's AIF Rulebook, this Prospectus and in the relevant Supplements. Further investment restrictions may be imposed in respect of any Fund. Any specific investment and borrowing restrictions applicable to each Fund (over and above the generic investment restrictions imposed by the Central Bank as detailed below) will be set out in the relevant Supplement and will be formulated at the time of establishment of the relevant Fund. The limits on investments contained in the AIF Rulebook applicable to Qualifying Investor AIFs and this Prospectus apply at the time of purchase of the investments and continue to apply thereafter. If those limits are subsequently exceeded for reasons beyond the control of the AIFM or as a result of the exercise of subscription rights, the AIFM must record such matters and adopt as a priority objective the remedying of that situation, taking due account of the interests of the ICAV and its Shareholders.

It is intended that a Fund will have the power (subject to the prior approval of the Central Bank and to any such change being materially consistent with the investment objective, investment policy and strategy of the relevant Fund) to avail of any change in the limits on investments contained in the AIF Rulebook which would permit investment by or on behalf of the relevant Fund in funds, securities, derivative instruments or in any other forms

of investments in which investment is at the date of this Prospectus restricted or prohibited under the AIF Rulebook.

The Central Bank imposes the following generic investment restrictions which are applicable to the ICAV:

- (i) Funds may not raise capital from the public through the issue of debt securities. That does not preclude the issue of notes by Funds, on a private basis, to lending institutions to facilitate financing arrangements;
- (ii) save where otherwise disclosed in the relevant Supplement in the case of a loan originating Fund complying with the requirements of the AIF Rulebook in respect of such Funds, Funds are not permitted to grant loans or act as a guarantor on behalf of third parties. This is without prejudice to the right of a Fund to acquire debt securities, derivatives or other financial assets. It will also not prevent Funds from acquiring securities which are not fully paid or from entering into bridge financing arrangements where the financing extended to the Fund is backed by sufficient legally binding commitments to discharge the financing within a time period determined by the at least simultaneous triggering of obligations on Shareholders to make capital contributions which they are previously contractually committed to making at the time the bridge financing is entered into; and
- (iii) the ICAV (in connection with all of the Funds which it manages) may not acquire any shares carrying voting rights that would enable it to exercise significant influence over the management of an issuing body, nor is it permitted to appoint an AIFM who would do so. This requirement does not apply to investments in other investment funds.

#### *Investing in Other Investment Funds*

The Central Bank imposes restrictions on Funds which invest in other funds as summarised below.

- (i) where a Fund invests in a collective investment scheme which is managed by the AIFM (or of its duly appointed delegates or sub-delegates), or by an associated or related company of the AIFM (or of its duly appointed delegates or sub-delegates), the manager of the collective investment scheme, in which the investment is being made, must waive any preliminary/initial/redemption charge which it would normally charge on account of the investment (excluding charges for the benefit of the collective investment scheme);
- (ii) where commissions or rebates are received by the AIFM by virtue of the Fund's investment into any collective investment scheme, such commissions or rebates must be paid to the property of the Fund;
- (iii) where a Fund (the "Investing Fund") invests in the shares of other Funds (each a "Receiving Fund"), the rate of the annual management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund's assets invested in Receiving Funds (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Receiving Funds or a combination of both) may not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund's assets, such that there shall be no double charging of annual management fee to the Investing Fund as a result of its investments in the Receiving Fund.

This provision also applies to an annual fee charged by the AIFM (and any of its duly appointed delegates) where such fee is paid directly out of the assets of the ICAV (if applicable); and

- (iv) a Fund may invest up to 100% of its assets in other funds, subject, generally (and as clarified in paragraph (v) below), to a maximum of 50% of net assets in any one underlying unregulated fund. A Fund must not



make investments which circumvent this restriction, for example, by investing more than 50% of net assets in two or more unregulated investment funds which have identical investment strategies. A Fund to which this paragraph applies may not invest more than 50% of net assets in another investment fund which itself invests more than 50% of net assets in another investment fund.

*When the Fund invests more than 50% of net assets in one other investment fund*

- (v) a Fund may invest more than 50% of its net assets in a single unregulated underlying fund provided that the Fund imposes a minimum subscription in excess of €500,000 or its equivalent in other currencies and the relevant Supplement contains certain disclosures relating to such underlying fund prescribed by the AIF Rulebook. In addition, such Fund may invest in one or more underlying funds which themselves invest more than 50% of their respective net assets in one or more underlying funds.

*Securitisation positions*

In accordance with the AIFM Legislation, the Fund shall assume exposure to the credit risk of a securitisation only if the originator, sponsor or original lender has explicitly disclosed that it retains, on an ongoing basis, a material net economic interest, which in any event shall not be less than 5%.

*Use of Subsidiaries*

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

## **Securities Financing Transactions Regulation**

*Securities Financing Transactions*

Where specified in the relevant Supplement, a Fund may enter into securities financing transactions which include repurchase agreements, reverse repurchase agreement and/or securities lending agreements in accordance with the requirements of the SFTR. Such transactions may be entered into by a Fund in order to generate additional income or profits in accordance with the investment objective and policies of the relevant Fund or in order to reduce expenses or hedge against risks faced by the Fund.

A repurchase agreement is an agreement pursuant to which one party sells securities to another party subject to a commitment to repurchase the securities at a specified price on a specified future date. A reverse repurchase agreement is an agreement whereby one party purchases securities from another party subject to a commitment to re-sell the relevant securities to the other party at a specified price on a specified future date. A securities lending arrangement is one where one party transfers securities to another party subject to a commitment from that party that they will return equivalent securities on a specified future date or when requested to do so by the party transferring the securities.

The use of the techniques described above may expose a Fund to the risks disclosed under the heading "*Risk Factors*" - "*Risks associated with Securities Financing Transactions*".

### *Total Return Swaps*

Where specified in the relevant Supplement, a Fund may enter into total return swaps for investment purposes in order to generate income or profits in accordance with the investment objective and policies of the relevant Fund, in order to reduce expenses or hedge against risks faced by the Fund.

A total return swap is a derivative contract under which one counterparty transfers the total economic performance, including income from interests and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty. The reference obligation of a total return swap may be any security or other investments in which the relevant Fund is permitted to invest in accordance with its investment objective and policies.

The use of total return swaps may expose a Fund to the risks disclosed under the heading “*Risk Factors*”: “*Risks Associated with Total Return Swaps*”

### *Revenues generated from Securities Financing Transactions and Total Return Swaps*

All revenues arising from securities financing transactions and total return swaps, net of direct and indirect operational costs and fees, shall be returned to the relevant Fund. This shall include fees and expenses paid to the counterparties to the relevant transactions/securities lending agents which will be at normal commercial rates plus VAT, if applicable.

Information on the revenues generated under such transactions shall be disclosed in the annual report of the ICAV, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. Such entities may include the AIFM, the Depositary or entities related to the AIFM or Depositary.

### *Eligible Counterparties*

In accordance with the AIFM Regulations, when selecting and appointing counterparties, the AIFM is required to exercise due skill, care and diligence before entering into an agreement and on an ongoing basis thereafter taking into account the full range and quality of their services.

Any counterparty to a OTC derivative contract or a securities financing transaction shall be subject to an appropriate assessment carried out by the AIFM, which shall include amongst other considerations, whether the counterparty is subject to prudential regulation, its financial soundness (including whether it is subject to sufficient capital requirements), external credit ratings of the counterparty, the organisational structure and resources of the relevant counterparty, country of origin of the counterparty and the legal status of the counterparty.

## **Collateral Management**

### *Types of collateral which may be received by a Fund*

Where necessary, a Fund may receive both cash and non-cash collateral from a counterparty to a securities financing transaction or an OTC derivative transaction in order to reduce its counterparty risk exposure.

The non-cash collateral received by a Fund may comprise of Government backed securities of varying maturity. The level of collateral required to be posted by a counterparty may vary by counterparty and where the exchange of collateral relates to initial or variation margin in respect of non-centrally cleared OTC derivatives which fall within the scope of EMIR, the level and type of collateral will be determined taking into account the requirements

of EMIR. In all other cases, collateral will be required from a counterparty where counterparty exposure limits imposed on the Fund would otherwise be breached.

There are no restrictions on the maturity of the collateral received by a Fund. Typically non-cash collateral received by a Fund will be highly liquid so that it can be sold quickly at a price that is close to its pre-sale valuation. Assets which exhibit high price volatility will only be accepted as collateral where a suitable haircut is applied in respect of such assets. The AIFM will typically only accept collateral that is issued by an entity that is independent from the counterparty, such that there is no direct correlation between the collateral received and the performance of the counterparty. The AIFM shall also ensure that the collateral received by a Fund is appropriately diversified in terms of country, markets and issuers, where relevant in accordance with the requirements set down in EMIR.

#### *Valuation of collateral*

Collateral that is received by a Fund will be valued on at least a daily basis. The non-cash collateral received by the Fund will be valued at mark to market given the required liquid nature of the collateral.

#### *Safe-keeping of collateral received by a Fund*

Collateral received by a Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary of the Depositary.

For other types of collateral arrangements, the collateral can be held by the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

#### *Re-use of collateral by a Fund*

Save where specified in the relevant Supplement, a Fund is not subject to any restrictions on the re-use of collateral.

#### *Posting of collateral by a Fund*

Collateral provided by a Fund to a counterparty shall be agreed with the relevant counterparty and may comprise of cash or any types of assets held by the relevant Fund in accordance with its investment objective and policies. Collateral may be transferred by a Fund to a counterparty on a title transfer basis where the assets are passed outside of the custody network and are no longer held by the Depositary or its sub-depositary. In such circumstances, subject to the requirements of SFTR, the counterparty to the transaction may use those assets in its absolute discretion. Where collateral is posted by a Fund to a counterparty under a security collateral arrangement where title to the relevant securities remains with the Fund, such collateral must be safe-kept by the Depositary or its sub-depositary, however, subject to the requirements of SFTR, such assets may be subject to a right of re-use by the counterparty.

### **Borrowing and Leverage Powers**

The ICAV may pass collateral and margin or charge or pledge, mortgage or otherwise encumber assets of the relevant Fund or any part thereof as security for such borrowings.

A Fund may borrow from brokers, banks and others on a secured or unsecured basis, and may employ leverage to the extent deemed appropriate by the AIFM as set in the relevant Supplement. A Fund will bear all of the costs and expenses incurred in connection therewith, including any interest expense charged on funds borrowed or

otherwise accessed. The maximum leverage to be employed by each Fund will be set out in the relevant Supplement.

For the purpose of providing margin or collateral in respect of a Fund's investment activities, the Fund may transfer, mortgage, charge or encumber any assets or cash forming part of its assets. The Fund may also charge, pledge, mortgage or otherwise encumber its assets or any part thereof as security for its borrowings. Further details in relation to any restrictions on the use of leverage and the provision of collateral or asset reuse arrangements applicable to each Fund will be set out in the relevant Supplement.

The ICAV shall not raise capital from the public through the issue of debt securities. However, this restriction does not operate to prevent the issue of debt instruments (including but not limited to debentures) by the ICAV in respect of one or more Funds, on a private basis, to one or more lending institutions to facilitate financing arrangements. It is not currently intended that the ICAV will enter into a debenture with one or more lending institutions in order to facilitate such financing arrangements.

The entering into of any such debentures by the ICAV or the issuance of any other such debt securities shall be consistent with relevant investment policy of the Fund and in accordance with the provisions of the AIF Rulebook.

The maximum leverage limit to be employed by a Fund will be set out in the relevant Supplement, calculated in accordance with:

- (i) the gross method (being the sum of the absolute value of the derivative positions relative to the net asset value of the Fund); and
- (ii) the commitment method (where each derivative position is converted into the underlying asset and the aggregate value of all positions is expressed as a percentage of the net asset value of the Fund).

Each method will be calculated in accordance with the Level 2 Regulation.

In addition, any right of reuse of collateral or any guarantee under the leveraging arrangements shall be disclosed without undue delay and shall include:

- (a) the original and revised maximum level of leverage calculated in accordance with the relevant provisions of the AIFM Regulations and the Level 2 Regulation, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of a Fund;
- (b) the nature of the rights granted for the reuse of collateral;
- (c) the nature of guarantees granted; and
- (d) details of changes in any service providers which relate to one of the items above.

Such information shall be provided in the information provided as part of the periodic reporting to investors.

### **Indemnities**

The ICAV has agreed to indemnify certain parties out of the assets of the ICAV in return for the provision of services and advice. The authority of the Directors to grant indemnities is set out in the Instrument and the summary of 'Material Contracts' in Section 14 of Appendix III outlines the indemnity provisions with key service providers.

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

It is intended that the ICAV 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 AIF Rulebook which would permit investment by the ICAV in investment funds, securities, derivative instruments or in any other instrument or asset in which investment is at the date of this Prospectus restricted or prohibited under the AIF Rulebook.

## **Hedged Classes**

The ICAV 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. 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. While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the AIFM. Classes may be leveraged as a result of currency hedging transactions. Details of leverage will be disclosed in periodic reporting to Shareholders and the annual reports of the Funds.

## **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 Instrument empowers the Directors to declare dividends in respect of any Shares in a Fund out of the capital or net income of the Fund being the income of the Fund from dividends, interest or otherwise and/or net realised and unrealised gains (that is, realised and unrealised capital gains net of all realised and unrealised losses) less accrued expenses of the Fund, subject to certain adjustments. In the event that a distribution is declared and remains unclaimed after a period of six years from the date of declaration, such distribution will be forfeited and will revert to the relevant Fund.

Where the dividend policy of a Fund as disclosed in the relevant Supplement is to declare dividends, pending payment to the relevant Shareholder, distribution payments will be held in an Umbrella Cash Account in the name of the ICAV and Shareholders entitled to such distributions will be unsecured creditors of the Fund. In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Therefore Shareholders will rank equally with all other unsecured creditors of the relevant Fund in respect of such dividend payments and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. In such circumstances, a Shareholder may not recover all dividend monies originally paid into the Umbrella Cash Account for onward transmission to that Shareholder.

Dividends will not be paid on non-verified accounts and any failure to supply the AIFM with any documentation requested by it for anti-money laundering and terrorist financing procedures may result in a delay in the payment of dividend proceeds. In such circumstances, the AIFM will process the dividend payment, however the proceeds of that dividend payment shall remain an asset of the Fund until paid to the relevant Shareholder.

Therefore Shareholders are advised to ensure that all relevant documentation requested by the AIFM in order to comply with anti-money laundering and terrorist financing procedures is submitted to the AIFM promptly on subscribing for Shares in the ICAV.

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” “Operation of Umbrella Cash Accounts” below.

### **Liquidity Management Policy and Redemption Rights**

Funds may be established as open-ended, limited liquidity or closed-ended funds. The Dealing Days and notice periods for each Fund will be set out in the relevant Supplement.

The AIFM maintains a liquidity management policy to monitor the liquidity risk of each of the Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management and systems and procedures employed by the AIFM enable it to identify, monitor and manage the liquidity risks of each Fund and are designed to ensure that the liquidity profile of the investments of a Fund facilitate compliance with the Fund's related obligations, including redemptions. Accordingly, the AIFM's liquidity management policy with respect to a Fund takes into account the investment strategy, the liquidity profile, redemption policy and other obligations of the Fund. The AIFM seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund is consistent.

In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the AIFM has regard to, among other things, the impact that redemptions may have on the price of a Fund's investments and the spreads of the individual assets of each Fund, under both normal and stressed circumstances.

Details of the redemption rights of Shareholders, including redemption rights of Shareholders in normal and exceptional circumstances are set out in the relevant Supplement and the sections of this Prospectus entitled “Redemptions and Switching”.

The AIFM's liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of any Fund.

If the AIFM's policy for managing liquidity should change, this will be set out in the annual report.

### **AIFM Liability Cover**

The AIFM maintains additional own funds as required by the AIFM Directive and the Level 2 Regulation to cover potential professional liability risks arising from professional negligence.

### **Fair Treatment of Shareholders**

In all of its decisions the ICAV and the AIFM shall ensure fair treatment of Shareholders and that any preferential treatment accorded by the ICAV or the AIFM to one or more investors (including those with legal or economic links to the ICAV or the AIFM) does not result in an overall material disadvantage to other investors.

Shareholders should also refer to “Agreements with Shareholders” in Appendix III – General Information.

### **Shareholder Rights**

Shareholders are entitled to participate in the Fund on the basis set out in this Prospectus (as amended from time to time). Appendix III – General Information – contains important information in relation to Shareholders' rights.

Absent a direct contractual relationship between a Shareholder and a service provider to the ICAV, a Shareholder will generally have no direct rights against the service provider, and there are only limited circumstances in which a Shareholder could potentially bring a claim against a service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the ICAV by the relevant service provider is the ICAV or the AIFM.

## **MANAGEMENT AND ADMINISTRATION**

### **Directors**

The Directors of the ICAV are Michael Whooley, Andrew Hanges and Daniel O'Donovan. The Directors' details are outlined below.

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

The Directors have delegated certain of their duties to the AIFM and the Depositary.

### **Michael Whooley**

Michael Whooley joined GAM Fund Management Limited in Dublin in July 1999 and prior to his appointment as a Director in February 2005 was employed as Head of Compliance. Prior to joining GAM, he was employed as Compliance Manager for Perpetual Fund Management (Jersey) Limited having joined the company in 1995. Before that he worked for KPMG Dublin for 6 years in their Corporate Tax department. He is a Fellow of the Institute of Chartered Accountants in Ireland and holds a Bachelor of Commerce degree from University College Dublin.

### **Andrew Hanges**

Andrew Hanges joined the GAM Group in February 1997 and is responsible for the global operations, including Client Services and Fund Administration, of the entire GAM Group. Prior to his involvement with GAM, Mr. Hanges was with First Union National Bank, as President of the Central New Jersey Area, a post he had taken up in 1994. From 1987 to 1994 he worked as Director of Operations at Midland Bank plc, London, and has over twenty years' experience in Banking and Financial Services. He holds a B.Sc. in Management and International Business from New York University and an MBA from the University of Southern California.

### **Daniel O'Donovan**

Daniel O'Donovan has over 35 years' experience in the financial services industry having served as a bond portfolio manager and trader with the Investment Bank of Ireland and was a founding shareholder of NCB Stockbrokers. He also served as an Executive Director of Montgomery & Govett, Managing Director of New Ireland Investment Managers, Managing Director of Setanta Asset Management Limited and executive director with Canada Life in Ireland during the period 1988 to 2007. Daniel currently serves as a non-executive director on the board of a number of financial service providers. He holds a BA in Mathematics and Economics from University College Cork.

### **The AIFM**

The AIFM of the ICAV is GAM Fund Management Limited, with responsibility for the portfolio and risk management of each Fund subject to the overall supervision and control of the Directors and with the power to delegate such functions. The AIFM has also been appointed to act as administrator, registrar and transfer agent of the ICAV.

The AIFM was incorporated in Ireland on 27 March 1990 and is a company limited by shares. It is regulated by the Central Bank of Ireland. The issued and paid-up share capital of the AIFM is EUR 126,974 divided into 100,000 shares of EUR 1.2697381 each. It is a wholly-owned subsidiary of GAM Group AG, an independent asset management business, listed on the SIX Swiss Exchange, which together with its subsidiaries, affiliates



and associated companies are hereinafter referred to as the "GAM Group". GAM Group AG, the parent company of the GAM group, is owned by GAM Holding AG. GAM Holding AG manages an aggregate net asset value of approximately CHF 131.3 billion as at 30 June 2017.

The AIFM was appointed pursuant to the AIFM Agreement. Under the AIFM Agreement, the AIFM has responsibility for among other things managing the investments of the Funds in pursuit of the investment objective, policy and strategy, and subject to the investment restrictions, described in each Supplement.

The AIFM may, in accordance with AIFM Legislation, delegate certain of the portfolio management or risk management functions of certain Funds to an Investment Manager, which may be an affiliate or another entity within the GAM Group. Any reference to the activities of the "AIFM" in this Prospectus in so far as they relate to portfolio or risk management may therefore refer to the AIFM or to such Investment Manager as the context allows.

The AIFM has not appointed an External Valuer to perform the valuation function and such function shall be carried out by the AIFM, unless otherwise stated in a Supplement.

### **Investment Manager(s)**

The AIFM intends to delegate portfolio management to one of more Investment Managers, the details of which will be disclosed in the Supplement of each Fund.

An Investment Manager may further delegate portfolio management in relation to the assets of a Fund to a Delegate Investment Manager. Any Delegate Investment Manager appointed shall be disclosed in the Supplement of the relevant Fund.

### **Delegate Administrator**

State Street Fund Services (Ireland) Limited has been appointed by the AIFM to act as delegate administrator of the ICAV pursuant to a Delegate Administration Agreement.

The Delegate Administrator is responsible for certain administrative duties, inter alia maintaining the ICAV's financial and accounting records, determining the Net Asset Value and the Net Asset Value per Share, preparing financial statements, arranging for the provision of accounting services and liaising with the ICAV in relation to disbursing payments of fees, subject to the overall supervision of the AIFM.

The Delegate Administrator is a limited liability company incorporated in Ireland on 23 March 1992 (registered number IE186184) by State Street Corporation. The authorised share capital of State Street Fund Services (Ireland) Limited is £5,000,000 with an issued and paid up capital of £250,000. State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street is headquartered in Boston, Massachusetts, USA, and trades on the New York Stock Exchange under the symbol STT.

### **Depository**

State Street Custodial Services (Ireland) Limited has been appointed as depository of the assets of the ICAV pursuant to a Depository Agreement.

The Depository's principal business is the provision of custodial and trustee services for collective investment schemes and other portfolios.

The Depositary is a limited liability company incorporated in Ireland on 22 May 1991 with registered number IE174330 and is ultimately owned by State Street Corporation. Its authorised share capital is £5,000,000 and its issued and paid up capital is £350,000. The Depositary is regulated by the Central Bank and as at 30 September 2017 the Depositary has funds under custody, in excess of \$1,026 trillion.

State Street Corporation is a leading world-wide specialist in providing sophisticated global investors with investment servicing and investment management. State Street is headquartered in Boston, Massachusetts, USA, and trades on the New York Stock Exchange under the symbol STT.

#### *Duties of the Depositary*

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the ICAV and the Funds in accordance with the provisions of the AIFM Legislation. The Depositary will also provide cash monitoring services in respect of the ICAV's cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the issue and repurchase of Shares in the ICAV is carried out in accordance with the AIFM Legislation and the Instrument. The Depositary will carry out the instructions of the Directors unless they conflict with the ICAV Act or the Instrument of the ICAV. The Depositary is also obliged to enquire into the conduct of the ICAV and the AIFM in each financial year and report thereon to the Shareholders.

#### *Depositary's Liability*

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

In respect of the loss of assets other than custody assets (as defined in the AIFM Regulations and Level 2 Regulation such as derivative instruments, etc.), the Depositary shall be liable for any loss suffered as a result of the Depositary's negligence or intentional failure to properly fulfil its obligations under the Depositary Agreement and the AIFM Regulations or from its wilful default, bad faith or recklessness in the performance of its duties.

The Depositary Agreement also provides that the Depositary may use other financial institutions, sub-custodians and nominees for the safekeeping of the assets of the Fund (each a "Sub-Custodian"), provided however that the liability of the Depositary will not be affected by the fact that it has entrusted to any such Sub-Custodian some or all of such assets in its safekeeping. The Depositary must satisfy specific criteria for the appointment and selection of the Sub-Custodians and must exercise all due skill, care and diligence in its periodic review and ongoing monitoring of the Sub-Custodian.

Pursuant to the Depositary Agreement, the Depositary may discharge itself of liability if it can prove that:

- (a) all requirements for the delegation of its custody tasks set out in the Depositary Agreement are met; and
- (b) a written contract between the Depositary and the third party expressly transfers the liability of the Depositary to that third party and makes it possible for the ICAV or the AIFM acting on behalf of the ICAV to make a claim against the third party in respect of the loss of financial instruments or for the Depositary to make such a claim on their behalf; and

- (c) the Depositary has established and communicated to the ICAV and the AIFM such arrangement and the objective reason for such a discharge. Shareholders should note that the Depositary and the ICAV have agreed that the Depositary has established in the Depositary Agreement an objective reason for the discharge of its liability i.e. where the ICAV invests in assets in jurisdictions where assets are required to be held by a local Sub-Custodian (where the Depositary complies with the relevant regulatory requirements for the appointment of such Sub-Custodian).

In the event that there are any changes to Depositary liability, Shareholders will be informed of such changes without delay.

### **Global Distributor**

GAM Limited has been appointed Global Distributor to all of the Funds. The Global Distributor may delegate its functions to sub-distributors and/or selling agents. The duties of the Global Distributor are set out in the Global Distribution Agreement, details of which are set out under "Material Contracts".

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

Local laws/regulations in member states of the EEA may require the appointment of correspondent banks/paying agents/facilities agents and maintenance of accounts by such agents through which subscription and redemption monies may be paid. Investors who choose or are obliged under local regulations to pay or receive subscription or redemption monies via an intermediate entity (e.g. a sub-distributor or agent in the local jurisdiction) rather than directly to the Depositary of the ICAV bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant investor. Correspondent banks, paying agents or facilities agents may be appointed in one or more countries. Details of the correspondent banks, paying agents or facilities agents appointed in different countries shall be available upon request from the AIFM.

### **Auditors**

The auditors to the ICAV are PricewaterhouseCoopers, whose address is One Spencer Dock, North Wall Quay, Dublin 1, Ireland and they are responsible for auditing the annual accounts of each Fund and expressing an opinion on certain matters relating to the ICAV in the annual report, including whether the ICAV's accounts have been prepared in accordance with applicable accounting standards. The Auditor's engagement letter does not provide for any third party rights for investors.

### **Secretary**

The secretary of the ICAV is GAM Fund Management Limited and its registered office is at George's Court, 54-62 Townsend Street, Dublin 2, Ireland.

## CONFLICTS OF INTEREST

The Directors, the AIFM, the Delegate Administrator, the Investment Manager(s), the Delegate Investment Manager(s), the Depositary and the Global Distributor and their respective affiliates, officers, directors and shareholders, employees and agents 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 ICAV and/or their respective roles with respect to the ICAV. 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 ICAV may invest.

In particular, the AIFM and the Investment Manager(s) 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. Neither the AIFM nor any of its affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the ICAV or any Fund in respect of (or share with the ICAV or the Fund or inform the ICAV 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 ICAV or the Fund and other clients.

There is no prohibition on transactions with the ICAV by the AIFM, the Delegate Administrator, the Investment Manager(s), the Delegate Investment Manager(s), the Depositary and the Global Distributor or by delegates or group companies of these including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the ICAV and none of them shall have any obligation to account to the ICAV for any profits or benefits made by or derived from or in connection with any such transaction provided that any transactions relating to the purchase or sale of Investments to or from the relevant Fund 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 and:

- (a) a certified valuation of a transaction by a person approved by the Depositary (or in the case of a transaction involving the Depositary, the Directors) as independent and competent has been obtained; or
- (b) the relevant transaction is executed on the best terms on an organised investment exchange under its rules;  
or
- (c) where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary (or in the case of a transaction involving the Depositary, the Directors) is satisfied conform with negotiation at arm's length and in the best interest of Shareholders.

The AIFM acknowledges that there may be some situations where the structural or business arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the ICAV or its Shareholders will be prevented. Where it is not practicable to mitigate conflicts the AIFM will ensure that they are disclosed to Shareholders in the annual report or otherwise appropriate format. The Directors of the AIFM shall endeavour to ensure that the conflict is resolved fairly and in the interests of Shareholders.

In addition to the conflicts described above, conflicts may arise between the interests of the AIFM and its permitted delegates in the following circumstances: if the AIFM and delegate are members of the same group (or have any other contractual relationship) and the delegate controls the AIFM or has the ability to influence its actions; where the delegate and an investor in a Fund are members of the same group (or have any other contractual relationship) if the investor controls the delegate or has the ability to influence its actions; where

there is a likelihood that the delegate makes a financial gain or avoids a financial loss at the expense of a Fund or the investors in that Fund; where there is a likelihood that the delegate has an interest in the outcome of a service or an activity provided to the AIFM; where there is a likelihood that the delegate has a financial or other incentive to favour the interest of another client over the interests of a Fund or the investors in that Fund; where subject to applicable law, there is a likelihood that a delegate receives or will receive from a person other than the AIFM an inducement in relation to the collective portfolio management activities provided to the AIFM and a Fund in the form of monies, goods or services other than the standard commission or fee for that service.

The AIFM or an associated company of the AIFM 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 AIFM or its associated company may hold a high proportion of the Shares of a Fund or Class in issue.

Details of interests of the Directors are set out in the section "Directors' Interests" in Appendix III – General Information.

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

## **FEES AND EXPENSES**

### **Allocation of Fees and Expenses to the Funds**

In accordance with the Instrument, each Fund shall keep separate books and records in which all transactions relating to the relevant Fund shall be recorded and all fees, expenses and liabilities attributable to a particular Fund shall be allocated to that Fund and within such Fund to the Classes in respect of which they were incurred. As a result, details on fees and expenses attributable to a particular Fund will be detailed in the relevant Supplement for that Fund. 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. The following disclosures relate to fees and expenses which are generally borne by the ICAV as a whole being attributable to one or more Funds and applied on a pro rata basis by the Directors in their discretion and in accordance with the Instrument.

### **Fees of the AIFM, Global Distributor, Delegate Administrator, Investment Manager(s), Delegate Investment Manager(s) and Depositary**

The annual fees of the AIFM, Global Distributor, Delegate Administrator, Investment Manager(s), Delegate Investment Manager(s) (if any) and the Depositary in respect of each Fund shall be disclosed in each Supplement, where such fees are discharged out of the assets of the Fund.

### **Dealing Fees**

Details of subscription, redemption and switching fees, if applicable, will be set out in the relevant Supplement for each Fund.

### **Establishment Expenses**

All fees and expenses relating to the establishment and organisation of the ICAV and the initial sub-funds including regulatory fees and the fees of the ICAV's professional advisers (including legal, accounting and taxation advisers) will be borne by the AIFM. Such fees and expenses are estimated to amount to approximately \$75,000 (plus VAT, if any). The AIFM may recharge 50% of such fees and expenses (or if such amount is greater than 0.50% of the Net Asset Value of the ICAV at that time, the AIFM may recharge the latter amount) in the second year of establishment of the ICAV and the remaining percentage (or if such amount is greater than 0.50% of the Net Asset Value of the ICAV at that time, the AIFM may recharge the latter amount) in the third year of establishment of the ICAV. If such fees and expenses are not fully recharged after the third year of establishment of the ICAV, the AIFM may continue to recharge as per the above formula in each subsequent year until such fees and expenses are fully recharged.

Shareholders should note that the establishment expenses shall be recorded in the annual audited accounts in accordance with International Financial Reporting Standards.

### **Operating Expenses and Fees**

The ICAV will pay all its operating expenses and the fees hereinafter described as being payable by the ICAV. Expenses paid by the ICAV throughout the duration of the ICAV, in addition to fees and expenses payable to the Delegate Administrator, the Global Distributor, the Investment Manager(s), the Delegate Investment Manager(s)

the Depositary, the AIFM, any Prime Broker appointed by or on behalf of the ICAV or any External Valuer include but are not limited to brokerage and banking commissions and charges, legal and other professional advisory fees, secretarial fees, statutory fees, regulatory fees, Central Bank fees and charges, licensing fees (including those incurred by the AIFM in operating its transfer agency system but charged on a pro-rata basis to the ICAV), investment research costs, auditing fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the ICAV, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic updates of the Prospectus, all expenses in connection with registration, listing and distribution of the ICAV 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 ICAV, in accordance with standard accounting practice, at the discretion of the Directors. An estimated accrual for operating expenses of the ICAV 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 ICAV 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, Class or Series shall be borne solely by the relevant Fund, Class or Series as appropriate.

#### **Anti-Dilution Levy**

The Directors reserve the right to impose an "Anti-Dilution Levy" on a Fund in accordance with the requirements of the Central Bank and on such terms as the Directors in their absolute discretion deem fair or deem as being in the best interests of a Fund to account for any dilution (reduction) in the value of the Fund's property arising in connection with subscriptions into and redemptions from the Fund, which may (but is not required to) represent a provision for transactions associated with subscriptions or redemptions in the Fund. The Anti-Dilution Levy may also (but is not required to) include a provision for market spreads and duties and charges in any other case where such a provision is considered by the Directors to be in the best interests of a Fund and in accordance with the requirements of the Central Bank.

Any Anti-Dilution Levy applied will be added to or deducted from the Net Asset Value per Share as appropriate and will be paid to the account of the relevant Fund and attributed to the relevant Class of Shares in respect of which the Anti-Dilution Levy was charged.

The Directors may also determine in their absolute discretion that an Anti-Dilution Levy should not be applied to subscriptions into or redemptions from a Fund to be effected on any Dealing Day as applicable.

Further details of any Anti-Dilution Levy applicable to a Fund will be set out in the Supplement for the Fund.

#### **Directors' Fees**

The Instrument authorises the Directors to charge a fee for their services at a rate determined by the Directors and may be entitled to special remuneration if called upon to perform any special or extra services to the ICAV.

The Directors other than such persons who are directors or officers or employees of other companies affiliated to the AIFM will be entitled to remuneration for their services as determined by the Directors which shall not exceed €35,000 (excluding VAT and miscellaneous outlay) per Director per annum. The fees paid to Directors will be clearly set out in the ICAV's annual audited financial statements.. All Directors will be entitled to reimbursement

by the ICAV of expenses properly incurred in connection with the business of the ICAV or the discharge of their duties.

### **Correspondent Bank, Paying Agent and Facilities Agent Fees**

Fees and expenses of corresponding banks/paying agents/facilities agents which will be at normal commercial rates will be borne by the relevant Fund. Fees payable to the agent which are based upon the Net Asset Value will be payable only from the Net Asset Value of the relevant Fund attributable to the classes of the Shares, all Shareholders of which Class are entitled to avail of the services of the correspondent bank, paying agent or facilities agent as the case may be.

### **Fee Changes**

Save where otherwise disclosed in the relevant Supplement, the rates of fees for the provision of services to any Fund or Class may be changed provided that written notice is given to affected Shareholders prior to the new fees becoming effective. Where it is proposed to increase the AIFM's annual management fees, or as applicable in accordance with Central Bank's requirements the Investment Manager's annual fees, above the maximum levels, and Shareholders are given an opportunity to redeem their Shares or otherwise exit the Fund prior to the implementation of the change, this increase must be approved by Shareholders by way of an Ordinary Resolution and reasonable notice must be provided to Shareholders who wish to redeem from the relevant Fund before the AIFM's annual management fees or the Investment Manager's annual fees are increased. In the case of a closed ended Fund where there is no realistic opportunity for Shareholders to redeem or otherwise exit the Fund prior to the implementation of the increase, this increase must be approved by shareholders by way of a Special Resolution. However, where there is a realistic provision for liquidity with an opportunity for Shareholders to redeem or otherwise exit the Fund or Class, an Ordinary Resolution shall be sufficient to increase the maximum annual management fees of the AIFM or the Investment Manager.

### **Remuneration Policy of the AIFM**

The AIFM has implemented a remuneration policy pursuant to the principles laid down in Schedule 2 of the AIFM Regulations and the AIF Rulebook. This remuneration policy shall be consistent with and shall promote sound and effective risk management and shall focus on the control of risk-taking behaviour of senior management, risk takers, employees with control functions and employees receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the AIFM and the Funds.

In line with the provisions of the AIFM Regulations the ESMA Guidelines on Remuneration, each of which may be amended from time to time, the AIFM applies its remuneration policy and practices in a manner which is proportionate to its size and that of the ICAV, its internal organisation and the nature, scope and complexity of its activities.

Further details relating to the current remuneration policy of the AIFM are available on [www.gam.com](http://www.gam.com). This includes a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits. A paper copy will be made available upon request free of charge by the AIFM.



## **Side Pocket Shares**

The management fee and performance fee payable in respect of Side Pocket Shares will be as agreed between the AIFM and the ICAV. The performance fee in respect of Side Pocket Shares issued will not be more than 20 per cent of appreciation in Net Asset Value per Side Pocket Share of that Class during the entire period the Side Pocket Share is in issue and will be verified by the Depositary. The investment management fee payable in respect of the Side Pocket Shares will be as agreed between the AIFM and the ICAV and will not exceed 1/12 of 2 per cent per month of the Net Asset Value of such Shares.

The fees payable to the Administrator and the Depositary in respect of Side Pocket Shares will be as agreed between the relevant parties.

## THE SHARES AND SUBSCRIPTIONS

### General

Shares may be issued on any Subscription Day. Shares issued in a Fund or Class will be in registered form and denominated in the Reference Currency specified in the relevant Supplement for the relevant Class. Shares will be fully paid and will have no par value and will first be issued on the first Business 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.

In order to facilitate the equitable application of any performance fee which may be charged by the AIFM or any of its delegates or sub-delegates in respect of performance fee-paying Classes of one or more Funds as detailed in the relevant Supplement, an initial Series of Shares (the "Initial Series") for each relevant performance fee-paying Class may be issued on the first Business Day after the expiry of the Initial Offer Period of the relevant Class. A description of the method of calculation of any such performance fee shall be set out in the relevant Supplement.

Thereafter, a new Series of Shares shall be issued on each Subscription Day on which Shares in any such performance fee paying Class are purchased, unless otherwise specified in the relevant Supplement.

At the end of each performance fee calculation period (as set out in the relevant Supplement), each Series is consolidated or rolled-up into its associated Initial Series by the ICAV repurchasing without notice each Share of that Series at its then current Net Asset Value (after the payment of any investment management fees and performance fees), and applying the redemption proceeds to purchase Shares (and fractional Shares where necessary) in the associated Initial Series at their then current Net Asset Value. This mechanism may not apply in certain circumstances, as detailed in the relevant Supplement.

Where Shares are issued in Series in respect of any performance fee paying Class, all references to Class or Classes in the Prospectus shall be construed where applicable as if such references were made to Series.

### Registered Shares

Title to Shares will be evidenced by the entering of the investor's name on the ICAV's register of Shareholders and no certificates will be issued. Amendments to a Shareholder's registration details and payment instructions may only be made following receipt of original written instructions from the relevant Shareholder. Shares are intangible personal property which give the holders thereof certain legal rights.

### Transfer Rights

All Classes of Shares are fully transferrable by any Shareholder during the whole period of their investment term to any Qualifying Investor subject to such any limitations and approval requirements as set out under the heading "Transfer of Shares".

### Side Pockets

The Directors may in exceptional circumstances create and issue a new class or classes or Side Pocket Shares in respect of a Fund formed expressly for the purpose of being attributed to interests in investments or any particular investment which after their acquisition become, in the opinion of the Directors, either not reasonably practicable to value or illiquid such that applying a value may be prejudicial to Shareholders ("Value Affected Investments"). Such Side Pocket Shares will be redeemable by the ICAV only when so determined by the

Directors.

The creation of Side Pocket Shares in relation to any Value Affected Investment of a Fund will involve (a) the compulsory redemption of an appropriate percentage of Shares held by each Shareholder in the Fund which in aggregate is equal to the net asset value of the investments in respect of which the Side Pocket Shares are issued and (b) the issue of Side Pocket Shares in proportion to the relevant Shareholder's holding of Shares in the Fund. In addition to the Value Affected Investments, the Directors may determine to include in the relevant investments for these purposes such cash reserve as they determine as appropriate for commitments and contingencies relating to the Value Affected Investments. This may include without limitation cash for the purposes of any proposed hedging transactions.

### **Voting Rights**

Shares may be issued as voting or non-voting shares and the voting rights attributable to Shares are summarised in the section 3 in Appendix III, headed "Voting Rights". Confirmations as to whether a particular Class is a voting Class or a non-Voting Class will be set-out in the relevant Supplement.

### **"Ineligible Applicants" and Ownership Restrictions**

In accordance with the requirements of the Central Bank, Shares may only be held by Qualifying Investors. The subscription application form requires each prospective applicant for Shares to represent and warrant to the ICAV that, among other things, it is able to acquire and hold Shares without violating applicable laws. Investors must certify on the relevant subscription application form that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the ICAV, are aware of the risks inherent in investment in the assets in which the ICAV will invest and the method by which these assets will be held and/or traded, and can bear the loss of their entire investment in the ICAV. Any transferee of Shares will be required to certify in like terms before any transfer is registered.

The Directors may decline to accept any subscription 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 ICAV or might result in the ICAV or a Fund suffering certain disadvantages which it might not otherwise suffer. 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 ICAV or a Fund to incur any liability to taxation or to suffer any pecuniary, legal, fiscal disadvantage or regulatory liability or material administrative 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 ICAV, the AIFM, the Depositary, the Delegate 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 ICAV.

### **Subscription Procedure**

Details of the Subscription Days, offer and notice periods, fees and related information relevant to the subscription of Shares in a particular Fund will be set out in the relevant Supplement. The information in the Supplement will take precedence, however, the general procedure to be followed in making applications of all Shares, is similar and can be summarised as follows.

Applications for Shares may be made by completing the subscription application form which can be obtained from the AIFM. Applications received by the AIFM by the relevant Subscription Dealing Deadline for any

Subscription Day will be processed on that Subscription Day. Any applications received after the Subscription Dealing Deadline for a particular Subscription Day will be processed on the following Subscription Day unless the AIFM in its absolute discretion otherwise determines to accept one or more applications received after the Subscription Dealing Deadline for processing on that Subscription Day provided that such application(s) have been received prior to the Valuation Point for the particular Subscription Day.

An application to buy Shares should be submitted to the AIFM in writing by post, or by facsimile, telephone or by e-mail (or by such other means as the AIFM may from time to time determine). If applying by facsimile, telephone or e-mail to buy Shares in the ICAV for the first time, such requests must be subsequently confirmed in writing and the original subscription form (and supporting documentation in relation to money laundering checks) must be received promptly thereafter. Applications to buy Shares by telephone (where the applicant is an existing investor) will be treated as a definite order even if not confirmed in writing. In relation to applications to buy Shares by facsimile, telephone and e-mail, the AIFM reserves the right to contact the applicant and/or agent to confirm any of the information therein before processing the instructions. A request to buy Shares once given shall be irrevocable unless the AIFM shall otherwise agree, save during any period when the determination of the Net Asset Value of the relevant Fund is suspended in a manner described under the heading "Suspension of Valuation of Assets". The AIFM may require the original signed subscription application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required. No redemptions will be paid until the subscription application form and such other papers as may be required by the AIFM have been received and all anti-money laundering procedures have been completed. The original subscription application form and anti-money laundering documentation may be required. Amendments to a Shareholder's registration details and payment instructions may only be made following receipt of original written instructions from the relevant Shareholder.

Shares will be issued in uncertificated form. A confirmation note however will be sent to the applicant on acceptance of the application providing full details of the transaction and confirming ownership of the Shares. All Shares issued will be registered and the share register will be conclusive evidence as to ownership.

Shares shall not be issued unless the applicable aggregate subscription proceeds for the Shares, and any applicable subscription charge and/or any anti-dilution levy, is paid by the Subscription Settlement Deadline set out in the relevant Supplement and in accordance with the provisions of the subscription application form.

#### **Liability Statement**

None of the ICAV, the AIFM, the Delegate Administrator, the Investment Manager(s) or the Depositary or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of subscription or related 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.

#### **Fractions**

Fractions of not less than one hundredth of a Share may be issued. Application monies representing smaller fractions of Shares will not be returned to the applicant but will be retained as part of the assets of the relevant Fund.

## **Method of Payment**

Subscription payments net of all bank charges should be paid to the bank account specified in the subscription application form. Other methods of payment are subject to the prior approval of the AIFM. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Subscription Day.

## **Currency of Payment**

Subscription monies are payable in the Reference Currency of a Share Class. However, the AIFM may, in its sole discretion, accept payment in such other currencies as the AIFM may agree at the prevailing exchange rate determined by the AIFM. The cost and risk of converting currency will be borne by the investor.

## **Timing of Payment**

Payment in respect of subscriptions must be received by the Subscription Settlement Deadline unless otherwise determined by the Directors in their discretion in respect of a particular subscription application or unless otherwise set out in the subscription application form. All payments will be checked before clearance by the AIFM in accordance with its internal procedures, including but not limited to the corresponding subscription application form, anti-money laundering requirements issues and any other issue the AIFM deems appropriate. In all cases the ICAV and the AIFM reserve the right to defer the issue of Shares until proper receipt and clearance of funds by the ICAV. If payment in cleared funds in respect of a subscription has not been received by the relevant time, any allotment of Shares made in respect of such application may be cancelled and subject to the requirements of the ICAV Act, an alteration in the register of Members may be made. In the event of the non-clearance of subscription monies, any allotment in respect of an application may be cancelled. In either event and notwithstanding cancellation of the application, the ICAV may charge the applicant for any expense incurred by it or the Fund or for any loss to the Fund arising out of such non-receipt or non-clearance. In addition, the ICAV will have the right to sell all or part of the applicant's holding of Shares in the relevant Class in order to meet those charges and may be required to liquidate assets to repay any shortfall between the redemption proceeds and any amounts borrowed. Whilst the defaulting Shareholder will be liable for any costs incurred by the Fund in so doing, there is a risk that the Fund may not be able to recover such costs from such Shareholder. The ICAV or the AIFM may waive the relevant cut off time provided cleared funds are received prior to the Valuation Point.

Subscription monies received in respect of a Fund in advance of the issue of Shares as of the relevant Subscription Day will be held in an Umbrella Cash Account and will be treated as an asset of the relevant Fund upon receipt and will not benefit from the application of any investor money protection rules. In such circumstances, investors will be unsecured creditors of the relevant Fund with respect to the amount subscribed and held by the ICAV until such Shares are issued as of the relevant Subscription Day. In the event of an insolvency of the Fund or the ICAV, there is no guarantee that the Fund or the ICAV will have sufficient funds to pay unsecured creditors in full. Investors will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore in such circumstances, the investor may not recover all monies originally paid into the Umbrella Cash Account.

Further information relating to the operation of the Umbrella Cash Accounts is set out at the section below entitled "Operation of Umbrella Cash Accounts in the name of the ICAV". Your attention is also drawn to the section of the Prospectus below entitled "Risk Factors" – "Operation of Umbrella Cash Accounts".

### **“In Specie” Subscriptions**

The Directors may in their absolute discretion on any Subscription Day allot Shares in any Class on terms that settlement shall be made by the vesting in the ICAV, to be attributed to the relevant Fund, of assets of the type in which the subscription monies for the relevant Shares may be invested in accordance with the investment objective policy and restrictions of the relevant Fund and otherwise upon such terms as the AIFM may think fit provided that:

- (a) no Shares shall be issued until the assets or property have been vested or arrangements are made to vest the assets or property with the Depositary or its sub-custodian to the Depositary's satisfaction;
- (b) any such exchange shall be effected on terms (including provision for paying out of the ICAV's assets, the expenses of the exchange and any preliminary charge payable on the issue of Shares) that the number of Shares to be issued shall be that number which would have been issued at the Subscription Price for a Share for a cash amount equal to the value of the Investments as calculated in accordance with Clause 15.00 of the Instrument including such sum as the Directors may consider represents an appropriate provision for Duties and Charges which would arise on the acquisition of the Investments for cash but less such sum as the Directors may consider represents any Duties and Charges to be paid out of the ICAV's assets in connection with the vesting of the Investments;
- (c) the Investments to be transferred to the ICAV shall be valued on such basis as the Directors with the consent of the Depositary may decide so long as such value does not exceed the highest amount that would be obtained on the date of the exchange by applying the rules relating to valuation of Investments contained in Clause 16.00 of the Instrument;
- (d) there may be paid to the incoming Shareholder out of the assets or property of the relevant Fund a sum in cash equal to the value at the current price of any fraction of a Share excluded from the calculation aforesaid; and
- (e) the Depositary shall be satisfied that the terms of such exchange shall not be such as are likely to result in any material prejudice to the existing Shareholders.

### **Transfer of Shares**

Shares, while freely transferrable, may not be transferred to any legal person who (i) is not a Qualifying Investor (as defined in the “Definitions” section), (ii) is an “Ineligible Applicant” (as described above), (iii) who does not meet the Minimum Subscription (as defined in the “Definitions” section) or (iv) any other circumstance specified in the relevant Supplement and permitted by the Instrument.

In addition, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration of transfers shall not be suspended for more than ninety 90 days in any year. Applications accepted will be subject to the terms of the Instrument. The Directors will only use such measures in the interest of Shareholders and will notify Shareholders of any such action.

### **Anti-Money Laundering Measures**

Measures aimed at the prevention of money laundering may require a detailed verification of the investor's identity. Depending on the circumstances of each application, a detailed verification might not be required where (i) the investor makes payment from an account held in the investor's name at a recognised financial institution 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 regulations or satisfies other applicable conditions. By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence together with two original or certified pieces of evidence of his/her address such as a utility bill or bank statement not less than three months old and disclose his/her occupation and date of birth. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and of the names, dates of birth and residential and business addresses of all directors and beneficial owners and of the authorised signatories of the applicant, which must be certified. Amendment to any investor records will only be effected by the AIFM upon receipt of original evidencing documentation.

The details given above are by way of example only and the AIFM and the ICAV each reserve the right to request such information as is necessary to verify the identity of an investor. Applicants should refer to the subscription application form for a more detailed list of requirements for anti-money laundering purposes. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the AIFM or the ICAV may refuse to accept the application and subscription monies. Each applicant for Shares acknowledges that the ICAV and its delegates shall be held harmless against any loss arising as a result of a failure to process or a delay in processing his application for Shares or redemption request if such information and documentation as has been requested by the ICAV or its delegates has not been provided by the applicant.

Any failure to supply the ICAV with any documentation requested by it for anti-money laundering and terrorist financing procedures may result in a delay in the settlement of redemption proceeds or distribution monies. In circumstances where a redemption request is received, the ICAV will process any redemption request received by a Shareholder. However, investors should note that the proceeds of any redemption attributable to the relevant Fund will be held in the relevant Umbrella Cash Account and therefore shall remain an asset of the relevant Fund. The redeeming Shareholder will rank as a general creditor of the relevant Fund until such time as the ICAV is satisfied that its anti-money laundering and terrorist financing procedures have been fully complied with, following which redemption proceeds will be released.

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

Your attention is drawn to the section of the Prospectus entitled “Risk Factors” –“Operation of Umbrella Cash Accounts” below.

Accordingly, a Shareholder is advised to ensure that all relevant documentation requested by the ICAV in order to comply with anti-money laundering and terrorist financing procedures is submitted to the ICAV promptly on subscribing for Shares in the ICAV in order to ensure timely release of redemption proceeds or dividend monies.

Shareholders should also note that measures aimed towards the prevention of money laundering may require that a Shareholder satisfactorily (re)verify its identity as a precondition to:

- (a) being paid any declared dividends or distributions; or

- (b) before an application for further subscription (and subscription money) is accepted.

### **Data Protection Information**

Prospective investors should note that by completing the subscription application form they are providing information to the ICAV, which may constitute personal data within the meaning of the Data Protection Acts in Ireland. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, market research and to comply with any applicable legal or regulatory requirements, disclosure to the ICAV (its delegates and agents) and, if an applicant's consent is given, for direct marketing purposes.

Data may be disclosed to third parties including:

- (a) regulatory bodies, tax authorities; and
- (b) delegates, advisers and service providers of the ICAV and their or the ICAV's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA which may not have the same data protection laws as in Ireland) for the purposes specified. For the avoidance of doubt, each service provider to the ICAV (including the AIFM, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies) may exchange the personal data, or information about the investors in the ICAV, which is held by it with another service provider to the ICAV.

Personal data will be obtained, held, used, disclosed and processed for any one of more of the purposes set out in the subscription application form.

Investors have a right to obtain a copy of their personal data kept by the ICAV and the right to rectify any inaccuracies in personal data held by the ICAV. As of 25 May 2018 being the date the General Data Protection Regulation (EU 2016/679) comes into effect, investors will also have a right to be forgotten and a right to restrict or object to processing in a number of circumstances. In certain limited circumstances, a right to data portability may apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

### *Beneficial Ownership Regulations*

The ICAV may also request such information (including by means of statutory notices) as may be required for the establishment and maintenance of the ICAV's beneficial ownership register in accordance with the Beneficial Ownership Regulations. It should be noted that a beneficial owner (as defined in the Beneficial Ownership Regulations) ("Beneficial Owner") has, in certain circumstances, obligations to notify the ICAV in writing of relevant information as to his/her status as a Beneficial Owner and any changes thereto (including where a Beneficial Owner has ceased to be a Beneficial Owner).

Applicants should note that it is an offence under the Beneficial Ownership Regulations for a Beneficial Owner to (i) fail to comply with the terms of a beneficial ownership notice received from or on behalf of the ICAV or (ii) provide materially false information in response to such a notice or (iii) fail to comply with his/her obligations to provide relevant information to the ICAV as to his/her status as a Beneficial Owner or changes thereto in certain circumstances or in purporting to comply, provide materially false information.



## REDEMPTIONS AND SWITCHING

### Redemption of Shares

Details of the Redemption Days, offer and notice periods, fees and related information relevant to the redemption or conversion of Shares in a particular Fund will be set out in the relevant Supplement.

Investors should be aware that no redemption payments may be made until all cleared funds documentation required (including any documents in connection with anti-money laundering procedures) have been received and the anti-money laundering procedures have been completed. The original subscription application form and anti-money laundering documentation will be required. In addition, redemption requests may be processed on receipt of instructions in writing by post, facsimile, telephone or by e-mail once the AIFM is satisfied that all supporting documentation is in order. Neither the ICAV nor the AIFM will accept any responsibility for any loss resulting from non-receipt of any instructions.

Investors should note that Funds can be established as open-ended, open-ended with limited liquidity or closed-ended funds and their ability to redeem or switch Shares, if any, will be affected accordingly.

Shareholders may redeem their Shares on any Redemption Day at the Net Asset Value per Share of the relevant Class calculated as at the Valuation Point with respect to the relevant Redemption 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 normally be redeemed in any one redemption transaction (if any) is specified in the relevant Supplement for each Fund or Class, which amount may be waived or varied by the Directors in their discretion. If the redemption of part only of a Shareholder's holding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Directors or their delegate may, if it thinks fit, redeem the whole of that Shareholder's holding.

Where relevant, if a redeeming Shareholder owns Shares of more than one Series within a Class, Shares will be redeemed on a "first in-first out basis" for the purposes of determining the redemption price. Accordingly, Shares of the earliest issued Series owned by the Shareholder will be redeemed first, at the relevant redemption price for Shares of such Series, until the redeeming Shareholder no longer owns any Shares attributable to such Series.

Shareholders will not receive or be credited with any distribution declared on or after the Redemption Day on which Shares were redeemed.

### *Redemption Requests*

Requests for the redemption of Shares should be submitted to the AIFM in writing by post, or by facsimile, telephone or by e-mail (or by such other means as the AIFM may from time to time determine) and should include such information as may be specified from time to time by the Directors, the AIFM or their delegates.

Requests for redemption received prior to the Redemption Dealing Deadline for any Redemption Day will be processed on that Redemption Day. Any requests for redemption received after the Redemption Dealing Deadline for a Redemption Day will be processed on the next Redemption Day unless the Directors in their absolute discretion determine otherwise to accept one or more redemption requests received after the Redemption Dealing Deadline for processing on that Redemption Day provided that such application(s) have been received prior to the Valuation Point for the particular Redemption Day.

Each Fund will settle redemption proceeds after the Redemption Day as soon as practicable once sufficient investments have been realised to settle the redemption. In certain circumstances, in respect of any Fund, the Directors, in consultation with the AIFM, may extend the settlement of all or a portion of any redemption until such time as the relevant Fund is able to realise sufficient assets to settle such redemption in full.

Any applicable redemption charge will be deducted from redemption proceeds prior to payment. The details of any redemption charge are set out in the Supplement of each Fund.

Shareholders should always quote their designated account number on all dealing instructions and communications with the AIFM. A pre-designated bank account must be nominated by and should be in the name of the Shareholder. The AIFM may refuse to pay redemption proceeds to an account other than one in the name of the Shareholder.

#### *Open-ended Funds – Deferred Redemptions*

If the number of Shares of a Fund falling to be repurchased on any Redemption Day is greater than or equal to one tenth or more of the Net Asset Value of the relevant Fund, then the ICAV in consultation with the AIFM may in its discretion refuse to repurchase any Shares in that Fund in excess of one tenth of the Net Asset Value of the relevant Fund (in the case of monthly redemption facilities) or in excess of one quarter of the Net Asset Value of the relevant Fund (in the case of quarterly redemption facilities) in issue or deemed to be in issue as aforesaid and, if the AIFM so refuses, the requests for repurchase of Shares in that Fund on such Redemption Day shall be reduced rateably and the Shares in that Fund to which each request relates which are not repurchased by reason of such refusal shall be treated as if a request for repurchase had been made in respect of each subsequent Redemption Day until all the Shares in that Fund to which the original request related have been repurchased. Requests for repurchase which have been carried forward from an earlier Redemption Day shall (subject always to the foregoing limits) be complied with in priority to later requests. Where a Fund provides repurchase facilities no more frequently than quarterly, the AIFM's right to defer repurchases as described above shall apply only in cases of aggregate repurchase requests on any Redemption Day of one quarter or more of the total number of Shares in the relevant Fund.

#### *Open-ended with limited liquidity Funds – Deferred Redemptions*

Redemption requests in respect of open-ended with limited liquidity Funds will, in usual circumstances, be accepted and processed in the normal method. However, the ICAV in consultation with the AIFM may in its discretion refuse to redeem any Shares on any Redemption Day if the Fund does not expect to be in a position to receive sufficient funds from the liquidation of underlying investments and, if it so refuses, the 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 Redemption Day until all Shares to which the original request related have been redeemed.

The AIFM may, unless otherwise set out in the relevant Supplement, with the consent of individual Shareholders, satisfy any request for redemption of Shares by the transfer in-kind to those Shareholders of assets of the relevant Fund having a value (which will be determined conclusively by the AIFM in good faith and approved by the Depositary) equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption fees and other expenses of the transfer. Where the redeeming Shareholder requests redemption of a number of Shares that represent five per cent (5%) or more of the Net Asset Value of the Fund, a determination to provide redemption in specie may be solely at the discretion of the AIFM with the consent of the redeeming Shareholder. On a redemption in specie, the Depositary must also be satisfied that the terms of any exchange will not be such as are likely to result in any material prejudice to the existing Shareholders of the relevant Fund. In the event that a redeeming Shareholder requests redemption of a number

of Shares that represent 5% or more of the Net Asset Value of the ICAV, the AIFM will, if requested, sell the assets on behalf of the Shareholder and the costs of such sale may be borne by the relevant Shareholder.

### **Compulsory Redemption of Shares**

The Directors have power under the Instrument to compulsorily redeem and/or cancel any Shares held or beneficially owned, directly or indirectly, by any person, firm or corporation in certain circumstances where such ownership would, in the opinion of the Directors, be in breach of any regulatory or legal requirement, or could, in the opinion of the Directors, affect the tax status of the ICAV or a Fund or could, in the opinion of the Directors, result in the ICAV or a Fund suffering legal, fiscal, pecuniary or regulatory liability, material and administrative disadvantage which it might not otherwise suffer, or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders of a Fund. The Directors may identify alternative or additional restrictions applicable to a particular Fund or Class in the relevant Supplement for such Fund or Class. The ICAV may also redeem any Shares held by any person who holds less than the Minimum Holding or does not, within seven days of a request by or on behalf of the ICAV, supply any information or declaration required under the terms hereof to be furnished. The Directors may also compulsorily redeem any Shares held by a Shareholder for the purposes of satisfying any performance fee payable by that Shareholder to the AIFM or its delegates in respect of a particular Fund or Class. Any such redemption will be effected on a Redemption Day based on the Net Asset Value per Share calculated as at the Valuation Point with respect to the relevant Redemption Day on which the Shares are to be redeemed.

To the extent the ICAV suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Directors may take any action in relation to an investor's investment in the ICAV to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such investor's holding of Shares in the ICAV. Please see "Foreign Account Tax Compliance Act" in the section on "Risk Factors".

Any person who holds Shares in contravention of restrictions imposed by the Directors shall indemnify the ICAV, the AIFM, the Depositary, the Global Distributor, the Investment Manager(s), the Delegate Investment Manager(s), the Delegate 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 ICAV.

Shareholders are required to notify the AIFM immediately if they become US Persons or persons who are otherwise subject to restrictions on ownership as set out above.

The ICAV 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 is drawn to the section of the Prospectus entitled "Taxation" and in particular the section therein headed "Irish Taxation" which details circumstances in which the ICAV shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability 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 ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

## **Suspension**

The Directors may declare a suspension of the issue and redemption of the Shares in certain circumstances as described in the section headed 'Suspension of Valuation of Assets'. Consequently, no Shares will be issued or redeemed during any such period of suspension.

## **Switching**

At the discretion of the AIFM and subject to such terms as disclosed in the relevant Supplement, Shareholders may exchange all or any of their Shares in one Fund or Class for Shares in another Fund or Class on any Redemption Day / Subscription Day. Share exchanges will be effected by way of a redemption of Shares of one Fund or Class on a Redemption Day for that Fund at the relevant redemption price for the relevant Share and a subscription (at the most recent subscription price for the relevant Share) for Shares of the other Fund or Class on that day if a Subscription Day for that Fund or if not on the next Subscription Day. Any switching fee, if applicable, will be set out in the relevant Supplement.

Where there is an ability to switch between Classes or Funds, instructions to switch should be submitted to the AIFM in writing by post, or by facsimile, or by e-mail, or by telephone (or by such other means as the AIFM may from time to time determine) and should include full registration details together with the number of Shares to be switched between the relevant named Funds and where relevant, Classes.

The deadline for the receipt of exchange requests will be set out in the Supplement for the relevant Fund. On failure to meet the deadline, the exchange request will be held over until the next Redemption Day / Subscription Day and Shares will be exchanged at the relevant Redemption price for the relevant Share and subscription price for the relevant Share applicable on that Subscription Day.

The ability to switch between Classes or Funds, as well as further information on how to effect a switch and any conditions to be satisfied in switching between Classes or Funds, will be set out in the relevant Supplement.

## NET ASSET VALUE AND VALUATION OF ASSETS

### General

Unless otherwise stated in a Supplement, no External Valuer has been appointed to the ICAV or in respect of any Fund. The Directors have delegated to the AIFM the powers, authorities and discretions described in this Prospectus. The valuation policy for the assets and liabilities of the ICAV and for each Fund, unless a Supplement provides otherwise, is determined by the AIFM in accordance with the AIF Rulebook and the AIFM Regulations and taking into consideration the provisions of the Instrument.

The AIFM seeks to ensure that its valuation responsibilities are functionally independent from its portfolio management functions, consistent with the requirements of the AIFM Directive.

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class will be calculated by the Delegate Administrator as at the Valuation Point on each Valuation Day in accordance with the Instrument and the valuation policy set for the Fund. The Net Asset Value of a Fund shall be determined as at the Valuation Point on each Valuation 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 and other liabilities). The Net Asset Value attributable to a Class shall be determined as at the Valuation Point on each Valuation Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class 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 AIFM 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 each Valuation Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class 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 four (4) decimal places, with the exception of the Yen denominated Classes of each relevant Fund where the resulting total is rounded to two (2) decimal places only.

In determining the Net Asset Value of the ICAV and each Fund:

- (a) Securities which are quoted, listed or traded on an exchange save as hereinafter provided at (b), (d), (e), (f), (g), (h), and (j) will be valued at last traded prices unless otherwise determined by the AIFM, in its discretion. Where a security is listed or dealt in on more than one exchange the applicable 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 AIFM (in its discretion) determines provides the fairest criteria in determining a value for the relevant investment. Investments listed or traded on an exchange, but acquired or traded at a premium or at a discount outside or off exchange or market may be valued taking into account the level of premium or discount at the Valuation Point.
- (b) The value of any security which is not quoted, listed or dealt in on an 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 the AIFM or by an External Valuer selected by the AIFM or by any other means determined by the AIFM (in its discretion). Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology (consistent with the requirements set out in the Level 2 Regulation) 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 on hand or on deposit will be valued at its nominal value plus accrued interest, where applicable, to the end of the day on which the Valuation Point occurs.
- (d) Derivative contracts traded on a regulated market 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 the AIFM or by an External Valuer selected by the AIFM or by any other means determined by the AIFM (in its discretion). Subject to Article 11 of EMIR, derivative contracts which are not traded on a regulated market including without limitation swap and option contracts may be valued either using the counterparty valuation or an alternative valuation calculated by the AIFM or an External Valuer. Forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or subject to Article 11 of EMIR by reference to the price as at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken.
- (e) Notwithstanding paragraph (a) above interests in an investment fund shall be valued at the latest available net asset value per interest or bid price as published by or available from the investment fund or estimated price as published by or available from the investment fund which the AIFM or an External Valuer determines provides the fairest criteria in determining a value for the investment.
- (f) In the case of a Fund which is not a money market fund, the AIFM may value securities having a residual maturity not exceeding six months using the amortised cost method of valuation (whereby the securities are valued at their acquisition cost, adjusted for amortisation of premium or accretion of discount on the securities provided) where such securities have no specific sensitivity to market parameters, including credit risk.
- (g) The AIFM or an External Valuer may adjust the value of any investment where such an adjustment is considered necessary to reflect the fair value thereof in the context of currency, marketability, dealing costs, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations.
- (h) 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 exchange rate (whether official or otherwise) which the AIFM or an External Valuer shall in its discretion determine to be appropriate.
- (i) Where the value of any investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the AIFM or an External Valuer with care and in good faith or by a competent person, firm or corporation selected by the AIFM or by any other means determined by the AIFM (in its discretion).
- (j) If the AIFM or its delegate deems it necessary, a specific investment may be valued under an alternative method of valuation approved by the AIFM or an External Valuer. The rationale and methodologies will be clearly documented.

In calculating the value of assets of the ICAV, each Fund and each Class the following principles will apply subject to any adjustment necessary to take account of assets or liabilities attributable to each Class. Individual Funds may use additional or alternative valuation policies in accordance with the requirements of the Central Bank and the differences, if any, will be set out in each Supplement.

- (a) the AIFM or its delegate may value the investments of a Fund (x) at the lowest market dealing bid prices where, as of 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 exceeds the value of all redemption requests received for that Dealing Day, in each case in order to preserve the value of the Shares in existence; (y) at bid and offer prices where a bid and offer value is used to determine the price at which Shares are issued and redeemed; or (z) at mid prices; provided in each case that the valuation policy selected by the AIFM or its delegate shall be applied consistently with respect to the ICAV in respect of each Fund and each Class for so long as the Fund is operated on a going concern basis;

- (b) every Share agreed to be issued with respect to each Subscription Day shall be deemed to be in issue as of the relevant Subscription Day but subsequent to the Valuation Point in respect of that Subscription Day;
- (c) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments 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 AIFM or its delegate has reason to believe such purchase or sale will not be completed;
- (d) there shall be added to the assets of each Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the ICAV which is attributable to that Class;
- (e) there shall be added to the assets of each Fund a sum representing unamortised expenses and a sum representing any interest, dividends or other income accrued but not received unless the AIFM or its delegate is 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 AIFM or its delegate may consider appropriate in such case to reflect the true value thereof;
- (f) there shall be added to the assets of each Fund the total amount (whether actual or estimated by the AIFM or its delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief;
- (g) every Share agreed to be redeemed with respect to each Redemption Day shall be deemed to cease to be in issue on the relevant Redemption Day but subsequent to the Valuation Point in respect of that Redemption Day;
- (h) there shall be deducted from the assets of each Fund as appropriate in the circumstances:
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the Class including any and all outstanding borrowings of the Fund and interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the AIFM or its delegate considers fair and reasonable as of the Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the Fund as in the estimate of the AIFM or its delegate will become payable;
  - (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (iv) the remuneration of the Delegate Administrator, the Depositary, the Investment Manager(s), the AIFM and any other providers of services to the ICAV 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 AIFM or its delegate) of any other liabilities properly payable out of the assets of the Class (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the Valuation Point;
- (vi) an amount as of the Valuation Point representing the projected liability of the Class in respect of costs and expenses to be incurred in the event of a subsequent liquidation; and
- (vii) any other liability which may properly be deducted.

The Instrument contains further information on the principles used to value the assets and liabilities of the ICAV. The ICAV's annual audited financial statements will also detail the valuations used with regard to recognised audit and accounting standards.

In the case of any Fund which is established as a Fund with limited liquidity or any Fund established as a closed-ended Fund, the calculation of Net Asset Value of the relevant Fund and the valuation of assets held by such Fund shall be calculated at each Valuation Point and in any event at least once a year.

Notwithstanding that subscription monies, redemption monies and distribution amounts will be held in an Umbrella Cash Account and treated as assets of and attributable to a Fund:

- (a) any subscription monies received from an investor prior to a Subscription Day of a Fund in respect of which an application for Shares of a Fund has been, or is expected to be, received will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of the Fund until after the Valuation Point in respect of the Subscription Day as of which Shares of the Fund are agreed to be issued to that investor;
- (b) any redemption monies payable to an investor after a Redemption Day of a Fund, as of which Shares of a Fund held by that investor were redeemed, will not be taken into account as an asset of the Fund for the purpose of determining the Net Asset Value of that Class; and
- (c) any distribution payable to a Shareholder will not be taken into account as an asset of the Fund for which the distribution was declared for the purpose of determining the Net Asset Value of the Fund.

### **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 exchanges or other organised markets 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 ICAV or the AIFM exist as a result of which any disposal or valuation by the AIFM of investments of the relevant 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 at normal rates of exchange; 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; or
- (e) during the whole or part of any period when subscription proceeds cannot be transmitted to or from the account of the ICAV or the ICAV is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the AIFM, be carried out at normal rates of exchange; or
- (f) upon mutual agreement between the ICAV and the Depositary for the purpose of winding up the ICAV or terminating any Fund or any Class; or
- (g) during any period when, as a result of political, economic, military or monetary events or any circumstances outside of the control, responsibility and power of the AIFM, disposal or valuation of a substantial portion of the investments of the relevant Fund is not reasonably practicable without being seriously detrimental to the interests of the Shareholders of the relevant Fund or if, in the opinion of the AIFM, the Net Asset Value of the relevant Fund cannot be fairly calculated; or
- (h) when a notice of general meeting of the ICAV has been circulated to Shareholders at which the winding up of the ICAV or the relevant Fund is to be considered; or
- (i) if any other reason makes it impossible or impracticable to determine the value of a substantial portion of the investments or the ICAV or any Fund.

Any suspension of valuation shall be notified to the Central Bank, the Depositary and where required, Shareholders without delay and shall be published in a journal or via an exchange where required. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible. The Central Bank may also require that the AIFM temporarily suspends the determination of the Net Asset Value of a Fund(s) and the issue and redemption of Shares in a Fund(s) if it decides that it is in the best interests of the general public and the Shareholders to do so.

### **Protective Measures**

In accordance with the terms of the Instrument and the requirements of the Central Bank, the AIFM on behalf of the ICAV may avail of certain protective measures when a Fund faces liquidity constraints or other market disruption events. These include the power to temporarily suspend transfers (discussed above) in accordance with the terms of the Instrument (as amended from time to time).

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

Except where the determination of the Net Asset Value of a Fund, the Net Asset Value per Share of each Class of a Fund and the issue and repurchase prices have been suspended in the circumstances described herein, the Net Asset Value per Share of each Class of a Fund and the issue and repurchase prices of the Shares will be available promptly from the AIFM or the Delegate Administrator to Shareholders on request. At the discretion of the AIFM, the Net Asset Value per Share may be obtained via Bloomberg. Additionally, the latest Net Asset Value per Share may also be obtained directly from either the AIFM or the Delegate Administrator during normal business hours.

### **Operation of Umbrella Cash Accounts in the name of the ICAV**

The ICAV has established subscription accounts at umbrella level in the name of the ICAV which shall be designated in different currencies into which subscription monies received from investors of all of the Funds shall be lodged. The ICAV has also established separate redemption accounts at umbrella level in the name of the ICAV which shall be designated in different currencies into which redemption monies due to investors who have redeemed Shares in the Funds shall be held pending payment to redeeming investors.

Pending payment to the relevant Shareholders, dividend payments shall also be paid into separate dividends accounts designated in different currencies at umbrella level in the name of the ICAV. All subscriptions, redemptions or dividends payable to or from the relevant Fund will be channelled and managed through such Umbrella Cash Accounts and no such accounts shall be operated at the level of each individual Fund. These Umbrella Cash Accounts shall be operated in accordance with the provisions of the Instrument.

The Umbrella Cash Accounts are operated on a pooled basis and are used by the ICAV to manage cash flows in the most efficient manner possible in order to reduce banking charges which would otherwise be incurred were the accounts operated at the level of each individual Fund.

It should be noted that each Umbrella Cash Account is opened in the name of the ICAV and not in respect of each Fund and therefore it is the ICAV and not the relevant Fund which constitutes a general creditor of the credit institution at which the monies contained in the Umbrella Cash Account are deposited.

However, as required by the Central Bank, the AIFM must ensure that, consistent with the provisions of the Instrument, separate books and records are maintained for each Fund in which all transactions relevant to that Fund (including those relating to monies held in an Umbrella Cash Account) are recorded.

Monies comprised in the Umbrella Cash Accounts will be treated as an asset of the relevant Fund and accordingly shall be subject to the cash monitoring and safekeeping obligations of the Depositary pursuant to the AIFM Regulations.

The monies held in the Umbrella Cash Accounts are commingled.

Further information relating to such accounts is set out in the sections of the Prospectus entitled "The Shares and Subscriptions"- "Timing of Payment", "The Shares and Subscriptions"- "Anti-Money Laundering Measures" and "The ICAV" - "Dividend Policy" respectively. In addition, your attention is drawn to the section of the Prospectus below entitled "Risk Factors" – "Operation of Umbrella Cash Accounts".

## APPENDIX I

### RISK FACTORS

#### Risk Factors

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. Potential investors should consult their professional tax and financial advisers before making an investment. In order to understand more fully the consequences of an investment in a Fund, investors should refer to and read thoroughly the sections of this Prospectus under the headings “Investment Objective, Investment policy and Strategy”, “NET ASSET VALUE AND VALUATION OF ASSETS” and “Suspension” and the relevant Supplement in respect of which investment is proposed.

#### General

The price of Shares of any of the Funds and any income from them may fall as well as rise and consequently any Shareholder may not get back the full amount invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates between currencies may also cause the value of investment to diminish or increase. An investor who realises Shares after a short period may, in addition, not realise the amount originally invested in view of the subscription fee which may be made on the issue of shares. The difference at any one time between the sale price (including the subscription fee) and the redemption price of Shares means an investment should be viewed as medium to long term.

#### Segregated Liability

The ICAV is an umbrella type Irish Collective Asset-management Vehicle with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to satisfy the liability of that Fund. In addition, any contract entered into by the ICAV will by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to assets of any of the Funds other than the Fund in respect of which the contract was entered into. These provisions are binding both on creditors and in any insolvency but do not prevent the application of any enactment or rule of law which would require the application of the assets of one Fund to discharge some, or all liabilities of another Fund on the grounds of fraud or misrepresentation. In addition, whilst these provisions, are binding in an Irish court which would be the primary venue for an action to enforce a debt against the ICAV, these provisions have not been tested in other jurisdictions, and there remains a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owed in relation to another Fund in a jurisdiction which would not recognise the principle of segregation of liability between Funds.

#### Cross Class Liability

Although the Instrument requires the establishment of separate Class accounts for each Class and the attribution of assets and liabilities to the relevant Class account, if the liabilities of a Class exceed its assets, creditors of the Fund may seek to have recourse to the assets attributable to the other Classes.

## **Currency and Currency Hedging**

Investment in a Fund may involve exposure to currencies other than the base currency of the relevant Fund or any Share Class. Changes in the rates of exchange may cause the value of an investment in the relevant Fund to go up or down and may affect the value of dividends and interest earned. A Fund may, but is not required to, enter into currency hedging transactions with a view to limiting such currency exposures. To the extent that a Fund uses hedging techniques, costs may be incurred and there is no guarantee that such hedging will have the intended effect.

## **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. 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.

## **Market Risk**

The performance of the Funds depends to a large extent on the correct assessment of price movements of bond, stock, foreign currency and other financial instruments such as derivatives. There can be no assurance that the Fund's Investment Manager will be able to correctly predict such prices.

## **Liquidity Risk**

The Funds endeavour to acquire only such financial instruments for which a liquid market exists. However, not all securities 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 any of the Funds might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

## **Capital Erosion Risk**

Certain Funds and Share Classes may have as the priority objective the generation of income rather than capital. Investors should note that the focus on income, payments of dividends out of capital and the charging of fees (including management fees) and expenses to capital may erode capital notwithstanding the performance of the relevant Fund and diminish the Fund's ability to sustain future capital growth. In this regard, distributions made during the life of a Fund or an applicable Class of Shares should be understood as a type of capital reimbursement.

As a result, distributions out of capital of a Fund may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is depleted.

In circumstances where fees and/or expenses are charged to capital, on redemption of their holding,

Shareholders in affected Funds or Classes may not receive the full amount invested due to capital reduction.

### **Currency Risk**

Assets of a Fund may be denominated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. The Fund's Investment Manager may or may not try to mitigate this risk by using financial instruments.

Funds may enter into, from time to time, currency exchange transactions either on a spot (i.e. cash) basis or by buying currency exchange derivative contracts. Neither spot transactions nor currency exchange derivative 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. Currency derivative transactions shall only be entered into in the currencies in which the Fund normally transacts business.

A Fund may enter into currency exchange transactions in an attempt to protect against changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. A Fund may also enter into forward contracts to hedge against a change in such currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the Base Currency of that Fund. To do this, the Fund may enter into a forward contract, for example to sell the currency in which the investment is denominated or principally traded in exchange for the Base Currency of the Fund. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be 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 forward contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Fund cannot be assured. The use of financial instruments in order to mitigate currency risk at the Fund level may theoretically have a negative impact on the net asset value of the Fund's various classes.

Where such strategies as outlined above are not used, the performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with securities positions held.

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.

### **Investing in Other Collective Investment Schemes**

A Fund may purchase shares of other collective investment schemes to the extent that such investment is consistent with its investment objective, policies and restrictions. Given the ICAV's ability to invest in collective investment schemes, Shareholders of the ICAV are subject to risks associated with exposure to such funds. In addition, the value of an investment represented by such collective investment schemes in which the ICAV invests may be affected by fluctuations in the currency of the country where such a fund invests, by foreign exchange rules, or by the application of the various tax laws of the relevant countries including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries.

### *Risks of leverage*

In such cases, the relevant Fund may invest in underlying schemes which use substantial leverage for their investments. The ICAV on behalf of the relevant Fund may not pre-determine any maximum leverage, as certain investment strategies such as pure arbitrage based strategies by default utilise more leverage than other strategies without necessarily incurring higher risk. During periods when underlying schemes are leveraged, any event which may adversely affect the value of any scheme could significantly affect the net assets of the relevant Fund. The amount of leverage employed in the underlying schemes (which may be unlimited) is monitored through the due diligence processes used by the fund manager. The ICAV will, therefore, view leverage on an individual basis, based on investment strategy and event risk.

*Inadvertent concentration:* It is possible that a number of collective investment schemes take substantial positions in the same security at the same time. This inadvertent concentration would interfere with the ICAV's goal of diversification. The Investment Manager will attempt to alleviate such inadvertent concentration as part of its regular monitoring and reallocation process. Conversely, the Investment Manager may at any given time, hold opposite positions, such position being taken by different collective investment schemes. Each such position shall result in transaction fees for the ICAV without necessarily resulting in either a loss or a gain. Moreover, the Investment Manager may proceed to a reallocation of assets between collective investment schemes and liquidate investments made in one or several of them. Finally, the relevant Investment Manager may also, at any time, select additional collective investment schemes. Such asset reallocations may impact negatively the performance of one or several of the collective investment schemes.

*Future returns:* No assurance can be given that the strategies employed by the underlying collective investment schemes in the past to achieve attractive returns will continue to be successful or that the return on the ICAV's investments will be similar to that achieved by the ICAV or such collective investment schemes in the past.

*Risks of special techniques used by collective investment schemes:* Many of the collective investment schemes in which the relevant Investment Manager may invest will use special investment techniques that may subject the ICAV's investments to risks different from those posed by investments in equity and fixed income funds. The ICAV in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity or fixed income investments.

*Risks of Borrowing:* Borrowing money to purchase securities may provide a collective investment scheme with the opportunity for greater capital appreciation, but, at the same time, will increase the collective investment scheme's, and indirectly the relevant Fund's, exposure to capital risk and higher current expenses. Moreover, if the underlying collective investment scheme's assets are not sufficient to pay the principal of, and interest on, the collective investment scheme's debt when due, the relevant Fund could sustain a total loss of its investment in the collective investment scheme.

*Currency risk:* The value of an investment represented by an underlying collective investment scheme in which a Fund invests may be affected by fluctuations in the currency of the country where such collective investment scheme invests, by foreign exchange rules, or by the application of the various tax laws of the relevant countries (including withholding taxes), government changes or variations of the monetary and economic policy of the relevant countries.

*Volatility/Concentration:* Many of these collective investment schemes can be highly leveraged and sometimes take large positions with high volatility. Collective investment schemes may concentrate in only one geographic area or asset investment category, thereby taking on the risk of the market and of rapid changes to the relevant geographic area or investment category. These investments may be speculative.

The cost of investing in a Fund which purchases shares of other collective investment schemes will generally be higher than the cost of investing in an investment fund that invests directly in individual stocks and bonds. By investing in the relevant Fund, an investor will indirectly bear fees and expenses charged by the underlying funds in addition to the Fund's direct fees and expenses. Where a Fund invests substantially in other collective investment schemes, the risks associated with investing in that Fund may be closely related to the risks associated with the securities and other investments held by the other collective investment schemes.

Investments in other collective investment schemes shall be valued by the AIFM (i) in the case of collective investment schemes which are quoted, listed or traded on an exchange in accordance with paragraph (a) appearing under the section entitled "NET ASSET VALUE AND VALUATION OF ASSETS" above or (ii) in the case of unlisted collective investment schemes, in accordance with paragraph (b) appearing under the section entitled "NET ASSET VALUE AND VALUATION OF ASSETS" above. However, Funds investing in other collective investment schemes may be subject to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation may not be available as at the relevant Valuation Day for the Fund. In such circumstances, the AIFM, with the consent of the Depositary, may adjust the value of any such investment or permit such other method of valuation if, in accordance with the criteria set down in the section entitled "NET ASSET VALUE AND VALUATION OF ASSETS" above, the AIFM considers that such adjustment or other method of valuation is required to reflect more fairly the value of the underlying collective investment scheme.

#### **Investments in collective investment schemes operated by third parties**

The ICAV may invest in collective investment schemes operated by third parties. Such third parties are not subject to the control or direction of the ICAV and the Investment Manager may not have the opportunity to verify the compliance of such collective investment schemes with the laws and regulations applicable to them.

#### **Investment in collective investment schemes affiliated with the GAM Group**

Each Fund may invest in the securities of other collective investment schemes which may include vehicles sponsored by or connected with the GAM Group. The Investment Manager will only make such investments if it determines in its discretion that to do so is consistent with the best interests of a Fund's Shareholders. These arrangements will be conducted in accordance with any relevant regulations relating to the need to conduct any connected party transactions on an arm's length basis.

#### **Investing in Alternative Investments**

Funds may in the future take advantage of opportunities with respect to certain other alternative instruments that are not presently contemplated for use by the Funds or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective and policies of the relevant Fund and are in accordance with the AIFM Regulations. Certain alternative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

## **Political and/or Regulatory 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.

## **Brexit**

The ICAV faces potential risks associated with the result of the referendum on the United Kingdom's continued membership of the EU, as constituted at the date of this Prospectus, which took place on 23 June 2016 and which resulted in a vote for the United Kingdom to leave the EU. The decision to leave could materially and adversely affect the regulatory regime to which some of the ICAV's service providers and counterparties are currently subject in the United Kingdom, particularly in respect of financial services regulation and taxation. Investors should note that the ICAV may be required to introduce changes to the way it is structured and introduce, replace or appoint additional service providers or agents and/or amend the terms of appointment of persons or entities engaged currently to provide services to the ICAV including but not limited to GAM International Management Limited. Although the ICAV shall seek to minimise the costs and other implications of any such changes, investors should be aware that some or all of the costs of such changes may be borne by the ICAV.

Furthermore, the vote to leave the EU may result in substantial volatility in foreign exchange markets which may have a material adverse effect on the ICAV and/or its service providers. The vote for the United Kingdom to leave the EU may set in train a sustained period of uncertainty, as the United Kingdom seeks to negotiate the terms of its exit. It may also destabilise some or all of the other 27 members of the EU and/or the eurozone which may also have a material adverse effect on the ICAV, its service providers and counterparties.

## **Market Crises and Governmental Intervention**

Global financial markets may from time to time undergo pervasive and fundamental disruptions which may lead to extensive and unprecedented governmental intervention. Such intervention may in some circumstances be implemented on an "emergency" basis with little or no notice. When circumstances such as these arise, this may subsequently impair some market participants from implementing strategies or managing the risk of their outstanding positions.

## **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 ("Irish IGA") with respect to the implementation of FATCA (see section entitled "Compliance with US reporting and withholding requirements" for further detail) on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial



institutions (such as the ICAV) should generally not be required to apply 30% withholding tax. To the extent the ICAV however suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the AIFM acting on behalf of the ICAV may take any action in relation to a Shareholder's investment in the ICAV to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant Shareholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Shareholder's holding of shares in the ICAV.

Shareholders and prospective investors should consult their own tax adviser with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the ICAV.

### **Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Ireland has legislated to implement the CRS. As a result the ICAV will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Shareholders may be required to provide additional information to the ICAV to enable the ICAV to satisfy its obligations under the CRS. Failure to provide the requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of their Shares in the relevant Fund. Shareholders and prospective investors should consult their own tax advisor with respect to their own certification requirements associated with an investment in the ICAV.

### **Market Disruptions**

Any Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available in the market from its banks, dealers and other counterparties will typically be reduced in disrupted markets. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for any Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the relevant Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the affected Fund to close out positions.

### **Counterparty Risk**

Each Fund will have credit exposure to counterparties by virtue of investment positions in swaps, options, contracts for difference, repurchase / reverse repurchase transactions, stocklending agreements and 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.

This relates to all counterparties with which derivative, repurchase, reverse repurchase or securities lending transactions are entered into. A direct counterparty risk is associated with trading in non-collateralised financial derivative instruments. A Fund can reduce a large proportion of the counterparty risk arising from derivative transactions by demanding that collateral at least in the amount of the commitment be provided by the respective counterparty. If, however, derivatives are not fully collateralised, the failure of the counterparty may cause the value of the Fund to fall. New counterparties are subject to a formal review and all of the approved counterparties are subsequently monitored and reviewed on an ongoing basis by the Investment Manager. The ICAV ensures that its counterparty risk and collateral management are actively managed.

### **Custody Risk**

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. Such markets include Jordan, Bangladesh, Indonesia, South Korea, Pakistan, India, and such risks include:

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

### **U.S. Government Securities Risk**

A Fund may invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as Ginnie Mae, Fannie Mae, or Freddie Mac). U.S. government securities are subject to market risk, interest rate risk and credit risk. Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity and the market prices for such securities will fluctuate. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. This would result in losses to the relevant Fund. Securities issued or guaranteed by U.S. government-related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the U.S. government would provide financial support. Therefore, U.S. government-related organisations may not have the funds to meet their payment obligations in the future.

### **Eurozone Risks**

In addition to specific national concerns, the Eurozone is experiencing a collective debt crisis. Certain countries have received very substantial financial assistance from other members of the European Union, and the question of additional funding is unclear. Investor confidence in other EU member states, as well as European banks exposed to sovereign debt of Eurozone Countries experiencing financial turmoil, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, there can be no assurance that the level of funds being committed to such facilities will be sufficient to resolve the crisis going forward. It is also unclear whether ultimately a political consensus will emerge in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely be severe and wide-reaching, and could include the withdrawal of one or more member states from the Eurozone, or even the abolition of the Euro. The withdrawal of one or more member states from the Eurozone or the abolition of the Euro 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 investments of the Funds of the ICAV.

In addition to the above, the Funds may face potential risk associated with the decision taken by the United Kingdom to leave the European Union on 23 June, 2016. This decision could materially and adversely affect the regulatory regime to which certain of the Investment Managers are currently subject in the United Kingdom, particularly in respect of financial services regulation and taxation. This decision may also result in substantial volatility in foreign exchange markets and a sustained period of uncertainty while the United Kingdom negotiates its exit from the European Union, both for the United Kingdom itself, other member states of the European Union and other global financial markets. There may also be changes to the willingness or ability of financial and other counterparties to enter into arrangements with the Funds and changes to the legal and regulatory regimes applicable to the ICAV, its Investment Managers and/or certain of a Fund's assets, each of which may adversely affect the ICAV and its Funds. Any investments held by a Fund in the United Kingdom may also be adversely impacted due to any slow-down in the United Kingdom's economy resulting from its decision to leave the European Union.

### **Emerging Market Risk**

For Funds investing in securities located in countries with emerging securities markets, risks additional to the normal risk inherent in investing in conventional securities may be encountered. These include:

*Currency depreciation:* A Fund's assets may be invested in securities which are denominated in currencies other than those of developed countries and any income received by the Fund from those investments will be received in those currencies. Historically most of the non-developed countries' currencies have experienced significant depreciation against the currencies of developed countries. Some of the emerging market currencies may continue to fall in value against currencies of developed countries. A Fund may compute its Net Asset Value in a currency different from that of the relevant class of Shares; consequently there may be a currency exchange risk which may affect the value of the Shares.

*Country risk:* The value of a Fund's assets may be affected by uncertainties within each individual emerging market country in which it invests such as changes in government policies, nationalisation of industry, taxation, currency repatriation restrictions and other developments in the law or regulations of the countries in which a Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in companies in some emerging countries.

*Stockmarket practices:* Many emerging markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stockmarkets. In addition, market practices in relation to settlement of securities transactions and custody of assets in emerging markets can provide increased risk to a Fund and may involve delays in obtaining accurate information on the value of securities (which may as a result affect the calculation of the Net Asset Value).

Settlement, clearing and registration of securities transactions and corporate governance standards and investor protection standards of such securities transactions in certain emerging market countries are subject to significant risks not normally associated with markets in Western Europe and the United States. Stock exchanges in emerging market countries may not have similar kinds of rules and controls to those in more developed stock exchanges in Western countries. In particular, settlement and payment systems are generally underdeveloped, there may be no approved settlement procedure and bargains may be settled by a free delivery of stock with payment of cash in an uncollateralised manner.

*Liquidity risk:* The stockmarkets, in general, are less liquid than those of the world's leading stockmarkets. Purchases and sales of investments may take longer than would otherwise be expected on developed stockmarkets and transactions may need to be conducted at unfavourable prices.

*Information quality:* Accounting, auditing and financing reporting standards, practices and disclosure requirements applicable to some companies in emerging markets in which a Fund may invest may differ from those applicable in developed countries in that less information is available to investors and such information may be out of date or carry a lower level of assurance.

### **Leverage Risk**

Certain investment practices such as investment in derivative instruments and use of other investment techniques entail separate and substantial risks. Leverage can be employed in a variety of ways including direct borrowing, the use of futures, warrants, options and other derivative products. Generally, leverage may be used to increase the overall level of investment in a portfolio. Higher investment levels may offer the potential for higher returns. This exposes investors to increased risk as leverage can increase the portfolio's market exposure and volatility; the risk of leverage in futures contracts and investing in warrants is that small price movements can result in large losses or profits. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. If assumptions made by the Investment Manager are wrong or if the instruments do not work as anticipated, the relevant Fund could lose more than if the Fund had not used such investment techniques.

The global exposure relating to Financial Derivative Instruments ("FDI") must not exceed a Fund's total Net Asset Value. Any such exposure will be risk managed using an advanced risk measurement methodology, in accordance with the Central Bank's requirements, save where the commitment approach is used to calculate exposure and this is disclosed in the relevant Supplement.

Owing to this leverage, it is possible that the value of a Fund's net assets will rise faster when the capital gains on the investments acquired with the help of FDI are greater than the associated costs (specifically the premiums on the FDI used). When prices fall, however, this effect is offset by a corresponding rapid decrease in the value of the Fund's net assets.

### **Interest Rate Risk**

Any Fund's investments in bonds and other debt securities will change in value based on changes in interest rates. If rates rise, the value of these investments generally drops. A Fund may invest in variable and floating rate securities. Although these instruments are generally less sensitive to interest rate changes than fixed rate instruments, the value of floating rate securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Given the historically low interest rate environment, risks associated with rising rates are heightened.

### **Non-Investment Grade Fixed Income Securities**

Non-investment grade fixed income securities are considered predominantly speculative by traditional investment standards and may have poor prospects for reaching investment grade standing. Non-investment grade and unrated securities of comparable credit quality (commonly known as "junk bonds") are subject to the increased risk of an issuer's inability to meet principal and interest obligations. These securities, also referred to as high yield securities, may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions or publicity (whether or not based on fundamental analysis) of the junk bond markets generally and less secondary market liquidity.

Non-investment grade fixed income securities are often issued in connection with a corporate reorganisation or restructuring or as part of a merger, acquisition, takeover or similar event. They are also issued by less

established companies seeking to expand. Such issuers are often highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest in the event of adverse developments or business conditions.

The market value of non-investment grade fixed income securities tends to reflect individual corporate developments to a greater extent than that of investment grade securities which react primarily to fluctuations in the general level of interest rates. As a result, the ability of a Fund that invests in non-investment grade fixed income securities to achieve its investment objectives may depend to a greater extent on the Investment Manager's judgment concerning the creditworthiness of the issuers of such securities than Funds which invest in investment grade securities. Issuers of non-investment grade fixed income securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be more adversely affected than issuers of investment grade securities by economic downturns, specific corporate developments or the issuer's inability to meet specific projected business forecasts.

A holder's risk of loss from default is significantly greater for non-investment grade securities than is the case for holders of other debt securities because such non-investment grade securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such securities. Investments in defaulted securities poses additional risk of loss should non-payment of principal and interest continue. Even if such securities are held to maturity, recovery by the Fund of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for non-investment grade securities is concentrated in relatively few market makers and is dominated by institutional investors. Accordingly, the secondary market for such securities is not as liquid as, and is more volatile than, the secondary market for higher-rated securities. In addition, market trading volume for high yield fixed income securities is generally lower and the secondary market for such securities could contract under adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on the market price and the Fund's ability to dispose of particular portfolio investments, which may be reflected in wider bid/offer spreads than would be applied for investment grade securities. A less liquid secondary market also may make it more difficult for the Fund to obtain precise valuations of the high yield securities in its portfolio.

Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of non-investment grade securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value and liquidity of the security. Consequently, credit ratings are used only as a preliminary indicator of investment quality. Investments in non-investment grade and comparable unrated obligations will be more dependent on the Investment Manager's credit analysis than would be the case with investments in investment grade debt obligations. The Investment Manager employs its own credit research and analysis, which includes a study of existing debt, capital structure, ability to service debt and to pay dividends, the issuer's sensitivity to economic conditions, its operating history and the current trend of earnings. The Investment Manager continually monitors the investments in the Fund's investment portfolio and evaluates whether to dispose of or to retain non-investment grade and comparable unrated securities whose credit ratings or credit quality may have changed.

### **Cyber Security Risk**

The ICAV and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g.,

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

### **Taxation Risks**

Prospective investors' attention is drawn to the taxation risks associated with investing in any Fund of the ICAV. Please see below and the section headed "Taxation".

### **Uncertain Tax Positions**

Prospective investors should be aware that tax laws and regulations are constantly changing and that they may be changed with retrospective effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent nor transparent. As a result of uncertainty relating to the ICAV's potential tax liabilities, including on any historical realised or unrealised gains, as well as liabilities that may arise as a result of investments made by the relevant Fund which have not reflected tax liabilities in their valuation, the Net Asset Value of the Funds on any Dealing Day may not accurately reflect such liabilities (including those that are imposed with retrospective effect). In addition, the Net Asset Value of the Funds on any Dealing Day may reflect an accrual for potential tax liabilities that may subsequently not be paid. Accounting standards may also change, creating an obligation for the ICAV to accrue for a potential tax liability that was not previously required to be accrued or in situations where the ICAV does not expect to be ultimately subject to such tax liability.

In the event that the ICAV subsequently determines to accrue for tax liabilities and/or is required to pay amounts relating to tax liabilities that had not previously been accrued and/or any Fund investments result in tax liabilities that were not reflected in their valuation (including historic investments), the amount of any such determination or payment will generally be allocated among the Shareholders of the applicable Fund at the time of such determination or payment, rather than when the income or transaction to which such taxes relate was earned or occurred. Moreover, in the event that the ICAV subsequently determines that an accrual for potential tax liabilities exceeds or will exceed the liability for such taxes, the benefit from any such determination will generally be allocated among the Shareholders of the applicable Fund at the time of such determination, rather than when the income or transaction in respect of which such taxes were accrued was earned or occurred, and Shareholders who previously redeemed Shares of the Fund will not receive additional compensation or otherwise share such benefit. Shareholders will not be notified of any of the foregoing determinations or payments.

Shareholders that invest in Shares of a Fund at a time during which any liabilities for taxes are not accrued will

invest in Shares of the Fund at a higher Net Asset Value than such Shareholders would have invested had such liabilities been accrued at the time of the applicable investment. In addition, the returns of the Fund may be considered to have been subject to an inadvertent leverage effect in that those additional assets would have been invested in accordance with the usual investment policy of the Fund. On the other hand, Shareholders that redeem Shares of a Fund at a time during which potential liabilities for taxes are accrued will redeem Shares of the Fund at a lower Net Asset Value than if such liabilities had not been accrued at the time of the applicable redemption. In that situation the Fund may also be considered to have been subject to an inadvertent underinvestment effect if that accrual of taxes is not subsequently paid.

#### **Other**

If, as a result of the status of a Shareholder, the ICAV or a Fund becomes liable to account for tax, in any jurisdiction, including any interest or penalties thereon, the ICAV or the Fund shall be entitled to deduct such amount from any payment(s) made to such Shareholder, and/or to compulsorily redeem or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares for the purposes of obtaining sufficient monies to discharge any such liability. The relevant Shareholder shall indemnify and keep the ICAV or the Fund indemnified against any loss arising to the ICAV or the Fund by reason of the ICAV or the Fund becoming liable to account for tax and any interest or penalties thereon on the happening of an event giving rise to a tax liability including if no such deduction, appropriation or cancellation has been made.

#### **No Separate Legal Counsel**

Dillon Eustace is counsel to the ICAV and to the AIFM with respect to matters of Irish law. Dillon Eustace may also act as counsel to other funds managed by the AIFM, now or in the future, and any affiliates. Conflicts could arise due to these multiple representations. Dillon Eustace do not represent the Investors in the Fund. Potential Investors are urged to consult their own counsel. In connection with this representation, Dillon Eustace act as counsel solely in respect of the specific matters on which it has been consulted, and its involvement with respect to any particular matter is limited by the actual knowledge of its lawyers who provide substantive attention to that matter. As counsel to the ICAV, Dillon Eustace is not involved in, and neither has discretion with respect to, the ICAV's business, investments, management or operations, such as responsibility for compliance. In giving advice in connection with the preparation of this Prospectus, Dillon Eustace has advised solely the Directors and the AIFM.

Shareholders and prospective investors' should consult their tax advisers with respect to their particular tax situations and the tax consequences of an investment in a particular fund. Additionally, attention is drawn to the taxation risks associated with investing in the ICAV. Please refer to the section headed "Taxation".

#### **Voting Rights and Share-Blocking**

The ICAV may in its discretion exercise or procure the exercise of all voting or other rights which may be exercisable in relation to investments held by a Fund. In relation to the exercise of such rights the ICAV may establish guidelines for the exercise of voting or other rights and the ICAV may, in its discretion, elect not to exercise or procure the exercise of such voting or other rights.

Certain investments may be subject to "share-blocking". This occurs when an investment is "frozen" in the custodian system to facilitate the exercise of voting or other rights by the relevant custodians acting as proxies of the persons beneficially entitled to those affected investments. Share-blocking typically takes place 1 to 20 days before an upcoming meeting of investors in the relevant investment. While the investments are "frozen" they may not be traded. Therefore, in order to mitigate such illiquidity, the ICAV (or its agents) may refrain from exercising its voting rights in respect of those investments which may be subject to "share-blocking".

## **Conflicts of Interest**

### **General Categories of Conflicts Associated with the ICAV**

GAM (which, for purposes of this “Conflicts of Interest” section, shall mean, collectively, GAM Holding AG, the AIFM, the Investment Managers within the GAM Group and its affiliates, directors, partners, trustees, managers, members, officers and employees) provides investment services to institutions, intermediaries, private clients and charities from financial centres around the world. As such, GAM provides a wide range of financial services to a substantial and diversified client base. In those and other capacities, GAM advises clients in a wide variety of markets and transactions and purchases, sells, holds and recommends a broad array of investments (and may do so for its own accounts) and for the accounts of clients, through client accounts and the relationships and products it sponsors, manages and advises (such GAM or other client accounts (including the ICAV), relationships and products collectively, the “Accounts”). GAM’s activities and dealings may affect the ICAV in ways that may disadvantage or restrict the Fund and/or benefit GAM or other Accounts.

The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that a Investment Manager and GAM may have in transactions effected by, with, and on behalf of the ICAV.

The conflicts and potential conflicts of interest described below may also apply to Delegate Investment Managers. In addition, such Delegate Investment Manager may be subject to additional conflicts of interest other than those described.

### **The Sale of Shares and the Allocation of Investment Opportunities**

#### *GAM’s Financial and Other Interests May Incentivise GAM to Promote the Sale of Shares*

GAM and its personnel have interests in promoting sales of Shares in the ICAV, and the compensation from such sales may be greater than the compensation relating to sales of interests in other Accounts. Therefore, GAM and its personnel may have a financial interest in promoting Shares in the Fund over interests in other Accounts.

The relevant Investment Manager may simultaneously manage Accounts for which the Investment Manager receives greater fees or other compensation (including performance-based fees or allocations) than they receive in respect of the ICAV. The simultaneous management of Accounts that pay greater fees or other compensation and the ICAV may create a conflict of interest as the Investment Manager may have an incentive to favour Accounts with the potential to receive greater fees. For instance, the Investment Manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibly greater fees from Accounts that pay performance-based fees. To address these types of conflicts, the Investment Manager has adopted policies and procedures under which they will allocate investment opportunities in a manner that they believe is consistent with their regulatory and fiduciary obligations as a Investment Manager.

#### *Conflicts Arising from GAM’s Financial and Other Relationships with Intermediaries*

GAM and the ICAV may make payments to financial intermediaries and to salespersons to promote the ICAV. These payments may be made out of GAM assets or amounts payable to GAM. These payments may create an incentive for such persons to highlight, feature or recommend the ICAV.



### *Allocation of Investment Opportunities Among the ICAV and Other Accounts*

The relevant Investment Manager may manage or advise multiple Accounts (including Accounts in which GAM and its personnel may have an interest) that have investment objectives that are similar to the ICAV and that may seek to make investments or sell investments in the same securities or other instruments, sectors or strategies as the ICAV. This may create potential conflicts, particularly in circumstances where the availability of such investment opportunities is limited (e.g., in local and emerging markets, high yield securities, fixed income securities, regulated industries, real estate assets, primary and secondary interests in alternative investment funds and initial public offerings/new issues) or where the liquidity of such investment opportunities is limited.

To address these potential conflicts, GAM has developed allocation policies and procedures that provide that GAM personnel making portfolio decisions for Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Accounts consistent with the relevant Investment Manager's fiduciary obligations. These policies and procedures may result in the pro rata allocation (on a basis determined by the relevant Investment Manager) of limited opportunities across eligible Accounts managed by a particular portfolio management team, but in other cases the allocations may reflect other factors as described below. Accounts managed by different portfolio management teams may be viewed separately for allocation purposes. There will be cases where certain Accounts receive an allocation of an investment opportunity when the ICAV does not.

Allocation-related decisions for the ICAV and other Accounts may be made by reference to one or more factors, including without limitation: the Account's investment strategy or style, risk profile, objectives, guidelines and restrictions (including legal and regulatory restrictions affecting certain Accounts or affecting holdings across Accounts) and cash and liquidity considerations. The application of these considerations may cause differences in the performance of Accounts that have strategies similar to those of the ICAV. In addition, in some cases the Investment Manager may make investment recommendations to Accounts where the Accounts make investments independently of the Investment Manager. In circumstances in which there is limited availability of an investment opportunity, if such Accounts invest in the investment opportunity prior to a Fund, the availability of the investment opportunity for the relevant Fund will be reduced irrespective of the GAM policies regarding allocation of investments.

The relevant Investment Manager may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Accounts or employed pro rata among Accounts where they are employed, even if the strategy or opportunity is consistent with the objectives of such Accounts.

### *GAM and the Investment Manager' Activities on Behalf of Other Accounts*

The Investment Manager's decisions and actions on behalf of the relevant Fund may differ from those on behalf of other Accounts. Advice given to, or investment or voting decisions made for, one or more Accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice given to or investment decisions made for the ICAV.

Transactions by such Accounts may involve the same or related securities or other instruments as those in which the ICAV invests, and may negatively affect the ICAV or the prices or terms at which a Fund's transactions may be effected. A Fund and Accounts may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Fund.

GAM, on behalf of one or more Accounts and in accordance with its management of such Accounts, may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for the relevant Fund. The relative timing for the implementation of investment

decisions or strategies for Accounts, on the one hand, and the ICAV, on the other hand, may disadvantage the relevant Fund. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in the relevant Fund receiving less favourable trading results or incurring increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

Subject to applicable law, the Investment Manager may cause a Fund to invest in securities or other obligations of companies affiliated with or advised by GAM or in which GAM or Accounts have an equity, debt or other interest, or to engage in investment transactions that may result in other Accounts being relieved of obligations or otherwise divested of investments, which may enhance the profitability of GAM's or other Accounts' investment in and activities with respect to such companies.

### **GAM May Act in a Capacity Other than Investment Manager to the Fund**

#### *Principal and Cross Transactions*

When permitted by applicable law and the Investment Manager's policies, the Investment Manager, acting on behalf of the relevant Fund, may enter into transactions in securities and other instruments with or through GAM or in Accounts managed by the relevant Investment Manager, and may cause the Fund to engage in transactions in which GAM acts as principal on their own behalf (principal transactions) or advise both sides of a transaction (cross transactions). There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit the Investment Manager's decision to engage in these transactions for the ICAV. GAM may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions, and has developed policies and procedures in relation to such transactions and conflicts. Any principal, or cross transactions will be effected in accordance with fiduciary requirements and applicable law.

Subject to applicable law, GAM or Accounts may also invest in or alongside the ICAV. Unless provided otherwise by agreement to the contrary, GAM or Accounts may redeem interests in the ICAV at any time without notice to Shareholders or regard to the effect on the relevant Fund's portfolio, which may be adverse.

### **Proxy Voting by the relevant Investment Manager**

The Investment Manager has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of advisory clients, including the ICAV, and to help ensure that such decisions are made in accordance with its fiduciary obligations to its clients. Notwithstanding such proxy voting policies and procedures, proxy voting decisions made by the relevant Investment Manager with respect to securities held by the Fund may benefit the interests of GAM and Accounts other than the Fund.

### **Potential Limitations and Restrictions on Investment Opportunities and Activities of GAM and the ICAV**

The relevant Investment Manager may restrict its investment decisions and activities on behalf of a Fund in various circumstances, including as a result of applicable regulatory requirements, information held by GAM and GAM's internal policies. In addition, the Investment Manager is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for the relevant Fund.

### **Aggregation of Trades by the Co-Investment Manager**

The Investment Manager follows policies and procedures pursuant to which they may combine or aggregate purchase or sale orders for the same security for multiple Accounts (including Accounts in which GAM has an interest) (sometimes called "bunching"), so that the orders can be executed at the same time. The Investment Manager aggregates orders when it considers doing so appropriate and in the interests of its clients generally. In

addition, under certain circumstances trades for the relevant Fund may be aggregated with Accounts in which GAM has an interest.

When an aggregated order is completely filled, the Investment Manager generally will allocate the securities purchased or proceeds of sale pro rata among the participating Accounts, based on the purchase or sale order. If the order at a particular broker is filled at several different prices, through multiple trades, generally all participating Accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all Accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

Although it may do so in certain circumstances, the Investment Manager generally does not bunch or aggregate orders for different Accounts (including the ICAV), or net buy and sell orders for the ICAV if portfolio management decisions relating to the orders are made by separate portfolio management teams, if aggregating or netting is not appropriate or practicable from the relevant Investment Manager's operational or other perspective, or if doing so would not be appropriate in light of applicable regulatory considerations. The Investment Manager may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Accounts that are not aggregated, and incur lower transaction costs on netted trades than trades that are not netted. Where transactions for the relevant Fund are not aggregated with other orders, or not netted against orders for the Fund, that Fund may not benefit from a better price and lower commission rate or lower transaction cost.

#### **Other Conflicts of Interests**

Each of the AIFM and any Investment Manager may in the course of their business have conflicts of interest with the ICAV in circumstances other than those referred to above. The AIFM and the relevant Investment Manager will, however, have regard in such event to its obligations to act in the best interests of Shareholders when undertaking any investment where conflicts of interest may arise and will seek to resolve such conflicts fairly. In the event that a conflict arises in relation to the allocation of investment opportunities, the AIFM and the relevant Investment Manager will ensure that it is resolved fairly and such conflicts will be managed as described above under "The Sale of Shares and the Allocation of Investment Opportunities".

#### **Inducements and Soft Commissions**

##### *Inducements*

The AIFM is subject to inducement rules set out in the Level 2 Regulations pursuant to which it will not be regarded as acting honestly, fairly and in accordance with the best interests of the ICAV or its Shareholders if, in relation to the activities performed when carrying out its functions it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than those permitted under the Level 2 Regulations e.g. a fee, commission or non-monetary benefit paid by or on behalf of a third party where the AIFM can demonstrate (i) the existence, nature and amount of the fee, commission or benefit and (ii) the payment of the fee or commission, or the provision of the non-monetary benefit are designed to enhance the quality of the relevant service and not impair compliance with the AIFM's duty to act in the best interests of the ICAV or its Shareholders.

Consequently, where the AIFM or any Investment Manager 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, permitted derivative instruments or techniques and instruments for a Fund, the rebated commission shall be paid to the relevant Fund.

### *Soft Commission Arrangements*

The AIFM or subject to applicable law any non-MiFID authorised Investment Manager may effect transactions with or through the agency of another person with whom the AIFM or non-MiFID authorised Investment Manager or an entity affiliated to the AIFM or non-MiFID authorised Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the AIFM, any non-MiFID authorised Investment Manager and/or an affiliated party goods, services or other benefits that would assist in the provision of investment services to the ICAV such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the AIFM or non-MiFID authorised Investment Manager or affiliated party 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 assists in the provision of investment services to the ICAV.

A report will be included in the ICAV's annual report describing the soft commission practices of the AIFM and any non-MiFID authorised Investment Manager.

### *MiFID Authorised Investment Managers*

In accordance with its obligations under MiFID II, any MiFID authorised Investment Manager shall return to the relevant Fund any fees, commissions or other monetary benefits paid or provided by a third party in relation to the investment management services provided by the MiFID authorised Investment Manager to a Fund as soon as reasonably possible after receipt.

The MiFID authorised Investment Manager shall however be permitted to retain minor non-monetary benefits received from third parties where the benefits are such that they could not impair the MiFID authorised Investment Manager from complying with its obligation to act in the best interests of the Fund and provided such minor non-monetary benefits are disclosed to the ICAV prior to the provision of investment management services by that entity.

Investment research will not constitute an inducement under MiFID II where it is paid for by the MiFID authorised Investment Manager itself out of its own resources or out of a research payment account ("RPA") funded by a specific research charge to the applicable Fund. Where investment research will be paid for by a MiFID authorised Investment Manager out of a RPA funded by a specific research charge to a Fund, this will be disclosed in the relevant Supplement.

### **Risks Associated with use of Financial Derivative Instruments**

If the Investment Manager incorrectly forecasts interest rates, market values or other economic factors in using a derivatives strategy for a Fund, the Fund might have been in a better position if it had not entered into the transaction at all. The use of these strategies involves certain special risks, including a possible imperfect correlation, or even no correlation, between price movements of derivative instruments and price movements of related investments. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in related investments, or due to the possible inability of a Fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Fund to sell a portfolio security at a disadvantageous time, and the possible inability of a Fund to close out or to liquidate its derivatives positions.

The synthetic shorting of derivatives involves the risk of a theoretically unlimited increase in the market price of underlying positions and therefore the risk of unlimited loss.

## **Swap Agreements and Swaptions**

Whether a Fund's use of swap agreements and options on swap agreements will be successful will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid investments. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund's ability to terminate existing swap agreements or to realise amounts to be received under such agreements.

A Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. A Fund may be either the buyer or seller in a credit default swap transaction. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. However, if an event of default occurs, the Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

A Fund may enter into total return swap agreements i.e. a derivative whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty. If the volatility or expectation of volatility of the reference asset(s) varies, the market value of the financial instruments may be adversely affected. The Fund will be subject to the credit risk of the counterparty to the swap, as well as that of the issuer of the reference obligation. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the ICAV on behalf of the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

## **Structured Notes**

A structured note is a derivative debt security combining a fixed income instrument with a series of derivative components. As a result, the bond's coupon, average life, and/or redemption values can become exposed to the forward movement in various indices, equity prices, foreign exchange rates, mortgage backed security prepayment speeds, etc.

## **Contracts for Difference**

The risks inherent in contracts for difference (CFDs) are dependent on the position that the Fund takes in the transaction: by utilising CFDs, the Fund can put itself in a "long" position on the underlying value, in which case the Fund will profit from any increase in the underlying stock, and suffer from any fall. The risks inherent in a "long" position are identical to the risks inherent in the purchase of the underlying stock. Conversely, the Fund can put itself in a "short" position on the underlying stock, in which case the Fund will profit from any decrease in the underlying stock, and suffer from any increase. The risks inherent in a "short" position are greater than those of a "long" position: while there is a ceiling to a maximum loss in a "long" position if the underlying stock is valued at zero, the maximum loss of a "short" position is that of the increase in the underlying stock, an increase that, in theory, is unlimited.

It should be noted that a “long” or “short” CFD position is based on the fund manager’s opinion of the future direction of the underlying security. The position could have a negative impact on the Fund’s performance. However, there is an additional risk related to the counterparty when CFDs are utilised: the Fund runs the risk that the counterparty will not be in a position to make a payment to which it has committed. The fund manager will ensure that the counterparties involved in this type of transaction are carefully selected and that the counterparty risk is limited and strictly controlled.

### **Currency Contracts**

Where disclosed in the relevant Supplement, a Fund may purchase and sell spot and forward currency options and currency futures contracts, principally to hedge positions in portfolio securities. Currency contracts may be more volatile and carry more risks than investments in securities. The successful use of currency contracts depends upon the Fund’s ability to predict the direction of the market and political conditions, which requires different skills and techniques than predicting changes in the securities markets. If the Fund is incorrect in its prediction of the direction of these factors, the investment performance of the Fund would diminish compared to what it would have been if this investment strategy had not been used.

### **Options and Futures Contracts**

Where disclosed in the relevant Supplement, a Fund may purchase and sell options on certain securities and currencies and may also purchase and sell equity, currency and index futures contracts and related options. Although these kinds of investments may be used as a hedge against changes in market conditions, the purchase and sale of such investments may also be speculative.

Futures prices are highly volatile. Price movements of futures contracts are influenced by, amongst other things, changing supply and demand relationships, weather, government, agricultural, trade, fiscal, monetary and exchange control programmes and policies, national and international political and economic events and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and gold. Such intervention is often intended to influence prices.

Participation in the options or futures markets involves investment risks and transaction costs to which a Fund would not be subject in the absence of using these strategies. If the fund manager’s prediction of movements in the direction of the securities markets is inaccurate, the adverse consequences to the Fund may leave the Fund in a position worse than that in which it would have been if the strategies had not been used. These transactions are highly leveraged, and gains and losses are, therefore, magnified.

Other risks inherent in the use of options and securities index futures include (i) the dependence on the Fund’s ability to predict correctly movements in the direction of specific securities being hedged or the movement in the indices; (ii) the imperfect correlation between the price of options and futures and options thereon and movements in the prices of the assets being hedged; (iii) the fact that skills needed to use these strategies are different from those needed to select individual securities; and (iv) the possible absence of a liquid secondary market for any particular instrument at any time.

A Fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments. The following provides an indication of important risk factors relating to all derivative instruments that may be used by the Funds.

## **Risk factors relating to all FDI that may be used by the Funds**

*Management Risk.* Derivative products are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

*Exposure Risk.* Derivative transactions may subject Funds to additional risk exposures. Transactions which give rise or may give rise to a future commitment on behalf of a Fund will be covered either by the relevant underlying asset or by liquid assets.

*Credit Risk.* The use of a derivative instrument involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as a “counterparty”) to make required payments or otherwise comply with the contract’s terms. Additionally, credit default swaps could result in losses if a Fund does not correctly evaluate the creditworthiness of the company on which the credit default swap is based.

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

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

*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.

*Lack of Availability.* Because the markets for certain derivative instruments are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the portfolio manager may wish to retain the Fund’s position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that a Fund will engage in derivatives transactions at any time or from time to time. A Fund’s ability to use derivatives may also be limited by certain regulatory and tax considerations.

*Market and Other Risks.* Like most other investments, derivative instruments are subject to the risk that the market value of the instrument will change in a way detrimental to a Fund’s interest. If a portfolio manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using derivatives for a Fund, the Fund might have been in a better position if it had not entered into the transaction at all. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Fund investments.

A Fund may also have to buy or sell a security at a disadvantageous time or price because the Fund is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions and subsequently a fund manager may be required to sell positions at a loss.

*Margin.* Certain derivatives entered into by a Fund may require that Fund to post collateral with a counterparty in order to secure an obligation to pay for positions entered into. The margin maintained must be marked-to-market daily, requiring additional deposits if the related position reflects a loss which reduces the equity on deposit below the required maintenance level. Conversely, if the position reflects a gain above the required maintenance level, such gain may be released to the Fund. Counterparties may, at their discretion, increase their minimum margin requirements, particularly in times of significant volatility. This and/or a mark-to-market requirement could suddenly increase very substantially the amount of margin required to be maintained.

*Legal Risks.* OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

*Counterparty Valuation Risk.* Where the counterparty valuation of an over-the-counter derivative is approved or verified by an independent unit within the counterparty's group there is no assurance that complete pricing models and procedures are in place for the purposes of producing an accurate verification of the counterparty valuation or that any such pricing models and procedures will be adhered hereto. In addition, where the independent unit does have pricing models and procedures for the purposes of approving or verifying the counterparty valuation those pricing models and procedures may not be sufficiently different from those employed by the counterparty itself so as to guarantee a wholly independent verification of the counterparty valuation.

Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indexes. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track.

### **Redemption Risk**

A Fund could experience a loss when selling securities to meet redemption requests by shareholders. The risk of loss increases if the redemption requests are unusually large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities the relevant Fund wishes to or is required to sell are illiquid.

### **Termination Risk**

In the event of the early termination of a Fund, the Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to a Fund that had not yet become fully amortised would be debited against the Fund's capital at that time. The circumstances under which a Fund may be terminated are set out under the heading "Termination of a Fund and Compulsory Redemption of All of its Shares" in Appendix III of the Prospectus.



In order to understand fully the consequences of an investment in the GAM Star Funds, investors should also refer to and read thoroughly the sections of this Prospectus under the headings “**Investment Objective, Investment policy and Strategy**”, “**NET ASSET VALUE AND VALUATION OF ASSETS**”, “**Suspension**” and “**Dividend Policy**”.

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

The ICAV has established subscription accounts designated in different currencies at umbrella level in the name of the ICAV. The ICAV has also established separate redemption accounts designated in different currencies at umbrella level in the name of the ICAV. Pending payment to the relevant Shareholders, dividend payments shall also be paid into a separate dividends account at umbrella level in the name of the ICAV. All subscriptions, redemptions or dividends payable to or from the relevant Fund will be channelled and managed Umbrella Cash Accounts.

Certain risks associated with the operation of the Umbrella Cash Accounts are set out above in the sections entitled "The Shares and Subscriptions" – “Timing of Payment”, "The Shares and Subscriptions" – “Anti-Money Laundering Measures” and "Dividend Policy".

In addition, investors should note the following:

#### *Insolvency of a Fund*

Investors should note that in the event of the insolvency of a Fund, recovery of any amounts to which a relevant Fund is entitled, but which may have transferred to such other insolvent Fund as a result of the operation of the Umbrella Cash Account will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Account. In the event of an insolvency of the ICAV or the relevant Fund, the rights of the investor to money held in the Umbrella Cash Account are those of an unsecured creditor to the ICAV.

There may be delays in effecting and/or disputes as to the recovery of such amounts, and the insolvent Fund may have insufficient funds to repay the amounts due to the relevant Fund.

#### *Impact of loss of monies held in Umbrella Cash Accounts on existing Shareholders in a Fund*

In circumstances where subscription monies are received by a Fund in advance of the issue of Shares as of the relevant Subscription Day and are held in an Umbrella Cash Account, any such investor shall rank as a general creditor of the Fund until such time as Shares are issued as of the relevant Subscription Day. Therefore in the event that such monies are lost prior to the issue of Shares to the relevant investor as of the relevant Subscription Day, the ICAV on behalf of the Fund may be obliged to make good any losses which the Fund incurs in connection with the loss of such monies to the investor (in its capacity as a creditor of the Fund).

Similarly, in the event that redemption monies or dividend monies held in an Umbrella Cash Account are lost prior to payment to the relevant investor or Shareholder as applicable, the ICAV on behalf of the relevant Fund may be obliged to make good any losses suffered by the investor/Shareholder in its capacity as a general creditor to the relevant Fund.

In the event that a Fund is obliged to repay the investor/Shareholder in such circumstances, the Directors will take any action it deems appropriate in order to discharge their fiduciary obligations to act in the best interests of all Shareholders. Any such action may include pursuing any party responsible for the loss of such investor

monies. By way of example only, if the loss of monies which were held in an Umbrella Cash Account were, in the opinion of the Directors, attributable to the negligent, fraudulent or reckless operation of the Umbrella Cash Account by the AIFM, the ICAV could pursue the AIFM for such losses pursuant to the terms of the management agreement in place between the ICAV and the AIFM. In such circumstances, the relevant Fund will accrue for monies owing from the responsible party for the relevant amount lost. However where recovery against a responsible party proves unsuccessful in full or in part, any such accrual may need to be subsequently adjusted which would result in a diminution in the Net Asset Value per Share of the relevant Fund.

Furthermore it should be noted that in the event of an insolvency of the credit institution with whom the Umbrella Cash Accounts have been opened, the ICAV will rank as a general creditor of that credit institution in respect of monies on deposit. Therefore a Fund may not recover all monies comprised in the Umbrella Cash Account attributable to it in such circumstances. Any monies not recovered by the relevant Fund would result in a diminution of the Net Asset Value per Share of that Fund.

## **Risks Associated with Securities Financing Transactions**

### *General*

Entering into repurchase agreements, reverse repurchase agreements and stocklending agreements create several risks for the ICAV and its investors. The relevant Fund is exposed to the risk that a counterparty to a securities financing transaction may default on its obligation to return assets equivalent to the ones provided to it by the relevant Fund. A Fund may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Fund had entered into contracts with multiple counterparties. It is also subject to liquidity risk if it is unable to liquidate collateral provided to it to cover a counterparty default. Such transactions may also carry legal risk in that the use of standard contracts to effect securities financing transactions may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Such transactions may also involve operational risks in that the use of securities financing transactions and management of collateral are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Risks may also arise with respect to any counterparty's right of re-use of any collateral as outlined below under "*Risks Associated with Collateral Management*".

### *Securities Lending*

Where disclosed in the relevant Supplement, a Fund may engage in securities lending activities. As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. There is a risk that the value of the collateral received by a Fund may fall below the value of the securities transferred. In addition, as a Fund may invest cash collateral received under a securities lending arrangement, a Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer or the relevant security.

### *Repurchase Agreements*

Under a repurchase agreement, the relevant Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

### *Reverse Repurchase Agreements*

Where disclosed in the relevant Supplement, a Fund may enter into a reverse repurchase agreement. If the seller of securities to the Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

### *Risks Associated with Total Return Swaps*

Where specified in the relevant Supplement, a Fund may enter into total return swap agreements i.e. a derivative whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty.

If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreement related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the ICAV on behalf of the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from exercising its rights with respect to the investments in its portfolio and obtaining payments owed to it pursuant to the relevant contract and therefore may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Furthermore, in addition to being subject to the credit risk of the counterparty to the total return swap, the Fund is also subject to the credit risk of the issuer of the reference obligation. Costs incurred in relation to entering into a total return swap and differences in currency values may result in the value of the index/reference value of the underlying of the total return swap differing from the value of the total return swap.

### *Risks Associated with Collateral Management*

Where a Fund enters into an OTC derivative contract or a securities financing transaction, it may be required to pass collateral to the relevant counterparty or broker. Collateral that a Fund posts to a counterparty or a broker that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such assets. Therefore in the event of the insolvency of a counterparty or broker, the Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty or broker. In addition, the Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Fund is re-invested, 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.

Where collateral is posted to a counterparty or broker by way of a title transfer collateral arrangement or where the ICAV on behalf of a Fund grants a right of re-use under a security collateral arrangement which is

subsequently exercised by the counterparty, the ICAV on behalf of a Fund will only have an unsecured contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the Fund shall rank as an unsecured creditor and may not receive equivalent assets or recover the full value of the assets. Investors should assume that the insolvency of any counterparty would result in a loss to the relevant Fund, which could be material. In addition, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the ICAV or its delegates will not have any visibility or control.

Because the passing of collateral is effected through the use of standard contracts, a Fund may be exposed to legal risks such as the contract may not accurately reflect the intentions of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

### **Side Pockets**

The Directors may in exceptional circumstances create and issue Side Pocket Shares in respect of a Fund to which will be attributed interests in investments or any particular investment determined by the Directors as having become after their acquisition Value Affected Investments. Side Pocket Shares will be redeemable by the ICAV and/or by the holders thereof only when so determined by the Directors. Shareholders may be required to maintain their Side Pocket Shares for a significant period of time as they are only likely to be able to redeem Side Pocket Shares when the assets attributable to the Side Pocket Shares are capable of being properly valued or realised. Valuations of Side Pocket Shares from time to time may not reflect the actual amount that would be realised by the ICAV upon the disposition of such investments.

A Side Pocket may contain cash for the purposes of any proposed hedging transactions. The ICAV in respect of a Fund may be unable to increase the amount of cash contained in a Side Pocket following the creation of that Side Pocket, and accordingly the cash contained in that Side Pocket may in certain circumstances be insufficient to allow the AIFM to appropriately implement hedging transactions in respect of that Side Pocket.

## APPENDIX II

### TAXATION OF THE ICAV

#### General

The information given is not exhaustive and does not constitute legal or tax advice. ***It does not purport to deal with all of the tax consequences applicable to the ICAV or its current or future Funds or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of the ICAV or its current or future Funds if one or more were to be considered an IREF (as defined below).***

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 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 ICAV 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 ICAV 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 ICAV 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 ICAV is resident in Ireland for taxation purposes the taxation position of the ICAV and the Shareholders is as set out below.

#### Definitions

For the purposes of this section, the following definitions shall apply.

#### “Exempt Irish Investor”

- 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 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 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 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 Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;

- 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 ICAV; 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 ICAV or jeopardising tax exemptions associated with the ICAV giving rise to a charge to tax in the ICAV;

provided that they have correctly completed the Relevant Declaration.

**“Intermediary”** means a person who:-

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

**“IREF”**

means an Irish non-UCITS regulated fund or, where that non-UCITS regulated fund is an umbrella fund, a sub-fund of the regulated fund-

**(a)** in which 25% or more of the value of the assets at the end of the immediately preceding accounting period is derived directly or indirectly from certain Irish real estate type assets (“IREF assets”), or

**(b)** where paragraph (a) above does not apply, it would be reasonable to consider that the main purpose, or one of the main purposes, of the fund or the sub-fund, as the case may be, was to acquire IREF assets or to carry on activities involving IREF assets, the profits or gains of which, apart from the specific exemption set out in the legislation dealing with regulated funds, would be chargeable to income tax, corporation tax or capital gains tax, including, but without limitation to the generality of the preceding words, activities which would be regarded as (i) dealing in or developing land, or (ii) a property rental business;

and where this applies to a sub-fund of an umbrella fund, for the purposes of the calculation, assessment and collection of any tax due, each sub-fund of such umbrella scheme shall be treated as a separate legal person.

**“Ireland”** means the Republic of Ireland.

**“Irish Resident”**

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

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

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

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

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

The Finance Act 2014 amended the above residency rules for companies incorporated on or after 1 January 2015. These new residency rules will ensure that companies incorporated in Ireland and also companies not so incorporated but that are managed and controlled in Ireland, will be tax resident in Ireland except to the extent that the company in question is, by virtue of a double taxation treaty between Ireland and another country, regarded as resident in a territory other than Ireland (and thus not resident in Ireland). For companies incorporated before this date these new rules will not come into effect until 1 January 2021 (except in limited circumstances).

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

#### **“Ordinarily Resident in Ireland”**

- in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes.
- 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 2018 to 31 December 2018 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2020 to 31 December 2020.

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

**“Recognised Clearing System”** means any clearing system listed in Section 246A of the Taxes Act (including, but not limited to, Euroclear, Clearstream Banking AG, Clearstream Banking SA and CREST) 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.

**“Relevant Declaration”** means the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act.

**“Relevant Period”** 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.

**“Taxes Act”**, The Taxes Consolidation Act, 1997 (of Ireland) as amended.

#### **The ICAV**

The ICAV will be regarded as resident in Ireland for tax purposes provided that the ICAV is incorporated in Ireland and is not, by virtue of a double taxation treaty between Ireland and another country, regarded as resident in a

country other than Ireland. It is the intention of the Directors that the business of the ICAV 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 ICAV qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the ICAV is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the ICAV. 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 ICAV for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the ICAV 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 ICAV 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 ICAV 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 ICAV for other Shares in the ICAV;
- 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 ICAV with another investment undertaking.

If the ICAV becomes liable to account for tax if a chargeable event occurs, the ICAV 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 ICAV indemnified against loss arising to the ICAV by reason of the ICAV becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Dividends received by the ICAV from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the ICAV can make a declaration to the payer that it is a collective investment undertaking beneficially entitled to the dividends which will entitle the ICAV 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 ICAV. 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 ICAV 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 ICAV (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 ICAV 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 discussion in the previous paragraph relating 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 ICAV 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 ICAV 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 ICAV satisfying and availing of equivalent measures (see paragraph headed "Equivalent Measures" below) tax will arise on the happening of a chargeable event in the ICAV 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 ICAV on the occasion of a chargeable event provided that either (i) the ICAV 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 ICAV 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 ICAV has satisfied and availed of the equivalent measures or (ii) such Shareholders have made Relevant Declarations in respect of which the ICAV 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 ICAV on the basis that no Relevant Declaration has been filed with the ICAV 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 ICAV 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 33% (25% where the Shareholder is a company and an appropriate declaration is in place) will be required to be deducted by the ICAV

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 ICAV 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 ICAV 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 ICAV 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 ICAV will refund the Shareholder for the excess (subject to the paragraph headed “15% threshold” below).

#### *10% Threshold*

The ICAV 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 ICAV (or any Fund being an umbrella scheme) is less than 10% of the value of the total Shares in the ICAV (or the Fund) and the ICAV 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 ICAV (or their service providers). The ICAV 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 ICAV will refund the Shareholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable shares in the ICAV (or Fund being an umbrella scheme) does not exceed 15% of the value of the total Shares, the ICAV may elect to have any excess tax arising repaid directly by Revenue to the Shareholder. The ICAV 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 ICAV to value the Shares held at the 30<sup>th</sup> June or 31<sup>st</sup> 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 ICAV 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*

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.

#### **Reporting**

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the ICAV is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual’s PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. No details are to be reported in respect of Shareholders who are;

- Exempt Irish Investors (as defined above);
- Shareholders who are neither Irish Resident nor Ordinarily Resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a Recognised Clearing System.

## Capital Acquisitions Tax

The disposal of Shares may be subject to Irish gift or inheritance tax (“Capital Acquisitions Tax”). However, provided that the ICAV 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 five (5) consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- (ii) that person is either resident or ordinarily resident in Ireland on that date.

## Compliance with US reporting and withholding requirements

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

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement (“**Irish IGA**”) on the 21<sup>st</sup> December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting Guidance Notes (which will be updated on an ad-hoc basis) were first issued by the Irish Revenue Commissioners on 1 October 2014 with the most recent version being issued in June 2017.

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 ICAV 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 ICAV 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.

### **Common Reporting Standard**

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

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

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

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

For further information on the CRS requirements of the ICAV, please refer to the below "Customer Information Notice".

#### *Customer Information Notice*

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

The ICAV is obliged under Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections to collect certain information about each Shareholder's tax arrangements (and, in particular situations, also collect information in relation to relevant Controlling Persons of such Shareholder's).

In certain circumstances the ICAV may be legally obliged to share this information and other financial information with respect to a Shareholder's interests in the ICAV with the Irish Revenue Commissioners (and, in particular situations, also share information in relation to relevant Controlling Persons of such Shareholder's). In turn, and to the extent the account has been identified as a Reportable Account, the Irish Revenue Commissioners will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, the following information will be reported by the ICAV to the Irish Revenue Commissioners in respect of each Reportable Account maintained by the ICAV:

- The name, address, jurisdiction of residence, tax identification number and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person;
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the date of closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period;
- The currency in which each amount is denominated.

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

In addition to the above, the Irish Revenue Commissioners and Irish Data Protection Commissioner have confirmed that Ireland has adopted the “wider approach” for CRS. This allows the ICAV to collect data relating to the country of residence and the tax identification number from all non-Irish resident Shareholders.

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

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

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

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

### **Taxation on the Occurrence of Certain Events**

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

## **Taxation of Subsidiaries Incorporated in Ireland**

Subsidiaries incorporated in Ireland will be liable to Irish tax on their income and gains but will be structured in a way to ensure that only nominal taxable profits arise in Ireland within each such Subsidiary and, instead, that such profits arise at the level of the ICAV, where they will be tax exempt. This is achieved by the Subsidiary transmitting such profits via a profit participating note to the ICAV. Provided it satisfies various Irish tax conditions, the Subsidiary will be able to offset all expenses (including amounts payable on the profit participating note) against income and gains, leaving only nominal taxable profits within the Subsidiary.

## APPENDIX III

### GENERAL INFORMATION

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

- (a) The ICAV is an umbrella type Irish Collective Asset-management Vehicle, registered with the Central Bank of Ireland on 21 July 2017 under the ICAV Act with registration number C172055.
- (b) The registered office of the ICAV is George's Court, 54-62 Townsend Street, Dublin 2 Ireland.
- (c) Clause 2 of the Instrument provides that the ICAV's sole object is the collective investment of its funds in property with the aim of giving members of the ICAV the benefit of the results of the management of its investments.
- (d) Shares of the ICAV shall be divided into ordinary participating shares of no nominal value ("Participating Shares") and ordinary management shares of no nominal value ("Management Shares"). The ICAV may issue shares as fully paid up, or subscribed and partly paid up, in accordance with the Instrument, the requirements of the Central Bank and the ICAV Act. The liability of Members in respect of payment on their shares shall be limited to the amount, if any, unpaid, on the shares respectively held by them. Management Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the ICAV. The Directors or their delegate have the power to allot shares in the capital of the ICAV on such terms and in such manner as they may think fit. There are two non-participating shares currently in issue which are beneficially held by the AIFM.

#### 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 ICAV is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-fourths 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) The rights attaching to the Shares or Management Shares shall not unless otherwise expressly provided by the terms of issue of the Shares or Management Shares, be deemed to be varied by the creation, allotment or issue of any further Shares or Management Shares ranking pari passu with Shares or Management Shares already in issue.
- (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 ICAV.

#### 3. Voting Rights

The following rules relating to voting rights apply:

- (a) Only registered Members shall be recognised by the ICAV and have voting rights. Investors who hold Shares via a third party or nominee shall not be recognised by the ICAV and their rights shall be solely and exclusively exercisable against such third party or nominee.
- (b) Each Class of Participating Shares may be issued with such voting rights or restrictions on voting rights as the Directors determine in their absolute discretion, including non-voting Classes. On a show of hands every



Shareholder (with applicable voting rights) present in person or by proxy shall be entitled to one vote and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares.

- (c) Share Classes may have different voting rights – “Voting Shares” and “Non-Voting Shares”.
- (d) In accordance with the requirements of the Central Bank, Shareholders which hold Non-Voting Shares will be able to request the re-designation of their Non-Voting Shares to Voting Shares, which Shares will in all other respects rank pari passu, without being subject to a fee.
- (e) The holders of Non-Voting Shares shall have such rights to receive notice of, attend and vote at general meetings of Shareholders as the Directors may in respect of any Class determine and set out in the relevant Supplement.
- (f) Fractions of Shares do not carry voting rights.
- (g) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share (with applicable voting rights) held by him and a holder of Management Shares shall be entitled to one vote in respect of all Management Shares held by him. A Member entitled to more than one vote need not cast all his votes, or cast all the votes he uses in the same way.
- (h) At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or upon the declaration of the result of the show of hands a poll is demanded by the chairman or by at least two Members present in person or by proxy or any Member(s) present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at the meeting. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the ICAV shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (i) 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.
- (j) Any person (whether a Member or not) may be appointed to act as a proxy; a Member may appoint more than one proxy to attend on the same occasion.
- (k) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney so authorised. An instrument of proxy shall be in any usual form or in such form as the Directors may approve **provided always** that such form shall give the Member the choice of authorising his/her proxy to vote for or against each resolution.
- (l) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the registered office of the ICAV or at such other place as is specified for that purpose in the notice of meeting or in the instrument of proxy issued by the ICAV not less than such minimum time specified before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
- (m) The Directors may at the expense of the ICAV send by post or otherwise to the Members 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.

- (n) To be passed, Ordinary Resolutions of the ICAV or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Members or Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special Resolutions, of the Members or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the votes cast by the Shareholders voting in person or by proxy at the meeting to be passed.
- (o) A resolution in writing signed by all the Members of the ICAV, Fund or Class for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly appointed representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the ICAV, Fund or Class, duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members, and if described as a Special Resolution shall be deemed to be a special resolution within the meaning of the Instrument. In the case of a corporation a resolution in writing may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative.
- (p) Subject to the Central Bank's requirements, notwithstanding anything to the contrary in the Instrument, a resolution in writing that is described as being an Ordinary Resolution or a Special Resolution which is signed by a Member or Member(s) who, at the time of the signing of the resolution concerned, represent more than 50%, in the case of an Ordinary Resolution or 75%, in the case of a Special Resolution, of the total voting rights of all the Members who, at that time, would have the right to attend and vote at a general meeting of the ICAV or relevant Fund or Class, and in respect of which all Members of the ICAV or relevant Fund or Class (as the case may be), concerned entitled to attend and vote on the resolution have been circulated by the Directors (or other person proposing it) with the proposed text of the resolution, shall be as valid and effective for all purposes as if the Ordinary Resolution or Special Resolution, as the case may be, had been passed at a general meeting of the ICAV or relevant Fund or Class, duly convened and held.

#### **4. Meetings**

- (a) The Directors of the ICAV may elect to dispense with the holding of an annual general meeting by giving 60 days' written notice to all of the ICAV's Members. Any election so made shall have effect for the year in which it is made and subsequent years, but does not affect any liability already incurred by reason of default in holding an annual general meeting. However, where an election made hereunder has effect for a year, one or more Members of the ICAV holding, or together holding, not less than 10 per cent of the voting rights in the ICAV or the Auditors may require the ICAV to hold an annual general meeting in that year by giving notice in writing to the ICAV in the previous year or at least one month before the end of that year and the ICAV shall hold the required meeting.
- (b) The Directors may convene extraordinary general meetings of the ICAV at any time.
- (c) Not less than fourteen clear days' notice of every annual general meeting and any extraordinary meeting (convened for the passing of an Ordinary Resolution or Special Resolution) must be given to Members.
- (d) 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 Members holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class.
- (e) 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 Members, 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 Members in such Fund or Class, the quorum shall be one Member holding Shares of the Fund or Class, in question or his proxy. All general meetings will be held in Ireland.

- (f) The chairman, if one is appointed or, if he is absent, the deputy chairman of the Directors, or failing him, some other Director nominated by the Directors shall preside as chairman at every general meeting of the ICAV, but if at any meeting neither the chairman nor the deputy chairman nor such other Director is present within fifteen minutes after the time appointed for holding the meeting, or if none of them be willing to act as chairman, the Directors present shall choose some Director present to be chairman, or if no Directors are present, or if all the Directors present decline to take the chair, the Members present shall choose some Member present to be chairman.
- (g) 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 ICAV Act, have effect with respect to separate meetings of each Fund or Class, at which a resolution varying the rights of Members in such Fund or Class is tabled.

## 5. Reports and Accounts

The ICAV will prepare an annual report and audited accounts in respect of each Fund as of 31 December in each calendar year or such other date as the Directors may from time to time decide in respect of the ICAV or one or more Funds. The ICAV may prepare a separate annual report and audited accounts in respect of each Fund in accordance with the ICAV Act. The first annual report of the ICAV's first Fund shall be made up to 31 December 2018. The annual report and audited accounts will be published within six months of the Fund's financial year end and will be filed with the Central Bank and supplied to Members free of charge on request and will be available to investors at [www.gam.com](http://www.gam.com). Although the ICAV is not required to prepare un-audited semi-annual accounts, the ICAV is required to provide financial statements (either audited accounts or an interim report) within 12 months of its launch and therefore semi-annual accounts will be prepared as of 30 June 2018 and will be published within 2 months of that date.

## 6. Communications and Notices to Shareholders

Communications and notices to Members or the first named of joint Members 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 Member.
Via Exchange	The day on which the announcement or publication is released by the exchange.
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) Subject to the provisions of the Instrument and any restrictions provided herein, all Classes of Shares are fully transferable and transfers of Shares may be effected by transfer in writing in any usual or common form (including in electronic form whether via an electronic communication or otherwise in accordance with the requirements of the Electronic Commerce Act 2000 as amended, supplemented, consolidated or replaced from time to time) accompanied where applicable by such evidence of ownership as the Directors may reasonably require to show the right of the transferor to make the transfer ("**Instrument of Transfer**"), signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee.
- (b) No transfer of Management Shares may be effected without the prior written consent of the ICAV.

- (c) The Directors or the AIFM 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.
- (d) The Directors or the AIFM may suspend the registration of the transfer of Shares at such times and for such periods as the Directors or their delegate may from time to time determine, provided that such registration of transfer of shares shall not be suspended for more than 30 days.
- (e) The Directors may, before the end of the period of two months commencing with the date of receipt of the Instrument of Transfer, decline to register any transfer of Shares if:
  - (i) in consequence of such transfer the transferee would hold 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 ICAV 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 ICAV and such fee as may from time to time be specified by the Directors for the registration of any Instrument of Transfer;
  - (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 imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the relevant Fund or Class, or where relevant Series or Shareholders generally;
  - (v) unless the instrument of transfer is deposited with the AIFM together with such evidence as is required by the AIFM to satisfy the AIFM as to its or the ICAV's requirements to prevent money laundering; or

if the registration of such transfer would result in a contravention of any provision of law (including any law that is for the time being in force in a country or territory other than Ireland); or (ii) result in a contravention of any provision of the Instrument; or (iii) would produce a result inconsistent with any provision of the Prospectus.

- (f) Each transferee of Shares (if not an existing Shareholder) will also be required to certify that, as at the date of transfer: (I) that it is a professional client within the meaning of Annex II of MiFID and therefore constitutes a Qualifying Investor, (II) that it is aware of the risks involved in the proposed investment in the ICAV and of the fact that inherent in such investment is the potential to lose all of the sum invested, and (III) that all legal requirements applicable to such person within its own jurisdiction for the purchase or holding of shares have been complied with. If requested to do so by the Directors, each such person shall be required to deliver to the ICAV such certificates, opinions, statements or other evidence required by the Directors for any of the aforementioned purposes.

## **8. Directors**

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

- (a) The number of Directors shall not be less than two.
- (b) A Director need not be a Member.

- (c) The Instrument contains no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) The provisions of the ICAV Act relating to restrictions on directors of an insolvent company or disqualifying persons from being appointed or acting as a director or other officer, statutory auditor, receiver or liquidator, or being in any way (directly or indirectly) concerned or taking part in the promotion, formation or management of a company shall apply to the ICAV.
- (e) 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 ICAV or any company in which the ICAV is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (f) The Directors of the ICAV for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the ICAV 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 ICAV. The ICAV shall not make to any Director any payment by way of compensation for loss of office, or as consideration for or in connection with retirement from office, unless the following conditions are satisfied, (a) that particulars relating to the proposed payment (including its amount) are disclosed to Members, and (b) that the proposal is approved by Ordinary Resolution of the ICAV in a general meeting.
- (g) A Director may hold any other office or place of profit under the ICAV, 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.
- (h) No Director or intending Director shall be disqualified by his office from contracting with the ICAV either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the ICAV in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the ICAV 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. A Director of the ICAV who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the ICAV is required to declare the nature of his or her interest at a meeting of the Directors of the ICAV. This provision does not apply in relation to an interest that cannot reasonably be regarded as likely to give rise to a conflict of interest. The declaration required to be made by a Director shall (a) in the case of a proposed contract, be made at the meeting of the Directors at which the question of entering into the contract is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract, at the next meeting of the Directors held after he or she became so interested, (b) in a case where the Director becomes interested in a contract after it is made, be made at the first meeting of the Directors held after the Director becomes so interested. A general notice in writing given to the Directors by any Director to the effect that (a) he is a member of any specified company or firm, and is to be regarded as interested in any contract which may thereafter be made with that company or firm or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him or her (within the meaning of Part 4, Chapter 1 of the ICAV Act) shall (if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure that the same is brought up and read at the next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any contract or arrangement made.
- (i) A Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in Shares or debentures or other securities or otherwise in or through the ICAV 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 resolution concerning any of the following matters, namely:-

- (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the ICAV or any of its subsidiaries or associated companies;
  - (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the ICAV or any of its subsidiaries or associated companies for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the ICAV or any of its subsidiaries or associated companies for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof; or
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever **provided that** he is not the holder of or beneficially interested in five per cent or more of the issued shares of any class of such company, or of any third company through which his interest is derived, or of any of the voting rights available to shareholders of the relevant company (any such interest being deemed for the purposes of this provision to be a material interest in all circumstances).
  - (v) any proposal concerning the purchase of any policy of insurance against directors' and officers' liability.
- (j) The office of a Director shall be vacated in any of the following events namely:
- (i) if he resigns his office by notice in writing signed by him and left at the registered office of the ICAV;
  - (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) if he becomes of unsound mind;
  - (iv) 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;
  - (v) 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;
  - (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office;
  - (vii) if he is removed from office by Ordinary Resolution of the ICAV in accordance with the ICAV Act; or
  - (viii) if he ceases to be approved to act as a Director by the Central Bank.

Any Director may, in accordance with the terms of the Instrument and the requirements of the Central Bank, appoint any person to be his alternate Director.

## **9. Directors' Interests**

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the ICAV, the Funds and the Shares are set out below:

- (a) Mr. Whooley is an employee and Director of the AIFM; and
- (b) Mr. Hanges is a director of a number of GAM Group companies including GAM International Management Limited.

No shareholding qualification for Directors is required under Irish law. The Directors or companies of which they are officers or employees may, however, subscribe for Shares in the ICAV. Their applications will rank pari passu with all other applications for the same Class, or where relevant Series.

#### **10. Termination of a Fund and Compulsory Redemption of All of its Shares**

All of the Shares of any Fund may be compulsorily redeemed by the ICAV in the following circumstances: (a) at any time after the establishment of the Fund, the Net Asset Value of the Fund falls below €50 million (including the effect of pending redemptions) or (b) by not less than 30 days' notice in writing from the ICAV to the Shareholders.

All of the Shares of the ICAV shall be compulsorily redeemed by the ICAV if the Depositary retires or gives notice of retirement and no new Depositary has been appointed by the relevant deadline or if the Shareholders resolve by Special Resolution that the ICAV be wound up.

All of the Shares of a Fund shall be compulsorily redeemed by the ICAV if the Shareholders of the Fund resolve by Ordinary Resolution that the Fund by reason of its liabilities cannot continue its business and that it be terminated or of the Shareholders resolve by Special Resolution that the Fund be terminated.

#### **11. Winding Up**

(a) The ICAV may be wound up if:

- (i) at any time after the first anniversary of the incorporation of the ICAV, the Net Asset Value of the ICAV falls below €50 million, on each Valuation Day for such period as may be determined by the Directors, and the Members resolve to wind up the ICAV by Ordinary Resolution;
- (ii) the Depositary desires to retire or the ICAV desires to remove the Depositary from office and no replacement Depositary, subject to the prior approval of the Central Bank and Clause 4.02(b) of the Instrument, is appointed within such time frame agreed by the ICAV in the applicable Depositary Agreement and the Members resolve to wind up the ICAV by Ordinary Resolution;
- (iii) the AIFM desires to retire or the ICAV desires to remove the AIFM from office and no replacement AIFM, subject to the prior approval of the Central Bank, is appointed within such time frame agreed by the ICAV in the applicable AIFM Agreement or otherwise as determined by the Directors and the Members resolve to wind up the ICAV by Ordinary Resolution;
- (iv) when it becomes illegal or in the opinion of the Directors impracticable or inadvisable to continue operating the ICAV; or
- (v) the Members resolve by Ordinary Resolution that the ICAV cannot by reason of its liabilities continue its business and that it be wound up.

(b) In all cases other than those set out above, the Members may resolve to wind up the ICAV by Special Resolution in accordance with the summary approval procedure as provided for in the ICAV Act.

(c) In the event of a winding up the liquidator shall firstly apply the assets of the ICAV in satisfaction of creditors' claims in such manner and order as he thinks fit. The liquidator shall in relation to the assets available for distribution among Members make such transfers thereof to and from the Classes as may be necessary in order that the effective burden of creditors' claims may be shared between the Members of different in such proportions as the liquidator in his discretion deems equitable.

(d) The assets available for distribution among the Members shall be applied in the following priority:

- (i) Firstly, in the payment to the holders of the Participating Shares of each Class or Fund of a sum in the Base Currency (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Participating Shares of such 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 the Management Shares of sums up to the consideration paid therefore out of the assets of the ICAV not comprised within any Funds 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 in any of the Funds.
  - (iii) Thirdly, in the payment to the holders of Participating Shares of each Class or Fund of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Participating Shares of the relevant Class or Fund held.
  - (iv) Fourthly, any balance then remaining and not attributable to any Fund or Class of Participating Shares shall be apportioned between the Funds and Classes of Participating Shares pro-rata to the Net Asset Value of each Fund or Class of Participating Shares immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Participating Shares in that Fund or Class held by them.
- (e) The liquidator may with the authority of an Ordinary Resolution of the ICAV divide among the Shareholders (pro rata to the value of their respective shareholdings in the ICAV) in specie the whole or any part of the assets of the ICAV, 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 the 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 ICAV may be closed and the ICAV dissolved, but so 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 ICAV to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the ICAV shall receive from the Transferee Company shares or units in the Transferee Company of equivalent value to their shareholdings in the ICAV.
- (f) Notwithstanding any other provision contained in the Instrument, 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 ICAV, then any such winding up shall be commenced in accordance with the summary approval procedure as provided for in the ICAV Act. Any liquidator appointed to wind up the ICAV shall distribute the assets of the ICAV in accordance with the provisions of Clause 40.00 of the Instrument.

## **12. Indemnities and Insurance**

Every person or body corporate who is or has been a Director or Secretary of the ICAV or any person or body corporate who is or has acted as auditor of the ICAV and such person's heirs, administrators and executors, shall be indemnified and secured harmless out of the assets and profits of the relevant Fund from and against all actions, costs, charges, losses, damages and expenses, which they or any of them, their or any of their heirs, administrators or executors shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own negligence, default, breach of duty or breach of trust, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the relevant Fund and have priority as between the Members over all other claims.

Further details of the indemnification provisions regarding the ICAV are detailed in Clause 41.00 of the Instrument.



The ICAV acting through the Directors is empowered under the Instrument to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the ICAV 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**

As at the date of this Prospectus:

- (a) The ICAV does not have, nor has it had since incorporation, any employees.
- (b) The rights conferred on Shareholders by virtue of their shareholdings are governed by the Instrument, the general law of Ireland and the ICAV Act. Shareholders should be aware that where the ICAV or the relevant Fund enters into debentures as provided for under the section 'Borrowing Powers' above, the rights of the debenture holders shall, in the event of an enforcement event occurring in relation to such debenture or upon the ICAV or the relevant Fund being wound up, rank in priority to the rights of the Shareholders.
- (c) The ICAV 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 ICAV.
- (d) 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 relevant Fund to which they relate. No dividend or other amount payable to any Shareholder shall bear interest against the ICAV.

### **14. Material Contracts**

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

#### *Delegate Administration Agreement*

Pursuant to the Delegate Administration Agreement dated 22 February 2018, between the ICAV, the AIFM and the Delegate Administrator the Delegate Administrator will provide certain administrative services to the ICAV.

Pursuant to the Delegate Administration Agreement, the Delegate Administrator shall not, in the absence of negligence, bad faith, recklessness, wilful default or fraud on the part of the Delegate Administrator, its agents, employees, servants, affiliates, sub-contractors, delegates or any other person working for the Delegate Administrator be liable for any loss, incurred by the ICAV, its Shareholders or the AIFM arising out of or in connection with the performance by the Delegate Administrator of its obligations pursuant to the Delegate Administration Agreement including, without limitation, any loss damage or expense arising from any action taken or omitted by the Delegate Administrator in accordance with instructions of the AIFM. The Delegate Administrator excludes all liability arising out of or in connection with the Delegate Administration Agreement, for indirect, special or consequential loss. The Delegate Administration Agreement provides for certain further exculpations in favour the Delegate Administrator in relation to certain specific matters.

The Delegate Administration Agreement may be terminated by any of the parties, following an initial period of six months from the date of the Delegate Administration Agreement, on giving not less than 60 days' prior written notice to the other party. The Delegate Administration Agreement may also be terminated forthwith at any time by any party giving notice in writing to the other parties on the happening of certain events as outlined in the Delegate Administration Agreement such as the insolvency of a party to the Delegate Administration Agreement (or upon the happening of a like event).

The Delegate Administration Agreement provides that the ICAV and the AIFM shall indemnify and shall keep the Delegate Administrator indemnified and held harmless from and against all actions, proceedings and claims and against all costs, demands and expenses arising therefrom which may be brought against, suffered or incurred by the

Delegate Administrator, its permitted delegates, servants or agents directly as a result of the Delegate Administrator's performance or non-performance of its obligations and duties under the Delegate Administration Agreement, provided that such indemnity shall not be given in the event of the Delegate Administrator's or its delegates', servants' or agents' negligence, wilful default, bad faith, fraud or recklessness in the performance or non-performance of its duties under the Delegate Administration Agreement.

#### *Depositary Agreement*

Pursuant to the Depositary Agreement between the AIFM, the ICAV and the Depositary dated 22 February 2018, the latter was appointed as Depositary to provide depositary services in accordance with the provisions of the AIFM Legislation and the Level 2 Regulations. The Depositary will collect any income arising from the ICAV's assets on the ICAV's behalf.

The Depositary Agreement may be terminated by any of the parties following an initial period of six months from the date of the Depositary Agreement on giving not less than 90 days' prior written notice to the other parties. The Depositary Agreement may also be terminated by any party forthwith by giving notice in writing to the other parties on the happening of certain events as outlined in the Depositary Agreement such as the insolvency of a party (or upon the happening of a like event). The ICAV may not terminate the appointment of the Depositary and the Depositary may not retire from such appointment unless and until a successor depositary (approved by the Central Bank) shall have been appointed in accordance with the Instrument and with the prior approval of the appointment by the Central Bank.

The Depositary Agreement provides that the Depositary shall act honestly, fairly, professionally, and in the interests of the ICAV and its Shareholder and shall exercise due care and diligence in the discharge of its duties and will be liable to the ICAV and the Shareholders for any loss of custody assets (as defined in the AIFM Regulations and Level 2 Regulation such as derivative instruments, etc.) and will also be liable to the ICAV and the Shareholders for any loss, arising from the Depositary's negligence or its intentional failure to properly fulfil its obligations pursuant to the AIFM Directive and the Depositary Agreement or which otherwise arises as a result of the wilful default, bad faith or recklessness of the Depositary.

The Depositary Agreement provides that the ICAV shall indemnify and hold harmless the Depositary, against all actions, proceedings and claims and against all costs, demands and expenses arising therefrom which may be brought against, suffered or incurred by the Depositary by reason of the performance of the Depositary's duties under the Depositary Agreement save where any such actions, proceedings, claims, costs, demands or expenses arising as a result of Depositary's negligent or intentional failure to properly fulfil its duties under the Depositary Agreement or the loss of custody assets (as defined in the AIFM Regulations and Level 2 Regulation) or which otherwise arises as a result of the wilful default, bad faith or recklessness of the Depositary.

The Depositary Agreement provides the Depositary with a security interest over the assets of the ICAV as continuing security for the payment, discharge and performance of any obligations owed by the ICAV to the Depositary or its affiliates.

The Depositary Agreement also provides that the Depositary may establish certain cash bank accounts of a Fund with a financial institution that is a member of the State Street Group. Such cash bank accounts will be held by the financial institution as banker rather than a trustee and, as a result, any deposited cash will not be subject to the protections afforded by client asset or investor money rules and a Fund will be exposed to the credit risk of the financial institution concerned. In the event of an insolvency of the financial institution, a Fund will rank with all other unsecured creditors of the financial institution in relation to the distribution of any proceeds made available by an appointed insolvency practitioner.

### *AIFM Agreement*

Pursuant to the AIFM Agreement between the ICAV and the AIFM dated 22 February 2018, the AIFM was appointed as alternative investment fund manager, administrator, registrar and transfer agent of the ICAV, subject to the overall supervision of the Directors.

Pursuant to the AIFM Agreement, the AIFM agrees to provide portfolio management and risk management services and to assist in the management and investment of the assets of the ICAV and the Funds listed in Appendix I of the AIFM Agreement and to provide the ICAV with continuing advice and assistance in the implementation of the investment objective and policy of each Fund. The AIFM also agrees to provide administration, registrar and transfer agency services to the ICAV.

Under the AIFM Agreement, in the absence of negligence, fraud, bad faith or wilful default or failure to comply with its obligations as set out under the AIFM Agreement, in the ICAV Act or under the AIFMD Requirements, on the part of the AIFM (or in the absence of such other or alternative standard of liability as otherwise agreed in writing by the parties thereto), the AIFM shall not be liable to the ICAV or a Fund 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 AIFM Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The ICAV on behalf of itself or a Fund shall hold harmless and indemnify out of the assets of the relevant Fund, the AIFM, its employees, delegates and 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 may be brought against, suffered or incurred by the AIFM, its employees, delegates or agents in the performance of its duties under the AIFM Agreement other than due to the negligence, fraud, bad faith or wilful default or failure to comply with its obligations as set out in the AIFM Agreement, in the ICAV Act or under the AIFMD Requirements, of the AIFM, its employees, delegates or agents in the performance of its obligations under the AIFM Agreement (or other than such other or alternative standard of liability as otherwise agreed in writing by the parties thereto). In this regard, "AIFMD Requirements" means the obligations imposed on the AIFM and/or the ICAV, as applicable, as a result of the AIFM Directive, the AIFM Regulations, the Level 2 Regulation, the AIF Rulebook, Central Bank guidance and any ESMA guidance.

The AIFM Agreement provides that the appointment of the AIFM will continue in force until terminated by either party by three calendar months' notice in writing to the other party. In certain circumstances as set out in the AIFM Agreement, the either party may terminate the AIFM Agreement forthwith without prior notice (in accordance with the procedure set out in the AIFM Agreement) upon the occurrence of certain events as specified in the AIFM Agreement, such as the liquidation of either party.

The AIFM may also enter into one or more investment management agreements pursuant to which it shall appoint one or more Investment Managers to manage the assets of particular Funds.

### *Global Distribution Agreement*

Pursuant to the Global Distribution Agreement between the ICAV and the Global Distributor dated 22 February 2018, the Global Distributor will act as global distributor of the Shares, subject to the terms and conditions therein. The agreement may be terminated by either of the parties thereto by giving not less than 90 days' written notice although in certain circumstances the agreement may be terminated forthwith. The agreement also contains certain indemnities in favour of the Global Distributor (and each of its directors, officers, employees and agents) which are restricted to exclude losses arising out of the fraud, negligence, wilful default, or bad faith of the Global Distributor in the performance of its duties.

## **15. Documents Available for Inspection and Other Information Available to Investors**

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 ICAV in Ireland during normal business hours on any Business Day:

- (a) The Instrument of Incorporation (copies may be obtained free of charge from the Secretary).
- (b) The ICAV Act and the AIF Rulebook.
- (c) The material contracts detailed above.
- (d) Once published, the latest annual reports of the ICAV (copies of which may be obtained from the Delegate Administrator free of charge).

The historical performance of each Fund shall be available from the AIFM.

#### **16. Periodic Disclosure to Investors**

The AIFM will periodically disclose, in a clear and presentable way, to investors in the ICAV:

- (a) the percentage of each Fund's assets which are subject to special arrangements due to their illiquid nature;
- (b) any new arrangements for managing liquidity of the Funds;
- (c) the current risk profile of each Fund and risk management systems employed by the AIFM to manage those risks;
- (d) where applicable, any changes to the maximum level of leverage which may be employed by a Fund as disclosed in the relevant Supplement as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement (if any);
- (e) the total amount of leverage employed by each Fund; and
- (f) historical performance of each Fund.

Such disclosure will be made to Shareholders at least at the same time as the publication of the annual audited financial statements.

On occasion, the AIFM and the Directors may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the AIFM and Directors will make all reasonable efforts to ensure the same level of information is available to all investors.

#### **17. The Subscription Application Form**

By subscribing for Shares using the subscription application form, each investor agrees to enter into a contract with the ICAV in respect of a Fund. Any Shares subscribed for under the subscription application form will be held subject to the terms and conditions of this Prospectus, as amended from time to time, the Instrument, as amended from time to time, and the applicable subscription application form.

The subscription application form shall be governed by and construed in accordance with the laws of Ireland.

#### **18. Agreements with Shareholders**

The AIFM or ICAV, on behalf of a Fund, may agree with any existing or prospective investor in a Fund to waive or modify the application of any of the terms described herein in this Prospectus or in the subscription application form for a Fund or may agree other specific terms with the investor. Such investors may include entities or persons who are affiliated with the ICAV and the AIFM and/or investors who hold a majority or substantial interest in a Fund.

Any such agreement with an investor will be agreed in accordance with the requirements of the Central Bank and the AIFM Legislation and may be related to (but is not limited to) the application or calculation of fees, indemnification obligations, additional representations, warranties and covenants and enhanced reporting applying to or available for a Fund. The ICAV and the AIFM may enter into such agreements without the consent of other Shareholders invested in the same Class or Fund, or where relevant Series. In particular, with respect to enhanced reporting or transparency rights relating to a Fund's investments, such information may only be available to those Shareholders who agree to provide confidentiality undertakings and certain representations and warranties on a basis satisfactory to the ICAV (or AIFM, where applicable).

The ICAV and the AIFM will take all reasonable measures to ensure the equal treatment of Shareholders in the same Class or where relevant Series and the fair treatment of Shareholders in different Classes or where relevant Series within the same Fund. Please also see the paragraph "Fair Treatment of Shareholders" in the section of the Prospectus entitled "The ICAV".

Any judgement for a definite sum obtained against the ICAV in the courts of a foreign (non-Irish) jurisdiction (a "Foreign Judgement") should generally be recognised and enforced by the courts of Ireland without a retrial or examination of the case where Council Regulation EC No.44/2001 on the Jurisdiction and the Recognition of Judgments in Civil and Commercial Matters (the "2001 Brussels Regulation") applies. Where the 2001 Brussels Regulation does not apply, the Foreign Judgement would not automatically be enforced in Ireland and it would be necessary to initiate legal proceedings before a court of competent jurisdiction in Ireland. In such circumstance, an Irish court would generally recognise and enforce such a Foreign Judgement without retrial or examination of the merits of the case provided certain common law principles are complied with.

## GAM ALTERNATIVE INVESTMENT FUND ICAV

### GAM FCM ILS Return Fund First Supplement to the Prospectus

This Supplement dated 31 July, 2020 contains information relating specifically to the GAM FCM ILS Return Fund (the “**Fund**”), an open-ended with limited liquidity sub-fund of GAM Alternative Investment Fund ICAV (the “**ICAV**”), an umbrella type Irish Collective Asset-management Vehicle with segregated liability between sub-funds, authorised by the Central Bank of Ireland under the Irish Collective Asset-management Vehicles Act, 2015 with registration number C172055.

**This Supplement forms part of and should be read in the context of and in conjunction with the prospectus for the ICAV dated 22 February 2018 as amended by the First Addendum to the prospectus of the ICAV dated 3 April 2018, the Second Addendum to the prospectus of the ICAV dated 19 April 2018, the Third Addendum to the prospectus of the ICAV dated 30 November 2018 and the Fourth Addendum to the prospectus of the ICAV dated 18 January 2019 (the “Prospectus”), which may be found immediately before this Supplement.**

The Directors of the ICAV whose names appear in the Prospectus under the heading “Management and Administration” 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 in 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.

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

#### 1. Interpretation

The expressions below shall have the following meanings:

“**Accounting Date**” means 31 December in each year, or such other date as the Directors may from time to time decide.

“**Base Currency**” means as defined in the section “Base Currency” in this Supplement.

“**Business Day**” means any day (except Saturday or Sunday) on which banks in Ireland are generally open for business or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.

“**CHF**” or “**SFr**” means Swiss franc.

“**Delegate Investment Manager**” means Fermat Capital Management, LLC.

“**EUR**” or “**€**” means Euro , the official currency of the eurozone.

“**GBP**” or “**£**” means Sterling, being the official currency of Great Britain.

“**ILS**” means insurance linked securities.

“**Initial Offer Period**” means in respect of each Class, the first Business Day subsequent to the date of this Supplement to 17:00 hours (Irish time) on 30 October, 2020 or such other dates and times as the Directors may determine and notify when required to the Central Bank.

“**Initial Price**” means €10 for Shares denominated in Euro, £10 for Shares denominated in Sterling, SFR 10 for Shares denominated in Swiss francs, \$10 for Shares denominated in US Dollars, ¥1,000 for Shares denominated in Japanese Yen, SEK 100 for Shares denominated in Swedish krona.

“**Investment Manager**” means GAM International Management Limited.

“**JPY**” or “**¥**” means the Japanese yen.

“**Performance Fee Share Class**” means each of the performance fee Classes listed in the table in the section “Share Classes, Minimum Subscription, Management Fee and Administration Fee” in this Supplement (collectively the “**Performance Fee Share Classes**”).

“**Non-Performance Fee Share Class**” means each of the non-performance fee Classes listed in the table in the section “Share Classes, Minimum Subscription, Management Fee and Administration Fee” in this Supplement (collectively the “**Non-Performance Fee Share Classes**”).

“**Redemption Day**” means the last Business Day in January and July of each year and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.

“**Redemption Dealing Deadline**” means 17:00 hours (UK time) on the day falling 45 Business Days prior to the relevant Redemption Day or such other time or day as the Directors may determine and notify in advance to Shareholders provided always that the Redemption Dealing Deadline precedes the Valuation Point.

“**SEK**” means Swedish krona.

“**Subscription Day**” means the last Business Day of each calendar month and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.

“**Subscription Dealing Deadline**” means 17:00 hours (UK time) on the day falling 5 Business Days prior to the relevant Subscription Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Subscription Dealing Deadline precedes the Valuation Point.

“**US**” means the United States of America, its territories or possessions or areas subject to its jurisdiction.

“**US Dollars**”, “**\$**” or “**USD**” means the official currency of the United States of America.

“**Valuation Day**” means the last Business Day of each calendar month and/or such other day or days as may be determined by the Directors from time to time and notified in advance to the Shareholders.

“**Valuation Point**” means market close in New York, US, on the Valuation Day or such earlier time on the Valuation Day as the ICAV (or its delegate) may determine, taking into account the main markets on which the instruments of the Fund are traded.

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

To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail with respect to the Fund.

## **2. Base Currency**

The Base Currency of the Fund shall be US Dollars.

## **3. Investment Objective**

The principal investment objective of the Fund is to seek to maximise risk adjusted absolute returns through investment in insurance linked securities (ILS).

There is no guarantee that the Fund will achieve its investment objective.

## **4. Investment Policy**

In order to achieve its investment objective, the Fund will invest in all forms of ILS including but not limited to catastrophe bonds, collateralised reinsurance investments, industry loss warranties, sidecars, quota shares, insurance debt, preference shares and equity. It is expected that the Fund will have significant exposure to instruments linked to both natural and non-natural catastrophes (e.g. hurricanes, earthquakes, flooding, mortality and other insurance related events).

### *Investments*

ILS are an asset class related to the worldwide market for insurance and reinsurance. ILS are available in a range of different forms which will be included in the portfolio based on relative value and overall portfolio construction considerations.

### *Catastrophe Bonds*

A well known category of ILS is commonly referred to as catastrophe bonds or “Cat” bonds and are linked to specifically defined loss events caused by both natural and non-natural catastrophes including, but not limited to, earthquakes, windstorm phenomena, mortality and other low frequency/high severity insurance related events. Cat bonds are generally floating rate securities with maturities of one to five years. Their coupons typically pay a fixed spread in excess of a quarterly coupon based on LIBOR, Euribor, money market yields or some other short-term interest reference rate. Cat bonds are relatively liquid instruments, although they may become illiquid during periods in which relevant catastrophes are occurring or immediately anticipated.

### *Collateralised Reinsurance*



Collateralised reinsurance are instruments providing exposure to traditional reinsurance or other risk transfer contracts. These investments are fundamentally equivalent to catastrophe bonds but with a reduced liquidity profile. These investments are often entered into with the same or similar companies as those that are issuing catastrophe bonds. Collateralised reinsurance offers, in contrast, greater investor choice among risk layers and premium levels which can provide opportunities to more broadly calibrate an overall risk/reward level for the Fund.

#### *Industry Loss Warranties*

Industry Loss Warranties (ILWs) are index based contracts which are triggered based on an overall market level of insured property losses for certain catastrophe events. The Fund may sell ILWs to add risk to the portfolio. Conversely, the Fund may purchase ILWs to reduce overall portfolio risk to certain areas or catastrophe types.

#### *Sidecars and Quota Shares*

Sidecar and quota share arrangements provide a risk exposure to a defined set of contracts or business lines originated by an insurance or reinsurance company. These arrangements typically include a sourcing commission for the counterparty and may provide exposure to a line of business or exposure not widely available in the broader insurance market.

#### *Insurance Debt, Preference Shares and Equity*

The Fund may also invest directly in or purchase debt from companies operating in the insurance or reinsurance business. These investments will often be in private placement form issued by small to medium sized businesses which have limited access to issue securities in the public markets. These investments will typically be with companies operating short tail businesses without significant asset risk. These investments provide exposure to companies operating lines of business which would be included in other ILS investments but at an elevated position in the risk transfer capital structure.

#### *Cash and Cash Equivalents*

The Fund, without limitation, may hold cash or invest in cash equivalents in the appropriate circumstances as determined by the Delegate Investment Manager from time to time. Such circumstances may include but are not limited to short term investments, the holding of cash on deposit pending reinvestment or in order to meet redemptions and payment of expenses. Among the cash equivalents in which the Fund may invest are: obligations of the US Government, its agencies or instrumentalities (US Government Securities, US Treasury Bills, etc.); commercial paper; money market mutual funds; and certificates of deposit and bankers' acceptances issued by domestic branches of US banks that are members of the Federal Deposit Insurance Corporation. The Fund may also invest excess funds in bonds issued or guaranteed by AA- (or higher) rated financial institutions, with or without leverage. If the Delegate Investment Manager believes that there is not sufficiently good value in any ILS suitable for investment of the Fund's capital, all such capital may be held in cash and cash equivalents.

#### *Repurchase Agreements*

The Fund may invest in Repurchase Agreements for borrowing purposes.

Repurchase Agreements (“Repo Contracts”): these agreements are the sale and subsequent repurchase of a security. For the party selling the security (and agreeing to repurchase it in the future at a specified time and price) it is a repurchase agreement and will generally be used as a means of raising short-term finance and its economic effect is that of a secured loan as the party purchasing the security makes funds available to the seller and holds the security as collateral.

The maximum proportion of the Fund’s assets which can be subject to Repo Contracts is 100% of the Net Asset Value of the Fund. However, the expected proportion of the Fund’s assets which will be subject to Repo Contracts is between 15% and 45% of the Net Asset Value of the Fund.

#### Portfolio Construction

As a specialist, the Delegate Investment Manager utilises a highly developed, proprietary strategy for pricing, risk analysis, and risk management branded as the CatAPM® model or process for ILS relative-value trading, portfolio construction and portfolio optimisation. The CatAPM® process is intended to produce consistent pricing of non-normal risks in the absence of dynamic replication.

#### *Investment Strategy*

The Fund’s investment parameters will be designed to target returns in excess of a short-term reference interest rate. To this end, the Delegate Investment Manager employs an investment strategy which, in its opinion, seeks to generate an optimised risk-reward profile. After the Inception Period has terminated, generally, the Delegate Investment Manager uses its best efforts to:

- (1) subject no more than 75% of the Fund’s Net Asset Value to any single particular catastrophic event on an originally-invested principal basis (this may differ significantly on a marked-to-market basis); and
- (2) open no position in any single ILS investment exceeding at the time of its initial purchase 15% of the Fund’s Net Asset Value (although subsequent events such as market movement or redemptions may cause an individual position to exceed this limit).

While the Delegate Investment Manager will undertake to follow the foregoing risk management procedures pursuant to the terms of the Delegate Investment Management Agreement, prospective investors must note that an optimised portfolio of ILS will most likely have relatively high concentrations of certain natural peril risks (as set out below under the heading “Risk Factors”). Prospective investors should also understand that although diversification on the basis of geographic region, event risk category, issuer and other factors will be a component of the Fund’s investment strategy, the Fund’s portfolio will be composed primarily of a single class of asset (ILS) and other instruments whose performance are expected to be largely correlated thereto, and cannot therefore be said to be a “diversified portfolio” in the traditional sense of such term.

#### *Inception Period*

The asset portfolio of the Fund is expected to be subject to a period of configuration, following the close of the Initial Offer Period, for approximately twelve months (the “**Inception Period**”).

During the Inception Period, the Delegate Investment Manager will carry out a process of asset portfolio construction to configure the Fund's investments with reference to the stated investment objective, policy and strategy of the Fund (including for the avoidance of doubt the risk management procedures detailed under "Investment Strategy" above) that is to apply after the end of the Inception Period. The process of asset portfolio construction may include, but is not limited to, the Delegate Investment Manager identifying, selecting and acquiring suitable investments or instruments to be added to the Fund.

During the Inception Period, the construction of the asset portfolio of the Fund may be constrained by factors such as (but not limited to):

- there being a limited number of available insurance and derivatives counterparties with which the Fund is able to trade;
- the Fund having access to a more limited number of assets and instruments (including derivatives); and
- the Fund having more limited opportunities to enter into investment contracts and derivative strategies that are considered by the Delegate Investment Manager to be desired or preferred.

Shareholders should note that during the Inception Period:

- the asset portfolio of the Fund may comprise a substantial amount in cash or near cash investments if the Delegate Investment Manager is unable to identify and access desired or preferred assets and instruments (including derivatives);
- the leverage achieved by the Fund may be significantly lower than the levels set out in this Supplement in the section "AIFM Directive Regulatory Leverage Calculation"; and
- the investment performance of the Fund and its ability to achieve its investment objective, policy or strategy may be affected adversely while the Delegate Investment Manager configures or assembles the Fund's asset portfolio.

The AIFM will notify the Shareholders of the end of the Inception Period.

#### *Collateral*

The Fund may post cash or other assets to its counterparties as margin or collateral and such assets may be therefore be passed outside the custodial network of the Depositary to an unlimited extent in order to support the Fund's transactions.

The Fund does not intend to reuse securities received as collateral.

#### *Borrowing and Leverage*

The Fund will typically gain leverage through the use of borrowing (including through the use of Repurchase Agreements) and derivatives and may transfer, mortgage, charge or encumber any assets or cash forming

part of its assets for the purpose of providing margin or collateral in respect of the Fund's investment activities.

#### *AIFM Directive Regulatory Leverage Calculation*

The maximum leverage of the Fund, calculated in accordance with the Level 2 Regulation, will be a maximum of 1.5 times the Net Asset Value of the Fund, using the "commitment" method, and 3 times the Net Asset Value of the Fund, using the "gross" method.

### **5. Investment Restrictions**

The Fund's investment restrictions are as set out in the Prospectus under the heading "Investment Restrictions". In addition, the following restrictions will also apply.

The Fund shall not invest more than 50% of its Net Asset Value, measured at the time of any investment, in debt, preference shares or equity instruments, in each case, issued directly by insurance companies. Structured insurance investments, such as cat bonds and collateralised reinsurance, are not included in this limitation.

### **6. Investment Manager / Delegate Investment Manager**

#### *Investment Manager*

GAM International Management Limited acts as Investment Manager of the Fund. GAM International Management Limited is a company limited by shares incorporated in England and Wales and is a wholly owned subsidiary of GAM Group AG. It is authorised in the United Kingdom to provide advice on and management of investments and is regulated by the Financial Conduct Authority ("FCA"). Under an Investment Management Agreement dated 22 February 2018 entered into between the AIFM and the Investment Manager, the Investment Manager has agreed, subject to the overall supervision of the AIFM, to manage the investments of the Fund.

Either party may terminate the Investment Management Agreement at the end of each calendar quarter by giving not less than three calendar months' notice in writing to the other party (or such shorter notice as may be agreed by the parties) although in certain circumstances (e.g. the winding up of a party or a breach by a party that is unremedied after 30 days' notice) this agreement may be terminated forthwith without prior notice. The Investment Management Agreement also contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters arising by reason of the negligence, wilful default, fraud or bad faith of the Investment Manager, its employees, delegates or agents in the performance of its obligations under the Investment Management Agreement provided that with respect to a Portfolio Investment Decision, the Investment Manager shall be fully indemnified for its negligence but not its gross negligence. In this regard, "Portfolio Investment Decision" refers to the review and selection by the Investment Manager of securities to be held by the Fund and the portfolio composition of the Fund which are permitted by the investment restrictions set forth in the Prospectus and which do not result from any trading error.

#### *Delegate Investment Manager*

Fermat Capital Management, LLC (“**Delegate Investment Manager**”) acts as Delegate Investment Manager of the Fund. The Delegate Investment Manager is a limited liability company established in Connecticut, US in August 2001 and is regulated by the Securities and Exchange Commission.

Under a Delegate Investment Management Agreement dated 22 February 2018 entered into between the Investment Manager and the Delegate Investment Manager as may be amended from time to time in accordance with the requirements of the Central Bank, the Delegate Investment Manager has agreed to provide investment management services to the Fund. Either party may terminate the Delegate Investment Management Agreement on 30 days’ notice although in certain circumstances this agreement may be terminated forthwith by notice in writing by either party to the other.

The Delegate Investment Management Agreement also contains certain indemnities in favour of the Delegate Investment Manager which are restricted to exclude matters arising by reason of the negligence, wilful default, fraud or bad faith of the Delegate Investment Manager, its employees, delegates or agents in the performance of its obligations under the Delegate Investment Management Agreement, provided that with respect to a Portfolio Investment Decision, the Delegate Investment Manager shall be fully indemnified for its negligence but not its gross negligence. In this regard, “Portfolio Investment Decision” refers to the review and selection by the Delegate Investment Manager of securities to be held by the Fund and the portfolio composition of the Fund which are permitted by the investment restrictions set forth in the Prospectus and the Delegate Investment Management Agreement and which do not result from any trading error.

The Delegate Investment Manager is exempt from registration as a “commodity pool operator” with the US Commodity Futures Trading Commission (the “**CFTC**”) under CFTC rule 4.13(a)(3) because this pool is operated pursuant to the following criteria: (a) Shares are exempt from registration under the 1933 Act and such Shares are not offered and sold through a public offering in the United States; (b) the ICAV does not market itself as a vehicle for trading commodity interests (as defined in CFTC rules); (c) the ICAV limits sales of Shares to persons who are (or whom the Delegate Investment Manager reasonably believes to be): (i) “accredited investors” (as that term is defined in Rule 501(a) of Regulation D under the 1933 Act); (ii) trusts that are not accredited investors but that were formed by accredited investors for the benefit of family members; (iii) “knowledgeable employees” (as that term is defined in rule 3c-5 under the, 1940 Act); or (iv) certain limited types of “qualified eligible persons” under CFTC rule 4.7(a)(2)(viii)(a); (d) the ICAV meets one of the following tests with respect to its commodity interest positions, whether entered into for hedging or speculative purposes, at all times: (i) the aggregate initial margin, premiums and minimum security deposits (with respect to retail forex transactions) required to establish such positions, determined at the time the most recent position was established, does not exceed 5 per cent of the liquidation value of the pool’s portfolio (after taking into account unrealised profits and unrealised losses on any such positions it has entered into); or (ii) the aggregate net notional value of such positions, determined at the time the most recent position was established, does not exceed 100 per cent of the liquidation value of the pool’s portfolio (after taking into account unrealised profits and unrealised losses on any such positions it has entered into). Unlike a registered commodity pool operator, the Delegate Investment Manager is not required to deliver a disclosure document and a certified annual report to investors. The ICAV will, however, deliver the Prospectus and the periodic and audited annual reports described herein to Shareholders.

## **7. Offer**

With the exception of the ZII USD Acc and the ZII JPY Acc Share Classes which are already in issue, Shares in each of the Classes listed in the table that appears in the section “Share Classes, Minimum Subscription, Management Fee and Administration Fee” of this Supplement are available for subscription during the Initial Offer Period of that Class at the Initial Price of that Class in the relevant reference currency. Subject to acceptance of applications for Shares in a Class by the Directors, Shares in that Class will be issued for the first time on the first Business Day after expiry of the Initial Offer Period (the “**Closing**”).

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

After the Closing of the Initial Offer Period of a Class, Shares in that Class in the Fund will be issued at the prevailing Net Asset Value per Share.

To facilitate the calculation of the performance fee payable by Shareholders in the Performance Fee Share Classes, an initial Series in the Performance Fee Share Classes will be issued on the first Business Day after the expiry of the initial offer period of the relevant Class (“**Initial Series**”) at the Initial Price.

In order to facilitate the equitable application of the performance fee payable by Shareholders in the Performance Fee Share Classes who subscribe for or redeem Shares at different times, a new Series of Shares will be issued on each Subscription Day that Shares in the Performance Fee Shares Classes are purchased, which Series will be numbered consecutively, commencing with Series 1 (being the first Series of Shares of a Performance Fee Share Class issued after the issue of the Initial Series of Shares in that Class).

Effective after the end of each calendar year, the ICAV on behalf of the Fund will convert Shares in each newly issued Series (an “**Interim Series**”) of the relevant Class into the first relevant outstanding Series (the “**Initial Series**”) unless either (i) such Interim Series or (ii) such Initial Series has a loss carryforward (i.e., the Net Asset Value per Share of the Series was not above the higher of (i) the Initial Price of the relevant Series and (ii) the highest Net Asset Value per Share of the relevant Series as at any prior calendar year-end). In the event the Initial Series has a loss carryforward, Shares in each outstanding Interim Series that does not have a loss carryforward will be converted into Shares of the oldest outstanding Series that does not have a loss carryforward. Such conversion will be effected on the basis of the relative Net Asset Value per Share of each Series so that the aggregate Net Asset Value of each Shareholder’s Shares will not be affected.

The Directors reserve the right to close any Class of Shares to new subscriptions, or to close any Class of Shares to subscription from investors who are not existing Shareholders of the Class.

## **8. Share Classes, Minimum Subscription, Management Fee and Administration Fee**

Classes may be distinguished by the levels of fees and charges levied as set out in this Supplement.

All Classes carry full voting rights as summarised under “Voting Rights” of Appendix III of the Prospectus.

Class	Reference Currency	Minimum Subscription (€ or equivalent)	Performance Fee Rate	Management Fee (Up to)	Administration Fee (Up to)
<b>Performance Fee Share Classes</b>					
Ordinary	USD	EUR 100,000	10%	1.45%	0.08%
Ordinary	EUR	EUR 100,000	10%	1.45%	0.08%
Ordinary	GBP	EUR 100,000	10%	1.45%	0.08%
Ordinary	CHF	EUR 100,000	10%	1.45%	0.08%
Ordinary	SEK	EUR 100,000	10%	1.45%	0.08%
Ordinary	JPY	EUR 100,000	10%	1.45%	0.08%
Institutional	USD	EUR 5,000,000	10%	0.95%	0.08%
Institutional	EUR	EUR 5,000,000	10%	0.95%	0.08%
Institutional	GBP	EUR 5,000,000	10%	0.95%	0.08%
Institutional	CHF	EUR 5,000,000	10%	0.95%	0.08%
Institutional	SEK	EUR 5,000,000	10%	0.95%	0.08%
Institutional	JPY	EUR 5,000,000	10%	0.95%	0.08%
Z*	USD	EUR 5,000,000	Up to 10%**	1.45%	0.08%
Z*	EUR	EUR 5,000,000	Up to 10%**	1.45%	0.08%
Z*	GBP	EUR 5,000,000	Up to 10%**	1.45%	0.08%
Z*	CHF	EUR 5,000,000	Up to 10%**	1.45%	0.08%
Z*	SEK	EUR 5,000,000	Up to 10%**	1.45%	0.08%
Z*	JPY	EUR 5,000,000	Up to 10% **	1.45%	0.08%
<b>Non-Performance Fee Share Classes</b>					
Ordinary II	USD	EUR 100,000	N/A	1.75%	0.08%
Ordinary II	EUR	EUR 100,000	N/A	1.75%	0.08%
Ordinary II	GBP	EUR 100,000	N/A	1.75%	0.08%
Ordinary II	CHF	EUR 100,000	N/A	1.75%	0.08%
Ordinary II	SEK	EUR 100,000	N/A	1.75%	0.08%
Ordinary II	JPY	EUR 100,000	N/A	1.75%	0.08%
Institutional II	USD	EUR 5,000,000	N/A	1.25%	0.08%
Institutional II	EUR	EUR 5,000,000	N/A	1.25%	0.08%
Institutional II	GBP	EUR 5,000,000	N/A	1.25%	0.08%

Institutional II	CHF	EUR 5,000,000	N/A	1.25%	0.08%
Institutional II	SEK	EUR 5,000,000	N/A	1.25%	0.08%
Institutional II	JPY	EUR 5,000,000	N/A	1.25%	0.08%
Z II*	USD	EUR 5,000,000	N/A	1.75%	0.08%
Z II*	EUR	EUR 5,000,000	N/A	1.75%	0.08%
Z II*	GBP	EUR 5,000,000	N/A	1.75%	0.08%
Z II*	CHF	EUR 5,000,000	N/A	1.75%	0.08%
Z II*	SEK	EUR 5,000,000	N/A	1.75%	0.08%
Z II*	JPY	EUR 5,000,000	N/A	1.75%	0.08%

\* Z Shares and Z II Shares are only available to investors who have entered into a discretionary investment management agreement or other agreement with the GAM Group.

\*\* Further information in relation to the applicable performance fees of the Z Shares is available on request from GAM Fund Management Limited (Dublin Office) or on [www.gam.com](http://www.gam.com).

Subject to the requirements of the Central Bank, the Directors reserve the right to differentiate between Shareholders in a single Class (or different Classes) and to waive the Minimum Subscription.

Subject to the requirements of the Central Bank, the Directors reserve the right to introduce further Classes upon such terms as the Directors in their absolute discretion may determine.



## **9. Subscribing for Shares**

Investors may subscribe for Shares in accordance with the provisions set out in the Prospectus.

## **10. Redeeming and Switching Shares**

### *Redeeming Shares*

Investors applying to redeem their Shares must do so in accordance with the provisions set out in the Prospectus.

### *Switching Shares*

At the discretion of the AIFM, Shareholders may switch between Classes of the Fund in accordance with the provisions set out in the Prospectus in the section "Switching" under "Redemptions and Switching".

Instructions to switch received by the AIFM by the Redemption Dealing Deadline or such other time(s) as the ICAV may determine will normally be dealt on the relevant Redemption Day. The Directors in their absolute discretion may determine to accept switching requests after the Redemption Dealing Deadline provided that such switching requests have been received prior to the relevant Valuation Point for the Fund.

The AIFM reserves the right not to process any transactions for a Shareholder when full settlement for the purchase of the applicable Shares has not been made.

## **11. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Unless withdrawn, applications for Shares will be considered and requests for redemption will be processed as at the next Subscription Day or Redemption Day as applicable following the ending of such suspension.

## **12. Fees and Expenses**

### *Establishment and Operating costs of the Fund*

The Fund will share pro-rata in the establishment and operating costs of the ICAV. Please refer to the section of the Prospectus entitled "Fees and Expenses".

Fees and expenses are charged equally to each Class, or otherwise in such manner as set out in this Supplement or the Prospectus or as the Directors in their absolute discretion deem fair.

### *AIFM's Fees*

#### (i) Management Fee

The ICAV shall pay an annual fee to the AIFM for the management of the Fund (including any fees for global distribution services in respect of the Fund) (the "Management Fee") which fee will accrue on each Valuation Day and will be paid monthly in arrears. Details of the Management Fee payable to the AIFM in respect of each Class is set out in the section "Share Classes, Minimum Subscription, Management Fee and Administration Fee" of this Supplement.

#### (ii) Administration Fee

The ICAV shall pay an annual fee to the AIFM for the administration of the Fund (the "**Administration Fee**") which fee will accrue on each Valuation Day and will be paid monthly in arrears. Details of the Administration Fee payable to the AIFM in respect of each Class is set out in the section "Share Classes, Minimum Subscription, Management Fee and Administration Fee" of this Supplement.

The AIFM shall also be entitled to be reimbursed out of the assets of the Fund for reasonable out-of-pocket expenses, including but not limited to legal and other professional fees and other expenses incurred by it in the performance of its duties and any VAT on fees and expenses payable to or by it.

### *Investment Manager's Fees*

#### (i) Investment Management Fee

The AIFM will pay to the Investment Manager out of the Management Fee as opposed to out of the assets of the Fund an annual fee (plus VAT, if any).

The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for reasonable out-of-pocket expenses incurred by it in the performance of its duties and any VAT on fees and expenses payable to or by it.

#### (ii) Performance Fee

In addition to the fees payable to Investment Manager as set out above, the Investment Manager shall be entitled to receive out of the assets of the Fund attributable to each Series of Performance Fee Share Classes, a performance fee in respect of each calendar year (the "**Performance Period**") that will accrue on each Valuation Day and be payable (i) annually in arrears at the end of each calendar year, (ii) as at each Redemption Day with respect to Shares redeemed by Shareholders, repurchased by the ICAV or (iii) as of the date of closure of the Fund, whichever is applicable. Distributions paid out by the Fund shall not be deemed to impact the performance of a Series.

In the case of the first Performance Period, the Performance Period will commence on the first Business Day subsequent to the Initial Offer Period and will end on the last Business Day of the calendar year in which such Business Day occurred. In the case of subsequent Performance Periods, it will commence on the first Business Day after the previous Performance Period and will end on the last Business Day of the calendar year in which such Business Day occurred.

The performance fee is calculated on a Series-by-Series basis, in an amount equal to 10 per cent of the outperformance of the relevant Series over the Benchmark Return (as defined below) and subject to the High Water Mark (as defined below). Each performance fee is calculated on a Series-by-Series basis in an effort to ensure that performance fees are equitably assessed among Shareholders. All fees and expenses (except the performance fee) that have been paid for a given period are deducted prior to calculating the performance fees for such period.

The performance fee with respect to a Series is calculated on a cumulative basis and is payable only where the Net Asset Value per Share has risen above the High Water Mark. The “**High Water Mark**” is defined as the higher of (i) the Initial Price of the relevant Series and, (ii) the highest Net Asset Value per Share of the relevant Series as at any prior calendar year end. Therefore, the performance fee payable with respect to a Series is not payable until all prior net losses with respect to such Series are recouped. Shares issued as of separate Subscription Days will be designated as Shares of separate Series each with its own Net Asset Value per Share. The “**Benchmark**” is the prorated secured overnight rate of return for the currency relevant to the Class in question as at each month end. For these purposes, it shall be assumed that the rate to be used shall be the market accepted LIBOR replacement rate as determined by the relevant jurisdiction. As at this time, that rate for EUR shall be EONIA, GBP shall be SONIA, CHF shall be SARON, USD shall be SOFR or Fed Funds, SEK shall be STIBOR, JPY shall be TONAR/MUTAN, in each case pro-rated for the number of days in the month divided by the number of days in the year for the day count convention of each rate. Where the prorated secured overnight rate of return falls below zero, the rate will be fixed at zero per cent for calculation purposes. For jurisdictions that have not yet determined a market accepted LIBOR replacement rate, 3 Month LIBOR in the appropriate currency shall be used until such time as a replacement rate is accepted and published.

The “**Benchmark Return**” is the prorated return on the Benchmark with respect to the Performance Period. Any underperformance of a Series versus the Benchmark for a prior year will not be clawed back i.e., it is non-cumulative.

The performance fee will be accrued and taken into account in the calculation of the Net Asset Value per Share of each Series on each Valuation Day.

Included in the calculation of the performance fee shall be net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant calendar year. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

No performance fee is payable in respect of, or out of the assets attributable to any Non-Performance Fee Share Classes.

The calculation of the performance fee shall be verified by the Depositary.

#### *Delegate Investment Manager's Fee*

The Investment Manager will pay to the Delegate Investment Manager out of the Investment Manager's fee as opposed to out of the assets of the Fund such fees (plus VAT, if any) as agreed between those parties from time to time.

The Delegate Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for reasonable out-of-pocket expenses incurred by it in the performance of its duties and any VAT on fees and expenses payable to or by it.

#### *Depositary's Fee*

The Depositary shall be entitled to receive out of the assets of the Fund an annual fee up to a maximum of 0.10% of the Net Asset Value of the Fund, accrued at each Valuation Point and payable monthly in arrears (plus VAT, if any).

In addition, the Depositary is entitled to charge to the Fund all agreed fees and transaction charges at normal commercial rates, together with all reasonable and properly vouched out-of-pocket expenses (plus any applicable taxes), it incurs on behalf of the Fund in the performance of its duties under the Depositary Agreement, which shall be payable quarterly in arrears.

The Depositary will also charge the Fund third party transaction fees and sub-custodian fees and charges at normal commercial rates.

#### *Delegate Administrator's Fee*

The AIFM will pay to the Delegate Administrator out of the Administration Fee as opposed to out of the assets of the Fund an annual fee (plus VAT, if any).

This fee shall include the production of the Fund's financial statements and FATCA/CRS reporting and the filling of the annual 'Annex IV' report.

The Delegate Administrator shall also be entitled to be reimbursed by the Fund for all out-of-pocket expenses incurred by it and any VAT on fees and expenses payable to or by it in the performance of its services in respect of the Fund.

#### *Subscription and Redemption Charge*

At the discretion of the AIFM, a subscription charge may be imposed, up to a maximum of 5% of the Net Asset Value of Shares being purchased and a redemption charge may be imposed up to a maximum of 3% of the Shares being redeemed.

#### *Anti-Dilution Levy*

Where the Fund buys or sells underlying investments in response to a request for the issue or redemption of Shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the Shareholder. With a view to reducing this cost (which, if it is material, disadvantages existing Shareholders of the Fund) and in order to preserve the value of the underlying assets of the relevant Fund, the AIFM may require payment of an anti-dilution levy, to be added to or deducted from the Net Asset Value per Share as appropriate. The AIFM will normally charge a dilution levy of up to 1% (one per cent) of the Net Asset Value per Share in the event of receipt for processing of net subscription or net redemption requests (including subscriptions and/or redemptions which would be effected as a result of conversions from one Fund into another Fund). The need to charge a dilution levy will depend on the volume of purchases, conversions or

redemptions of Shares on any given Subscription Day and Redemption Day, and this will be evaluated by the AIFM without prior notification to the relevant Shareholder.

#### *Investment Research Charges*

The Investment Manager / Delegate Investment Manager will discharge the charges relating to investment research which is or may be used by the Investment Manager / Delegate Investment Manager in managing the assets of the Fund.

### **13. Dividend Policy**

#### *Performance Fee Share Classes*

The ICAV will not pursue a dividend policy in respect of the Performance Fee Share Classes in relation to which all net income and gains of the Fund attributable to the Performance Fee Share Classes will be accumulated in the Net Asset Value of the Performance Fee Share Classes.

#### *Non-Performance Fee Share Classes*

The Fund will normally pay dividends on an annual basis in respect of the Non-Performance Fee Share Classes. The Fund may pay dividends from the net income of the Fund and/or realised and unrealised gains net of realised and unrealised losses of the Fund.

Under normal circumstances, it is anticipated dividends of the Non-Performance Fee Share Classes will go "ex dividend" on the first Valuation Day subsequent to the relevant Accounting Period and the annual distributions will normally be paid to Shareholders on or before the end of February subsequent to the relevant Accounting Period .

Further information relating to the payment of dividends is contained at the section of the Prospectus entitled "Dividend Policy".

### **14. Risk Factors**

Potential investors' attention is drawn to the heading "Risk Factors" in the Prospectus which potential investors should consider before investing in the Fund.

In addition to the risks referred to in the main body of the Prospectus, potential investors in the Fund should consider the following risks before investing in the Fund:

#### *Unpredictability of Catastrophes and Losses; Reliance on Third Party Catastrophe Risk Modelling*

The Fund's investments are subject to relatively infrequent but severe losses resulting from the occurrence of one or more catastrophic events. The occurrence or non-occurrence of catastrophic events can be expected to result in volatility with respect to the Fund's Net Asset Value. A major catastrophic loss or series of catastrophic losses may occur from time to time and, if affecting one or more of the Fund's investments, could result in material losses.

The results of analyses performed by third party catastrophe risk modelling firms cannot be viewed as facts, projections, or forecasts of future catastrophic losses and cannot be relied upon as an indication of the future return on the Fund's investments. Actual loss experience can materially differ from that generated by such models. Loss distributions produced by such models constitute estimated losses based on assumptions relating to environmental, demographic, and cost factors, many of which represent subjective judgements, are inherently uncertain, and are beyond the control of the respective modelling firm. The assumptions or methodologies used by such firms may not constitute the exclusive set of reasonable assumptions or methodologies and the use of alternative assumptions or methodologies could yield results materially different from those generated. Further uncertainties arise from insufficient data, limited scientific knowledge, alternative theories governing empirical relationships, and the random nature of catastrophic events themselves. In addition, there can be no assurance that any or all of the catastrophe risk modelling firms will continue to perform such analyses and, if so, the amount of resources dedicated to such efforts.

No model of catastrophe events is, or could be, an exact representation of reality. These models rely on various assumptions, some of which are subjective and some of which vary between the different catastrophe risk modelling firms. Accordingly, the loss estimates produced by such models are themselves based upon subjective determinations and subject to uncertainty. Professional catastrophe risk modelling firms review their modelling assumptions from time to time in the light of new meteorological, engineering, and other data and information and refine their loss estimates as such information becomes available. Such refinements may materially alter, and have in the past materially altered, the loss estimates currently generated by these models.

The loss probabilities generated by such models are not predictive of future catastrophic events, or of the magnitude of losses that may occur. Actual frequency of catastrophic events and their attendant losses could materially differ from those estimated by such models. Potential investors in the Fund should not view the loss probabilities generated by such models as, in any way, predicting the likelihood of the event occurrence or loss.

Modelling insured property losses resulting from catastrophes is an inherently subjective and imprecise process, involving an assessment of information that comes from a number of sources that may not be complete or accurate. No universal consensus on models or risk parameters exists. Other alternative, credible models or risk parameters may therefore exist, which, if used, could produce results materially different from those produced by catastrophe risk modelling firms.

#### *Market Turmoil*

Both credit and equity markets experienced unprecedented turmoil during 2007-2009. During that time period, credit markets became illiquid, banks and other sources of credit ceased lending or significantly increased borrowing costs and equity markets lost substantial value. This market turmoil, coupled with direct government intervention in the markets through temporary bans on short selling and other actions, caused many private investment funds to suffer substantial losses. A continuation of this market turmoil, or new periods of turmoil that present similar stresses on private investment funds, could have an adverse effect on the Fund's performance.

#### *Deleveraging of the Financial Markets*

One of the primary consequences of the market disruptions of 2007-2009 has been the forced deleveraging of numerous financial instruments, including private investment funds, in a process which is ongoing. Not

only are substantial losses being incurred in the deleveraging process, but also the capital markets resources available for ILS may be reduced on a long-term basis as a result of such deleveraging.

#### *Market Disruptions*

The Fund may incur major losses in the event of disrupted markets and other extraordinary events. Disruptions can occur in any market traded by the Fund due to unusually high or low trading volume, political or central bank intervention, natural catastrophes, acts of war or terrorism or other factors. Such events can result in otherwise historically low-risk strategies performing with unprecedented high volatility and risk.

During market disruptions, even fundamentally sound positions with excellent longer-term profit potential can result in major losses as traders are forced to close out such positions before the related profits can be realized.

Adverse market conditions can lead to a “liquidity crisis,” i.e., the inability to sell most fixed-income securities (other than US Treasuries) at expected prices. In 1998 and during 2007-2009, this inability to sell led, in certain cases, to the inability to meet margin calls and fund withdrawals that, in turn, led to the collapse of certain portfolios as dealers cut credit lines and investors withdrew capital, further reducing the creditworthiness of the owner of the portfolio. There can be no assurance that future market conditions will not result in similar liquidity crises. The high-risk nature of the Fund’s portfolio makes the Fund particularly vulnerable to market disruptions as well as major investor migration trends toward “quality” instruments.

#### *Lack of Liquidity in Credit Markets*

During periods of “credit squeezes” or “flights to quality,” the market for credit instruments other than US Treasury Bills can become substantially reduced. This poses the risk that positions held by the Fund may need to be sold at discounts to fair value in order to meet margin calls. At the same time, the dealers may correspondingly reduce the value of outstanding positions, resulting in additional margin calls as loan to value triggers are hit under prime brokerage and swap agreements. Such downward pressures on price and leverage could cause substantial losses for the Fund.

During the ongoing financial market crisis of 2007-2009, the market for credit instruments has been so illiquid that a number of investment funds have had to sell otherwise desirable investments in other asset classes in order to meet margin calls on their credit positions.

#### *Market Size*

The market size for catastrophe bonds or “Cat” bonds is relatively small – approximately \$31 billion in Cat bonds were in issuance as of 31 December, 2017. With an average maturity of approximately 2 years, there is no guarantee that the market size will grow or even maintain its size. The market for direct private Cat bond like ILS investments, such as collateralised reinsurance is estimated at approximately \$50.0 billion in outstanding issuance. Not only does such small market size pose liquidity risk, but it also may create pricing and capacity considerations as the Fund grows in size. At a certain level of assets under management, for example, the Fund may have to shift to a higher concentration of direct private investments, and bonds available on the secondary market may increase in price (and commensurately decrease in effective net yield), which may be detrimental to the Fund’s risk/return profile.

### *Liquidity of Secondary Market*

There is no guarantee that a relatively liquid secondary market for Cat bonds will continue to exist even in normal conditions. In situations where a large catastrophe has occurred or appears likely to occur, liquidity for affected Cat bonds is diminished and frequently eliminated. Direct private ILS investments, such as bonds and loans, shares, swaps and other derivatives, are less liquid under even normal circumstances, and may present no opportunities for unwinding of positions.

### *Direct Private ILS and Derivatives*

In addition to Rule 144A (as defined under the 1933 Act) Cat bonds, the Fund may also enter into other classes of private ILS deals. These deals, which may include derivative risk swaps, are likely to be transacted directly with an institutional counterparty, with or without the involvement of a placement agent or broker. In certain instances, such transactions may require that a portion of the Fund's assets be held as collateral subject to a perfected security interest in favour of the counterparty. Similarly, where the Fund invests in preferred shares of a segregated cell company, some of the subscription proceeds which the issuer receives as consideration for the preferred shares may be used as collateral in trust to support the issuer's obligations in respect of a relevant reinsurance agreement. Risks specific to such investments include custodial as well as counterparty credit risk, as situations may arise (such as, for example, following a loss event under such swap agreements) in which the counterparty may gain control of a portion of the Fund's collateral for significant periods of time, and the ability of the counterparty to repay any portions of such collateral ultimately owing to the Fund may be impaired in the event of a dispute or should the counterparty become insolvent. In addition although investment structures that are typically used for investment in preferred shares (for example segregated cell companies) are designed to allow no recourse to the applicable investors in those investment structures, there can be no assurance that adverse regulatory or jurisdictional interpretations will not have an impact by allowing creditors of such investment structures (for example cedents who pass financial obligations relating to potential insurance losses to such investment structures under reinsurance contracts) to have recourse to the assets of the investors in such investment structures where the latter are in default. Thus, private insurance-linked risk swaps, preferred shares and other similar investments may involve a high degree of structural and financial risk that can result in substantial losses. In addition, there is no existing market for the purchase and sale of such investments, and as a result the Fund may not be able to sell such investments readily.

### *Risk of Loss or Reduction of Principal and/or Interest Due to Catastrophic or Other Events*

The Fund will invest in Cat bonds and related instruments, the investment returns of which are related to the occurrence of catastrophic, weather or other natural or non-natural events which traditionally are the subject of insurance. Such instruments may be subject to the risk of loss or reduction of principal and/or interest due to the occurrence of catastrophic or other events. In addition, the impact of certain catastrophic events on ILS may not be apparent or known for some time after the occurrence of such events and this uncertainty is not always reflected in the valuations of ILS. Shareholders could therefore experience substantial losses on their investments in the Fund arising from events that occurred prior to their investment in the Fund.

### *Insurance Business Operating Risk*

Investments in senior bonds and/or syndicated loans issued and/or borrowed by companies in the insurance and reinsurance business typically contain elements of catastrophe risk as well as operating entity risks including but not limited to asset risk, insurance origination risk, and legal and regulatory risks. There can be



no assurance that issuers of such bonds and the borrowers under such loans in which the 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.

#### *Limited Rights with Regard to ILS*

The Shareholders will themselves have no rights under any of the ILS investments in which the Fund participates. Only the Fund will have such rights, and all such decisions with respect to enforcing such rights will be made exclusively by the Delegate Investment Manager.

#### *Risks of Transactions in Foreign Jurisdictions*

Prospective investors should understand and recognise that over-the-counter transactions in Cat bonds and related instruments are not conducted on a regulated market or exchange. Transactions with counterparties in other nations or jurisdictions, including those conducted on a foreign exchange or formally linked to a domestic market, may expose the investor to additional risk. Such counterparties may be subject to law or regulation which may offer different or diminished protection to the investor or reduced contractual enforceability. Transactions with foreign entities or on foreign exchanges may result in diminished civil redress both in the Fund's home jurisdiction and in relevant foreign jurisdictions. Litigation costs in connection with such matters as the attachment of Cat bond principal, default, or professional malfeasance, among other things, will be an expense of the Fund, and may in certain circumstances result in substantial erosion of invested capital.

#### *Illiquidity of the Shares*

Because the Fund may trade in illiquid instruments, there is a chance that Fund's value could swing widely and that substantial redemption requests could be made. In the event of adverse changes to the ILS market, there could be substantial redemption requests and, as a result of the limitation on redemptions and the authority to suspend redemptions in certain circumstances, a shareholder may not be able to redeem Shares. Given the illiquid nature of the Fund's investments and the limitation on redemptions and the authority to suspend redemptions in certain circumstances, at a minimum, investors should be prepared to remain in the Fund for an extended period.

Due to the illiquid nature of the Fund's investments, the Fund may have difficulty in liquidating positions to meet redemption requests. If the Fund encounters this difficulty in connection with liquidations, the proceeds from such liquidations may reflect very substantial discounts and cause further mark-down to the Fund's assets.

#### *Identification of Opportunities*

The market for ILS is developing. Although the Delegate Investment Manager anticipates that it will be able to identify a steady, albeit relatively infrequent, stream of opportunities, there may be prolonged periods of time when the Delegate Investment Manager is unable to identify attractive opportunities. This may result in lower re-investment returns than the Delegate Investment Manager anticipates.

### *Uninvested Capital*

The timing of redemptions of Cat bonds and the timing and availability of new investments will be uncertain. Such uncertainty will require careful management by the Delegate Investment Manager in terms of coordinating the cash available to acquire new investments and effect redemptions with the cash flows received by the Fund from ILS. As a result of such mismatches, the Fund is likely to have, at any given time, a substantial amount of cash which is held in reserve. Such cash cannot generate rates of return consistent with the Fund's objectives.

### *Cyclical Fluctuations*

The reinsurance business has historically been a cyclical industry, with significant fluctuations in operating results due to competition, catastrophic events, general economic and social conditions and other factors. This cyclicity has produced periods characterised by intense price competition due to excess underwriting capacity as well as periods when shortages of capacity permitted favourable premium levels. In addition, increases in the frequency and severity of losses suffered by reinsurers can significantly affect these cycles. It is difficult to predict the timing of such events with certainty or to estimate the amount of loss that any given event will generate. Reinsurance premium levels will have an influence on risk spreads payable on Cat bonds. The Fund can be expected to be exposed to the effects of such cyclicity.

### *Lack of Diversification of Investments*

Although the Delegate Investment Manager generally will attempt, in a manner consistent with the Fund's investment policy and restrictions, to diversify the Fund's portfolio on the basis of geographic region, event risk category, issuer and other factors, the Fund will be composed primarily of a single class of asset (ILS) and other instruments whose performance will be largely correlated thereto, and cannot therefore be said to be a "diversified portfolio" in the traditional sense of such term. Additionally, a significant percentage of the Fund's assets may be invested from time to time in individual issuers or in groups of issuers whose bonds serve to reinsure contingencies in the same market, region, or industry sector and which may be subject to similar classes of macro-casualty and catastrophe risk. To the extent that the Delegate Investment Manager makes such investments, the exposure to casualty, credit, and market risks associated with such issuer, market, region, or industry sector will be increased.

### *Correlation with Other Asset Classes*

The occurrences of catastrophic events are largely uncorrelated to the factors which influence the global equity and bond markets. The Delegate Investment Manager believes it will take a considerable amount of time before any correlation benefit gets priced into the instruments in which the Fund invests, and there can be no assurance of low correlation or beneficial pricing. In addition, because catastrophic events are unpredictable, it is entirely possible that the Fund will incur major losses at or about the same time as other components of an investor's portfolio are also declining in value.

### *Reliance on Certain Information*

Prospective investors should be aware that the "trigger events," which determine whether amounts are due because of the occurrence of an insured or other pre-determined event covered under an ILS are typically based on reports and may be based upon information provided by the issuer of such instruments or by an independent source (such as an index). Where an ILS is based on an index, the source providing such index

may be under no obligation to correct or update the index in the event of errors or subsequently discovered information; similarly, with respect to exchange-traded instruments, the applicable trading period may expire before the underlying index is adjusted, with no mechanism for post-settlement adjustment. In light of the foregoing, there can be no assurance that relevant information provided by outside sources will be accurate, and it may not be economically feasible or efficient for the Delegate Investment Manager to attempt to verify or challenge such information.

#### *Subordination*

ILS often are subordinated to other obligations of the Issuer, such as those obligations to a ceding insurer. Further, the Fund may make investments in ILS that are subordinate to other securities or other obligations of such Issuer. Consequently, if such an entity incurs unexpected expenses or liabilities in connection with its activities, the entity may be unable to pay the required interest and/or principal on its issued securities. In addition, the Fund may invest in some ILS securities which permit the ceding insurer to withdraw the funds held in the collateral account at its option. If those funds are not repaid by the ceding insurer, there would be insufficient funds to repay investors, even if there has been no qualifying event.

#### *Limited Resources of Issuers*

The Issuers of the ILS are often thinly capitalised, special-purpose entities that do not have ready access to additional capital. In the event of unanticipated expenses or liabilities, such entities may not have the resources available to pay such expenses or liabilities or the required interest and/or principal on their issued securities.

#### *Investment Losses*

The ability of the Issuers of the ILS to provide the expected investment returns on their issued securities, as well as to redeem their issued securities or return principal, is based in part on such Issuers' investments, which may be subject to credit default risk, interest rate risk and other investment risks. For example, in Cat bond transactions, the proceeds of the issuance of the Cat bonds typically are invested in specified types of eligible investments. In some Cat bond transaction structures, there may also be a swap counterparty that is obligated to pay certain amounts to the Cat bond issuer. Without these amounts, the Cat bond issuer may not have sufficient funds to enable it to pay the required interest and principal on the Cat bonds. Accordingly, in Cat bond transactions, investors (such as the Fund) are subject to credit risk of the issuers/obligors on the investments owned by the Cat bond issuer, as well as of any swap counterparties that might be involved in such Cat bond transactions.

#### *Lower or No Ratings*

The ILS may receive or have low ratings or be unrated by rating agencies. Consequently, such securities may be relatively illiquid and subject to adverse publicity and investor perceptions, any of which may act to depress the price of such securities.

#### *Absence of Operating History of Issuers of ILS*

The Issuers of the ILS are typically newly formed special-purpose vehicles organised for the sole purpose of issuing the ILS. As such, such Issuers often have no operating history.

*Limitations on Participation in Cat Bond Market*

Cat bonds, in almost all cases, are privately-issued securities which may not be listed or traded on any public exchange. In general, all re-sales of such securities (or, in the case of non-US issuers, all sales and re-sales within the United States or to “United States Persons”) are strictly subject to Rule 144A promulgated under the 1933 Act. Pursuant to that rule, the securities may be transferred or sold only to purchasers that are “Qualified Institutional Buyers” (“QIBs”) as defined by the rule. Thus, the Fund’s qualification to purchase Cat bonds may be dependent upon it maintaining or achieving QIB status under relevant regulations. A failure to maintain QIB status may severely impede the Fund’s ability to purchase Cat bonds.